Chhattisgarh State Electricity Regulatory Commission
Raipur

Petition No. 55 of 2012 (T)

Present: Shri Manoj Dey, Chairman
Shri Vinod Srivastva, Member

In the matter of-

1) Determination of Aggregate Revenue Requirement for Control Period FY 2013-14 to FY 2015-16
2) Determination of Retail Tariff for FY 2013-14

ORDER

(Passed on 12.07.2013)

This Order is passed in respect of the Petition filed by Jindal Steel & Power Limited-Distribution Licensee (JSPL-D) for determination of Annual Revenue Requirement for the MYT

Control Period FY 2013-14 to FY 2015-16 and Tariff Determination for FY 2013-14 under Section 61, 62 and 86 (1) (a) of the Electricity Act, 2003, together with the relevant provisions of the CSERC (Conduct of Business) Regulations, 2009 and Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of retail tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2012.

JSPL-D submitted its application for determination of ARR for the Control Period FY 2013-14 to FY 2015-16 and retail tariff for FY 2013-14 on 17th December 2012 and subsequently submitted a revised petition on 25th February 2013 which was admitted by the Commission on the same date. As per direction of the Commission this petition was placed in public domain by JSPL-D for inviting objections/suggestions from all the stakeholders. The Commission received several objections from Raigarh Ispat Udyog Sangh (RIUS). Also, during the public hearing RIUS submitted rejoinder to the replies given by the JSPL-D on RIUS objections.

Deficiency notes for clarification and submission of additional submissions were notified to JSPL-D by the Commission through various communications. JSPL has taken several extensions for submission of additional information. The Commission also held technical validation session on 26th June 2013 in its office for obtaining clarifications and further information required for processing of the petition. Based on the discussions during TVS, another deficiency letter was given to JSPL-D for submission of information gaps by 5th July 2013. JSPL did not submit the information on 5th July 2013 and instead requested the Commission for a further extension of one week. The Commission did not accept the request made by JSPL for time extension beyond the specified time in order to avoid any further delay in issuance of the MYT Order for the distribution business of JSPL and decided to proceed with the latest available information for the purpose of determination of the ARR for the Control Period and retail tariff for FY 2013-14.

In its Tariff Order for FY 2011-12 dated 8th February 2012, the Commission had directed JSPL-D to file the Audited Segregated Accounts for distribution business along with the petition for FY 2012-13. JSPL submitted its FY 2012-13 ARR & Retail Tariff Petition on 24th July 2012 with a request to allow additional one month time for submission of audited accounts for the distribution business. However, JSPL submitted the segregated accounts on October 15, 2012, a delay of approximately three months from the date of submission of FY 2012-13 ARR & Tariff petition. On examination of the accounts submitted by JSPL during processing of the FY 2012-13 Tariff Order, the Commission noted that the accounts prepared for the distribution business were barely extractions from the audited accounts of the parent company i.e. JSPL based on certain assumptions as provided by the company management. Further, the audited accounts submitted by the JSPL did not comply with the CSERC (License) Regulations, 2004 and there was no opinion from the Auditor with respect to whether the accounts prepared gives true and fair view of the JSPL-licensed distribution business.

Due to lack of appropriate accounts and extension sought by JSPL for submission of additional information, the Order for FY 2012-13 was delayed and in the interim JSPL-D submitted its MYT Petition for the Control Period FY 2013-14 to FY 2015-16 in line with the new Tariff Regulations i.e. CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2012.

In order to avoid considerable delay in issuance of the MYT Order for the Control Period FY 2013-14 to FY 2015-16, the Commission admitted the MYT Petition on 25th February 2013 and initiated processing on the same along with the FY 2012-13 Tariff Order. While processing the petition for FY 2012-13, the Commission faced various difficulties with respect to late submission of information/ clarifications by the licensee, adequacy of the distribution assets, submission of inappropriate audited accounts, discrepancies in the submissions, etc. The Commission faced similar challenges while processing the MYT Petition as well. JSPL-D was unable to provide audited segregated accounts for any of the previous years. Therefore, the Commission had to continue with its prudence check and judgment as utilized in the Tariff Orders for FY 2011-12 and FY 2012-13.

In the MYT petition, JSPL-D has not been able to provide any further information necessary to substantiate its claim of Rs. 3287.41 lakhs towards gross fixed assets. The Commission had undertaken a detailed review of the assets of the JSPL distribution business during the processing of the previous year petitions (i.e. FY 2009-10, FY 2010-11 & FY 2011-12) and had ascertained that the gross fixed assets of Rs. 2235.83 Lakhs corresponding to 2 nos. of transformers and supporting infrastructure was adequate for meeting the demand in the distribution area of the petitioner. In absence of any additional supporting documents provided by JSPL in the subsequent petitions, the Commission finds no merit in differing or revisiting the gross fixed assets approved in the previous Tariff Orders and considers the same for the purpose of ARR determination of JSPL-D for the Control Period FY 2013-14 to FY 2015-16.

Similar to its submission in the ARR petition for FY 2012-13, JSPL has again submitted 30% of the gross fixed assets towards outstanding loan quantum for the Control Period considering that the actual loan (which was directly attributable to the distribution assets) was repaid by the JSPL parent company. In the Tariff Order for FY 2012-13, the Commission had viewed that repayment of loan and conversion of the same to equity is equivalent to re-financing of the cheaper loan with the costlier equity and no additional cost with respect to the same is to be transferred to the beneficiaries. Therefore, the Commission has considered the closing balance of normative loan and equity approved in the Tariff Order for FY 2012-13 for the determination of interest on loan and return on equity for the Control Period.

In line with the provisions of the CSERC MYT Regulations 2012, the Commission has reviewed the submission of JSPL-D and has approved an ARR of Rs.23033.37 Lakhs, Rs. 23503.37 Lakhs and Rs. 23956.28 Lakhs for FY 2013-14, FY 2014-15 and FY 2015-16, respectively as against the ARR of Rs. 31140.75 Lakhs, Rs. 28599.72 Lakhs and Rs. 28935.36 Lakhs proposed by the JSPL for its licensed distribution business for FY 2013-14, FY 2014-15 and FY 2015-16, respectively

With the existing tariff and considering the revenue gap for FY 2012-13, the revenue gap of Rs. 1679.02 Lakhs, Rs. 658.19 Lakhs and Rs. 918.74 Lakhs is expected for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. It is observed that for meeting the revenue gap for FY 2013-14, the Commission will have to increase the tariff by a higher rate. However, the revised rates would result in surplus for the subsequent years of the Control Period. Therefore, in order to avoid this situation, the Commission has decided to increase the retail tariff only to a limited extent. This would help in removing the cumulative revenue gap for the Control Period in a phased manner. The detailed proceedings for the approval of ARR and revenue gap for the Control Period, and approved tariff schedule is attached with this order.

The Commission directs JSPL-D to take immediate steps to implement this tariff order. JSPL-D shall give a public notice of seven days and make the approved Tariffs effective thereafter in accordance with the provision in CSERC (Details to be furnished by the licensees or generating company etc.) Regulations, 2004.

Member Chairman

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List of Abbreviations

S.No.	Abbreviation	Description
1.	A & G	Administration and General Expenses
2.	ABR	Average Billing Rate
3.	ARR	Aggregate Revenue Requirement
4.	CAGR	Compound Annual Growth Rate
5.	CERC	Central Electricity Regulatory Commission
6.	CGRF	Consumer Grievance Redressal Forum
7.	COS	Cost of Supply
8.	CPP	Captive Power Plant
9.	CSD	Consumer Security Deposit
10.	CSEB	Chhattisgarh State Electricity Board
11.	CSERC	Chhattisgarh State Electricity Regulatory Commission
12.	CSPDCL	Chhattisgarh State Power Distribution Company Limited
13.	EA	The Electricity Act, 2003
14.	ED	Electricity Duty
15.	FY	Financial Year
16.	GFA	Gross Fixed Assets
17.	HT	High Tension
18.	HVDS	High Voltage Distribution System
19.	kWh	Kilo-watt Hour
20.	LT	Low Tension
21.	MoU	Memorandum of Understanding
22.	MU	Million Units
23.	MW	Mega-watt
24.	MYT	Multi-Year Tariff
25.	NPV	Net Present Value
26.	O & M	Operation & Maintenance
27.	R & M	Repair & Maintenance
28.	RoE	Return on Equity
29.	TVS	Technical Validation Session
30.	Y-O-Y	Year on Year

1. Introduction

1.1 Jindal Steel and Power Limited (hereafter referred as "JSPL" or "Petitioner") submitted the Petition for determination of Aggregate Revenue Requirement for the licensed distribution business for the Control Period FY 2013-14 to FY 2015-16 and determination of Retail Tariff for FY 2013-14 under Section 45, 62 and 86 (1) (a) of the Electricity Act, 2003 together with the relevant provisions of the CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and methodology and procedure for determination of Expected revenue from Tariff and Charges) Regulations 2012 and CSERC (conduct of Business regulations) 2009.

1.2 The Commission, in exercise of the powers vested in it under CSERC MYT Regulations 2012 and Section-12, 183 & 184 of Act; Section 61 and Section 62 of the Act and all other powers enabling it in this behalf, is the decision-taking authority in the matters related to ARR and Tariff determination of Licensee

The Electricity Act, 2003, National Tariff Policy (NTP) and Regulations

1.3 Section-61 of Act stipulates the guiding principles for determination of Tariff by the Commission and mandates that the Tariff should progressively reflect cost of electricity, reduce cross-subsidy, safeguard consumer interest and recover the cost of electricity in a reasonable manner.

1.4 Section-62 (1) of Act empowers the Commission to determine the tariff in accordance with provisions of Electricity Act 2003 for supply of electricity by a generating company to a distribution licensee, transmission of electricity, wheeling of electricity, retail sale of electricity.

1.5 Similarly, the objectives stipulated in the National Tariff Policy, 2005 recommend the following:

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;

1.6 In exercise of power conferred to it under Section 61 of the Electricity Act, 2003, and all other powers enabling it in this behalf, the Commission notified the CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and methodology and procedure for determination of Expected revenue from Tariff and

Charges) Regulations 2012 (hereafter referred as "CSERC MYT Regulations 2012) on 6th October 2012. As per Clause 1(ii) of the CSERC MYT Regulations 2012, the Control Period has been defined from FY 2013-14 to FY 2015-16 i.e. three years. These Regulations shall be applicable for determination of tariff under Section 62 of the Act including State Transmission Utility (STU), all generating stations supplying power to distribution licensees of the State under long term agreement except generating stations which are subject to the jurisdiction of the Central Commission and also such renewable energy generating stations located in the State whose tariff is decided by the Commission under relevant Regulations and orders; all intra-state transmission licensee(s); and All distribution licensee(s) and would remain in effect until superseded by new Regulations.

Brief Note on process of Tariff determination for Control Period

1.7 In accordance with Regulation-5.2 of Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2012, distribution licensee shall submit MYT application by 30th Nov 2012 for determination of ARR for each year of the Control Period and the yearly petition for ensuing year shall be filed by 30th November of the current year for determination of ARR and tariff. All the filings by any applicant should be in conformity with the provisions of the CSERC MYT Regulations 2012 together with the relevant provisions of the Chhattisgarh State Electricity Regulatory Commission's Conduct of Business Regulations 2009 and CSERC (Licence) Regulations, 2004, and amendment(s) thereof.

1.8 JSPL-D filed its first Multi-Year Annual Revenue Requirement Petition for determination of ARR for the Control Period from FY 2013-14 to FY 2015-16 and Retail Tariff for FY 2013-14 on 17th December 2012. The petition was registered on 21st December 2012 as petition no 55 /2012(T). In accordance with Section 64 (2) of the Act, the Commission vide its letter PNo-55/2012(T)/2012/1260 dated 26/12/2012 directed JSPL-D to notify its ARR and Tariff Proposal in the prescribed abridged form in public domain. JSPL was also directed to submit the gist of proposal within a week for approval of the Commission. JSPL submitted draft public notice on the MYT petition for approval on 4th January 2013 and the same was approved by the Commission on 22nd January 2013.

1.9 CSERC Regulations 2012 provides for truing-up for previous years. In the ARR and Tariff Petition for FY 2012-13 submitted earlier, JSPL-D had proposed true-up for FY 2011-12. In the said Petition, JSPL had claimed to have submitted the data for FY 2011-12 based on segregated actual financial accounts for FY 2011-12, duly certified by the Statutory Auditor, for the licensed distribution business. However, the Commission did not consider the accounts submitted by the Petitioner appropriate as it did not meet the requirements as prescribed in the CSERC (License) Regulations, 2004 & Companies Act 1956. Therefore, the Commission undertook provisional true-up for FY 2011-12 in the previous Order and directed JSPL-D to file proper audited segregated accounts for FY 2011-12 as prescribed in the CSERC (License) Regulations 2004.

1.10 As per Regulation 6.3 of the CSERC MYT Regulations 2012, the applicant is required to publish the summary of the proposal highlighting the salient features of the application, in at least three daily newspapers, two in Hindi and one in English, having wide circulation in its area of supply.

1.11 JSPL-D did not publish the summary of its MYT petition in the newspapers and informed the Commission on 18th Feb 2013 regarding filing of a revised petition after incorporating certain changes including RPO obligation. The Commission accepted the plea of JSPL-D and granted time for filing the revised petition. Accordingly, JSPL-D filed a revised petition for its licensed distribution business on 25th Feb 2013 which was admitted by the Commission on the same day. JSPL-D also submitted the gist of the application for approval of the Commission on 2nd March 2013 which was approved by the Commission on 7th March 2013. Subsequently, JSPL-D issued a Public Notice inviting suggestions and objections from stakeholders on its MYT petition which was published on 29th March 2013 in following local newspapers:

Table 1: List of Newspapers where pubic notices were published

S. No.	Name of Newspaper	Language	Publication Date	Page Number
1.	Amrit Sandesh	Hindi, Bilaspur	29.03.2013	9
2.	Central Chronicle	English, Raipur	29.03.2013	5
3.	Kelo Pravah	Hindi, Raigarh	29.03.2013	7

1.12 The copies of JSPL-D's Petition and its summary were made available for inspection/purchase to the public at the office of the Commission and JSPL-D. The copy of Public Notice and Executive Summary of the Petition was also uploaded on the website of the Commission (www.cserc.gov.in) in downloadable format. The Public Notice specified that the suggestions and objections, either in English or Hindi, may be submitted. The Commission received objections from Raigarh Ispat Udyog Sangh on 17th April 2013 with respect to the present petition filed by the JSPL-D. JSPL also notified the Commission on 22nd April 2013 that it has received one objection from RIUS. JSPL-D was directed to submit the replies on objection filed by RIUS by 4th May 2013.

1.13 The Commission organized a public hearing in its office on 17th May 2013 for providing adequate opportunity all the stakeholders for expression of their opinion in the matter. A notice regarding this public hearing was given published in newspapers on 8th May 2013.

1.14 Meanwhile JSPL-D requested for extension of time up to 7th May 2013 for filing of replies on the RIUS objections by 13th May 2013 which was accepted by the Commission. JSPL-D filed the replies on RIUS objections on 15th May 2013. Owing to the delay in receipt of replies from JSPL-D on its objections, RIUS requested the Commission to postpone the hearing. The Commission, after due deliberations, canceled the hearing which was due on 17th May 2013 and rescheduled the same for all stakeholders on 28th May 2013. Notice with regard to revised date of the public hearing was published in the following newspapers:-

Table 2: List of Newspapers where hearing notices were published

S. No.	Name of Newspaper	Language	Publication Date
1.	Dainik Bhaskar	Hindi, Bilaspur	22.05.2013
2.	Central Chronicle	English, Raipur	22.05.2013
3.	Kelo Pravah	Hindi, Raigarh	22.05.2013

1.15 During the public hearing on 28th May 2013 RIUS made rejoinder to the replies filed by the JSPL-D on RIUS objections. JSPL-D, on 18th June 2013, replied to the objections of RIUS raised through the rejoinder submitted during the public hearing. All the issues as raised by RIUS and petitioner's response on the same are detailed in the subsequent Chapter of this Order.

1.16 During the course of review of the MYT petition, additional information/ preliminary deficiencies were raised by the Commission on 4th March 2013 regarding the submission of JSPL in the petition. JSPL requested for additional time for furnishing the information till 25th March 2013 which was allowed by the Commission. However, on 25th March 2013, JSPL-D again requested for additional time for submission of the requisite information by 5th April, 2013. The Commission again provided a revised date of 4th April 2013 for submission of the desired information which was again not met by JSPL. Finally, JSPL-D submitted the required information on 25th April 2013. Based on the examination and analysis of the petition and additional information submitted by JSPL-D, the Commission sought further information/ clarifications which were submitted by JSPL-D on 13th May 2013.

1.17 The Commission conducted Technical Validation Sessions (TVS) on 26th June 2013 for ensuring that appropriate information is available with the Commission for processing the Petition and at the same time giving sufficient opportunity to JSPL-D to explain its stand on various issues. Based on the discussions during the TVS, the Commission also issued another deficiency note dated 27th June 2013 for submission of additional information by 5th July, 2013 for timely issuance of the Order. JSPL-D did not submit the information/ clarification by 5th July, 2013 and requested the Commission vide letter dated 6th July, 2013 for extension by one week for submission of requisite information. In order to avoid any further delay in issuance of this Order, the Commission decided to consider the information received up to 5th July 2013.

1.18 As per Regulation 7.1 of the MYT Regulations 2012, the Distribution Licensee shall file a capital investment plan by 31st October 2012 for approval of the Commission. The capital investment plan should cover the entire Control Period, with details for each year of the Control Period. JSPL-D in its petition submitted that it does not plan to undertake any capital investment during the Control Period except for routine repairs and maintenance activities. Therefore, it has not submitted any capital investment plan for the Control Period from FY 2013-14 to FY 2015-16.

1.19 In this Order, the Commission has considered the most recent figures submitted by JSPL-D in its additional submissions/ clarifications to avoid any confusion.

Annual Revenue Requirement for FY 2013-14, FY 2014-15 and FY 2015-16

1.20 Summary of ARR (Rs. Lakhs) for the Control Period i.e. FY 2013-14 to FY 2015-16 filed in the petition by JSPL-Distribution is as provided in the table below:-

Table 3: ARR Proposed by JSPL for FY 2013-14, FY 2014-15 and FY 2015-16

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Purchase of Power	28,985.17	26,381.06	26,644.87
2.	Intra-State Transmission Charges	304.18	308.84	314.51
3.	R&M Expense	160.99	174.70	189.57
4.	Employee Expenses	573.04	621.84	674.80
5.	A&G Expense	83.60	90.72	98.45
6.	Depreciation	139.60	139.60	139.60
7.	Interest & Finance Charges	427.43	413.52	401.41
8.	Interest on Long Term Loan	143.58	126.13	108.68
9.	Interest on W.C.	98.36	103.48	108.82
10.	Interest on CSD	185.49	183.91	183.91
11.	Reasonable Return	166.39	166.39	166.39
12.	Provision for Bad debt	311.52	314.21	316.92
13.	Other Income	(11.16)	(11.16)	(11.16)
14.	**Annual Revenue Requirement 11=8+9-10**	**31,140.75**	**28,599.72**	**28,935.36**

1.21 As may be seen from the table above, JSPL-D has proposed an ARR of Rs. 311.40 Crores, Rs. 286 crores and Rs. 289.35 crores for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. JSPL-D has prayed for approval of the proposed values from the Commission.

2. Objections Received, JSPL-D's Response and Commission's Views

2.1 JSPL-D has filed its Petition for determination of ARR for the period from FY 2013-14 to FY 2015-16. The views and suggestions of the various objectors, replies given by JSPL-D during the proceedings and Commission's views on the same are summarized in this section:

Objector: Raigarh Ispat Udyog Sangh

2.2 The objector represents interest of its members engaged in Steel Industry having their units in Jindal Industrial Park set up by JSPL in Tumdih and Punjipatra villages in Raigarh district. Commission received objections from Raigarh Ispat Udyog Sangh on 17th April 2013 with respect to the present petition filed by the JSPL-D. JSPL-D was directed to submit the replies on objection filed by RIUS by 4th May 2013. The Commission look to hold a public hearing in its office on 17th May 2013 to give adequate opportunity to all the stakeholders concerned to express their opinion in the matter. On 15th May RIUS requested the Commission to postpone the hearing owing to the delay by the JSPL-D in filing the replies to its objections. Commission, after due deliberations, canceled the hearing on 17th May 2013. JSPL-D filed the replies on RIUS objections on 15th May 2013. During the public hearing on 28th May 2013 RIUS made rejoinder to the replies filed by the JSPL-D on RIUS objections. JSPL-D, further, on 18th June 2013 replied the objections of RIUS raised through rejoinder during public hearing. All the objections of the RIUS , JSPL-D reply on the objection , RIUS rejoinder on the JSPL-D replies and JSPL-D reply on RIUS rejoinder are listed herein :-

A) JPL and JSPL are same company

2.3 RIUS claimed that JSPL was issued a distribution license by the Commission wherein, JSPL had stated that on full implementation of the project 90 MW would be supplied from its own captive power plant and remaining power from its upcoming power project coming at Tamnar i.e. Jindal Power Limited (hereinafter referred as JPL). Hence, at the time of grant of license JSPL had accepted to supply 90 MW from own CPP of JSPL and remaining power from its own plant JPL, which proves JSPL and JPL are the same company. RIUS further objected that JPL is subsidiary of JSPL which holds 96.43% share in JPL (Balance Holding with promoter Sh. Naveen Jindal and his companies). As JPL is a subsidiary of the JPL and both the companies are same, RIUS requested the Commission to approve the ARR in terms of cost of power per unit of JSPL as well as JPL.

JSPL-D's Response:

2.4 JSPL replied that RIUS is incorrect in making the statement that JSPL and JPL are not different companies. JSPL and JPL indeed are two separate companies with separate board of directors and company common seals. Two companies have different business objectives governed by separate Memorandums of Association and Articles of Association. Therefore, allegation that the two companies are not different from one another merely on the basis of common chairman and ownership stake is incorrect. JSPL reproduced the Commission order dated February 08, 2012 and submitted that even the Commission had recognized that JPL was separate entity than JSPL

Rejoinder filed by RIUS

2.5 RIUS again objected the JSPL submission that JSPL and JPL are different companies. RIUS presented meaning of subsidiary company as under:-

"*Meaning of Holding Company and Subsidiary*

(1) for the purpose of this Act, a company shall, subject to sub-section (3) , be deemed to be a subsidiary of another if, but only if –

(a) that other controls the composition of its Board of directors; or
(b) that other-
(i) Where the first-mentioned company is an existing company in respect of which the holders of preference share issued before the commencement of this Act have the same voting rights in all respects as the holders of equity shares, exercises or controls more than half of the total voting power of such company;
(ii) where the first mentioned company is any other company, holds more than half in nominal value of its equity share capital; or

(c) the first mentioned company is a subsidiary of any company which is that other's subsidiary"

RIUS submitted that JSPL controlled the composition of boards of Directors of JPL which meant JPL was subsidiary company of JSPL; hence, it would be wrong to say that both the companies had different boards of directors. RIUS further requested the Commission to treat JSPL and JPL as same company and order the JSPL to fulfill its obligation either by JSPL or JPL.

2.6 RIUS claimed that JPL had submitted the price of power supplied to JIP at Rs 6.30 for procurement of power according to competitive bidding. The Commission capped the short term power purchase price at Rs 3 from JPL. The JPL agreed to supply power at the same price as capped by the Commission which clearly indicates that rates of JPL are manipulated by JSPL and both the companies are in fact same.

Reply on rejoinder by JSPL

2.7 JSPL submitted that it never denied that JPL is a wholly owned subsidiary of JSPL. However, JSPL submitted that even a wholly owned subsidiary is a separate legal entity with a separate management, separate common seal and separate memorandum and articles of association. The Companies Act, 1956 allows a holding or parent company to control the composition of the board of directors of the subsidiary does not mean that the Act does not recognize the subsidiary and the parent/holding company as separate legal entities. JSPL reproduced several Orders passed by the Hon'ble Supreme Court of India claiming that the same proposition of law was repeatedly settled by the Hon'ble Supreme Court in a number of judgments like Vodafone International Holdings B. V. vs Union of India and Another(2012)6SCC613 and State of Kerala v. Zoom Developers Ltd (2009) 4SCC 563. As per the orders supplied by it, JSPL concluded that the subsidiary and the holding/parent company are separate legal entities, and the subsidiary is not liable for the liabilities of the parent company. Further, the distribution license was awarded to JSPL and not to JPL and therefore the terms and conditions of the license are not binding on JPL and the above issue of the separate legal identity of JPL has already been considered and decided by the Commission.

Commission's View

2.8 Commission accorded to the view put forward by JSPL-D that the JSPL and JPL are two different entities and hence license conditions of the JSPL can't be transferred to JPL.

B) Captive mines and power purchase from JPL

2.9 RIUS objected that JSPL never got its power cost approved by the Commission for the past years. RIUS further objected that JPL is not a public listed company and both the companies (JPL and JSPL) are managed by same chairman Mr. Naveen Jindal and both the companies have been allotted with Captive Coal Mines, therefore, the power cost is required to be approved by the Commission after considering this fact and, therefore, the ARR should be determined on the basis of the actual cost of power generation of the both the companies. RIUS objected that JSPL obtained the license on the condition of supplying power to JIP from its captive plant and now not providing power from its captive plant on false submission of non-availability of power from captive power plant and supplying the expensive power from its own subsidiary JPL. RIUS claimed that JPL must be bounded by the Commission to fulfill the obligation of the JSPL to supply the power to JIP as both the companies are same. RIUS reproduced the provisions of electricity Act, 2003 for proffering that the appropriate commission may issue direction to a licensees or a generation company is cases where licensee or generating company enters into any agreement or abuses its dominant position or enters into a combination which is likely to cause or causes an adverse effect on competition.

JSPL-D's Response:

2.10 JSPL further replied that the license conditions given in the Commission's order dated November 29, 2005 regarding grant of license to JSPL for distribution does not bind JSPL to source power from a specific source. Also, the distribution license awarded to JSPL does not impose the license conditions on JPL. During the application process, JSPL only indicated its immediate sources of power and did not make any firm commitment to supply power from those sources. The mere fact of indication does not mean that JSPL and JPL are bound by the said sources of power for the entire period of the license.

2.11 On JSPL having been allocated to Captive coal mines, it was submitted by the JSPL that there was no such requirement in the conditions for grant for coal mines to either JPL or JSPL that the power generation cost of JSPL/JPL would be approved by the Commission for determination of ARR. JSPL stated that RIUS' reliance on Section 60 of the Electricity Act is misconceived as the same has no applicability in the present circumstances.

Rejoinder filed by RIUS

2.12 On JSPL reply about that application of license only indicated its immediate sources of power and did not make any commitment to supply power from those sources, the RIUS objected that It meant JSPL had taken distribution license on this submission only and now manipulating the condition of the license. RIUS questioned whether Commission granted a distribution license to JSPL for 25 years on the basis of indication of source of power as stated by JSPL and not on firm commitment of power?

2.13 JSPL stated to have weighted average power purchase cost of Rs.2.46 per unit for power sourced from JSPL and JPL in the FY 2007-08, FY 2008-09 and Rs.2.41/unit for FY 10-11. RIUS objected that JSPL distribution business had been showing power purchase from JPL and had never shown its cost of power generation. RIUS stated that JSPL must submit its cost of generation per unit of electricity

Reply on rejoinder by JSPL

2.14 On the issue of power supply to OPJIP from JSPL captive power plant, JSPL submitted that the primary purpose of setting up of captive power plant of Jindal Steel (which was much prior to the proposal for and grant of distribution license to Jindal Steel) was to serve the power requirements of the steel plant of JSPL. At the time of application for grant of distribution license, JSPL had only proposed to use the surplus power from the said captive power plant for supply power in its distribution area and in case such surplus power is not available, JSPL is entitled to seek other sources of power procurement.

2.15 On the RIUS objection that JSPL didn’t have sufficient continuous surplus power for supply to the licensed area while it is supplying continuous power to its own steel plant from the same captive plants JSPL submittedthat the surplus power after captive consumption at JSPL’s steel plant was not continuous owing to the cyclical loading nature of steel manufacturing process.

2.16 On the power generation cost, JSPL submitted that the tariff for a generating company is determined based on the regulations framed by an appropriate Commission and the components of tariffs allowed to be recovered from the consumers by such regulations. A mere superficial analysis of the financial accounts submitted by the RIUS was not sufficient and rather was an incorrect mean to ascertain the power production costs of a generator. JSPL again submitted that the power procurement was being done at prices approved by the Commission, which is comparable to the cost incurred by CSPDCL for similar purchases of power.

2.17 JSPL mentioned that RIUS, in its analysis hadnot considered the total energy produced and energy sold by all captive plants of JSPL.For example RIUS had considered the surplus power available at captive power plant at Angul, Odisha which is sold but couldn't be made available to Raigarh.

Commission's View:

2.18 The Commission has taken the view on the issue in earlier petitions as well. The commission agrees with the contention of the JSPL that it cannot be forced to purchase power from a specific source , however, it is under unfettered obligating to supply power to its consumers from its own captive power plant if there is any stable and reliable power available with its CPP. However, JSPL has repeatedly submitted through affidavit that it has no reliable surplus power from its captive power plant. It is in this back drop that JSPL has been allowed to purchase power from other sources.

2.19 As per The Electricity Act, 2003 generation business is a de-licensed business and the determination of power generation cost of a generator doesn't fall under the purview of this Commission unless distribution licensee enter into long term power purchase agreement with the generator under section 62 of the Electricity Act. In view of the above, in interest of the consumers, the Commission has already allowed the JSPL to enter long term power purchase agreement through competitive bidding.

2.20 Further, The Commission cannot bind any generator to sell power to the distribution Licensee on specified rates at which generator must sell its power even if it has been allocated captive coal mines.

2.21 However, the Commission has fixed maximum ceiling rate of Rs 3.00/- per unit for power purchase by JSPL from JPL on short term basis till JSPL make an arrangement to purchase long term power through competitive bidding.

C) Profit of previous years

2.22 RIUS objected that the JSPL had got distribution license on 29.11.2005 and first ARR petition was filed for FY 2009-10 only with no true up carried out for the past years from the time JSPL got the distribution license. RIUS requested Commission to consider the profits made by JSPL during FY 2004-2005, FY 2005-2006, FY 2006-07, 2007-08 and FY 2008-09 also.

JSPL-D's Response:

2.23 JSPL replied that for these years, JSPL was supplying power under a bilateral power supply agreement with the consumers. The JSPL also reproduced the Commission order dated 6th Nov 2008 wherein, the Commission had stated that at present, the consumers of the industrial park of the licensee were supplied electricity @Rs.2.50 as per the agreements in force, some of which pertained to the period prior to the distribution license was granted to the licensee. The tariff was lesser than the Board's industrial tariff applicable for the similar type of consumers at that time. Further, no representation was received from any consumer of licensee regarding the said tariff. The Commission, therefore, had not interfered with agreements between consumers and the licensee. The licensee was directed to continue to provide electricity to all its consumers at the provisional tariff as per order dated 29.09.05 in Petition No.03 of 2005 and as amended by order dated 17.07.06 against Petition No.28 of 2006(M), irrespective of whether the subsisting agreement with consumers last till the end of financial year or not.

2.24 JSPL Further submitted that the license conditions in the Order dated November 26, 2005 regarding grant of distribution license to JSPL imposed the following condition on JSPL with regards to the tariff with no provision of a subsequent true up at a letter date;

"*The licensee shall lay necessary distribution lines and put up substations at his own cost in the two villages for supply of electricity to any person who may apply for it and supply electricity at a provisional rate of not more than Rs.2.50 per unit or at the supply rate of the board for that category of consumer, whichever is lower, till the tariff for supply is determined by the Commission. This will include domestic, agriculture, industrial and other consumers*."

Therefore, the matter of determination of tariff in FY 2008-09 was deliberated and ordered upon by the Commission at the time of the aforesaid orders and there can be no debate on it now. JSPL requested that the presentation made by RIUS be dismissed as the Commission noted in the aforesaid order dated November 6, 2008 that no consumer had made any representation regarding tariff and that the tariff was lower than that of the erstwhile Chhattisgarh State Electricity Board.

Rejoinder filed by RIUS

2.25 RIUS enumerated the incidents where JSPL failed to submit the desired information and filed deficient data. RIUS objected that JSPL had filed their first application for ARR for FY 2008-09 on 30.7.2008 i.e. 8 months late for FY 2009 and 20 months later than the deadline set by Chhattisgarh Commission's order dated 17.07.2006. Application filed for determination of tariff was incomplete and full of deficiencies. In view of entire information not being filed by JSPL and FY 2008-09 being almost over tariff determination process was not undertaken by the Commission and tariff as determined in order dated 29.09.2005 were continued and ordered JSPL to follow tariff as per the agreement of JSPL with the consumers.

JSPL reply on Rejoinder

2.26 JSPL didn’t file any specific reply to this rejoinder but mentioned that it had already replied on the all matters in previous submission in reply to the RIUs objections which still holds for this rejoinder as well.

Commission’s View

2.27 The Commission has pursued the deliberations made by both the parties. The Commission is of the considered view that the true up is a process wherein the estimations made at the time of determination of tariff are realigned in the light of actual audited data. Thus, the very concept of true up implies that it is a process which is sequel to the specific tariff determination and in respect of a plant, transmission system or distribution network as the case may be. Further, it is settled proposition that in case of generic tariff determination no true no can be resorted to. In the instant case there was no specific tariff determination and the supply of electricity was met at a provisional rate arrived at by the mutual agreement between both the parties and role of the commission was limited to fixation of maximum ceiling of tariff for retail supply of electricity. As such, The Commission is of the view that there is no scope for the true up for the period specified by the RIUS.

D) Long Term Power Purchase

2.28 RIUS objected that JSPL for last 3 successive years had applied for determination of ARR based on short term power procurement from its own subsidiary JPL. RIUS claimed this as an indication of JSPL intentions for not procuring long term power and continue to procure short term power from JPL, its own subsidiary, which is against the interest of consumers. RIUS requested the Commission to check the short term power purchased from its own company JPL instead of long term power procurement.

JSPL-D's Response:

2.29 JSPL submitted that JSPL had submitted the petition for purchase of power under Case-I bidding framework on April 4, 2011. The Commission approved the bid documents vide order dated December 31, 2011 but also gave certain other directives to JSPL regarding quantum of power to be procured. Subsequently, the Commission approved JSPL to purchase 87 MW power on long term basis vide order dated January 1, 2013. JSPL submitted that the long term power purchase process is underway and it would soon be issuing bids inviting supply of power, In the meanwhile, it had no option but to source power from JPL on short term basis at a tariff that was determined by the Commission for procurement of power on short term basis. The short term power purchase price was the same as that approved by the Commission for CSPDCL, the other licensee in the state, irrespective of the source from where such power is being sourced.

Rejoinder filed by RIUS

2.30 RIUS objected that JSPL had disobeyed the condition of the license by saying it was unable to supply power and would purchase it from outside market. The Commission had ignored the condition of the license and had permitted the JSPL to procure the power from outside. RIUS requested the Commission to order the JSPL to follow the condition of the license and supply power 90 MW to JIP from its own captive power plant and rest from JPL and fulfill the condition of the license. RIUS objected that the Commission is SPL is opting the method of power procurement through bidding and also commission must bind the JSPL coercively to supply the power 90 MW from its CPP of

JSPL and rest from JPL as per the terms and condition of the license granted to JSPL by the Commission.

JSPL reply on Rejoinder

2.31 JSPL submitted that RIUS had misconstrued the representations made by JSPL during the proceedings for award of license. For the grant of permission/license to distribute electricity, JSPL, like any other applicant, was required to indicate the initial sources of power procurement. JSPL accordingly proposed to supply surplus power from its captive power plant and the independent power plant of JPL. JSPL had given these details as an indication only and these details do not become ipso facto a part of the license. JSPL further stated that only such terms and conditions that are incorporated in the licensewere binding as statutory conditions under Section 16 of the Electricity Act, 2003. Those terms which were not specified in the license conditions, though contained as representations in the proceedings, are indicative in nature. JSPL stated that the distribution license dated 29.11.2005 granted to JSPL had neither recorded the alleged commitment of JSPL for power procurement nor made power procurement from the above sources as a condition of distribution license, therefore, JSPL was neither manipulating nor disobeying the terms and conditions of the license.Further, the proposal of JSPL was based on the circumstances at the relevant time, including the surplus capacity available from its captive power plant, after the captive consumption by the steel plant,Also, there was no firm commitment by JSPL to supply power to the Industrial Estate from its captive power plant for the entire license period of 25 years. JSPL also submitted that the representation made by JSPL was also required to be considered only on the basis of initial agreement for limited period of 5 years entered into by JSPL with the industrial units at OPJIP at Rs 2.50 per kwh. This Agreement was not in perpetuity to supply power from the above two sources at Rs 2.50 per unit.

Commission's View:

2.32 The Commission appreciates the concern of the RIUS regarding the absence of long term power purchase arrangement. The Commission has stressed time and again that JSPL should enter into long term power purchase agreement at the earliest. The Commission also rebukes any argument by the JSPL that it is not under obligation to provide surplus power from captive power plant. If the distribution licensee has firm, reliable and economic power available from its own sources, than it is not his prerogative to sell the surplus power to a third party at the cost of its own consumers. However, in the instant case as JSPL has submitted that it has no firm surplus power available with it hence; in the interest of the consumers the Commission has fixed the maximum ceiling rate for short term power purchase by JSPL. It is also made clear that the short term rate allowed by the Commission is the ceiling rate and all the distribution licensees are under obligation to explore all the option to procure power at the lesser rates to the extent possible.

E) Order for FY 2012-13 before order on this petition

2.33 RIUS submitted that the Commission must consider this present ARR for the year 2013-14 after giving the final order in the petition filed by JSPL for ARR for FY 2012-13, whose order is pending with the Commission.

<u>JSPL-D's Response:</u>

2.34 JSPL has expressed the views in his submission that the order for FY 12-13 must be passed at the earliest.

<u>Commission's View:</u>

2.35 The Commission has considered the view expressed by the RIUS and the JSPL.

F) Impetus for Industrial Consumers

2.36 RIUS objected that for giving impetus to industrial investment to the state, it is essential to provide quality power at reasonable rate to the industries and, therefore, the commission is required to maintain the check and balance while determining the Tariff.

<u>JSPL-D's Response:</u>

2.37 JSPL Replied that the tariff regulations notified by CSERC (MYT or otherwise) only allow "reasonable return" on equity to a licensee and therefore the petition is in compliance with the state's energy policy. JSPL presented the comparison chart between JSPL and CSPDCL industrial tariff to claim that JSPL's existing tariff for industries is lower than that of CSPDCL and as no tariff had approved for JSPL for FY 2012-13 , JSPL was still charging the tariff approved by the Commission vide order dated February 8, 2013. Moreover, JSPL was directed by the Commission to not charge the consumers on time-of-day basis (TOD) while CSPDCL charges consumers on TOD basis which implies lower effective billing from JSPL for the same consumer categories.

<u>Rejoinder by RIUS</u>

2.38 RIUS requested the Commission to approve the tariff on basis of Off Peak period, Normal and peak period as it will be beneficial for the consumers.

<u>Commission's View:</u>

2.39 The Commission has so far decided not to implement the provision of TOD tariff in JSPL licensed distribution area because the power purchase cost of the JSPL-D is flat during entire day whereas in case of CSPDCL it has to purchase the costly power during peak hours. However, The Commission would take up the stakeholders' view regarding applicability of ToD tariff in JSPL licensed distribution area during next tariff setting process.

G) MOUs between generators and Government

2.40 RIUS objected that the various MOUs for power generation has been signed between the Government of Chhattisgarh and power generating companies and increase in power availability would reduce the sale price of power in coming years. RIUS objected that deciding the ARR for the financial year 2013 to 2016 in one scope is not justified and the Application filed by the JSPL is rejected on the ground that they were filed for determination of Tariff for the years 2013 to 2016.

JSPL-D's Response:

2.41 JSPL replied that it find no merit in the objection of RIUS which used a weird logic that assumed reduction in tariff with an assumed decrease in power purchase cost due to new generation MoUs being signed in the State of Chhattisgarh. JSPL stated that while on one hand RIUS was talking about purchase of power on long term basis through competitive bedding and on the other hand it mentioned state government's MoUs with upcoming generating stations. Further, JSPL also submitted that the MYT petition filed by it proposed tariff only for FY 2013-14 and not for each of the three years in the MYT Control Period.

Commission's View:

2.42 The power market conditions and power purchase cost have an implied and intrinsic factor of uncertainty with it. However, the regulations take care for appropriate corrective measured during the process by scrutinize and evaluate the rates each year even in the MYT tariff determination process. While deciding the power purchase cost on short term basis for all the distribution licensees in the state, Commission analyze every aspect available with it and give proper considerations to the interests of the consumers.

H) Power Procurement Plan

2.43 RIUS submitted that JSPL, as per its own submission, didn't have continuous power supply from its captive power plant for its consumers. RIUS submitted that the Steel Industries required continuous for their manufacturing process. RIUS drew the attention towards commission's order in the matter of Approval of power procurement plan of Jindal Steel and Power Limited for the period FY 2010-11 vide order dated 27.10.2010 wherein it had directed JSPL to adopt either of the two options to enter into long term power purchase agreement with JPL or captive generation plan of JSPL or to purchase power through tariff based competitive bidding process. RIUS objected that JSPL is not abiding any one of the two options suggested by the Commission for power procurement and sought certain deviation. Even after 2.5 years JSPL has not taken any steps to meet the power requirement.

2.44 RIUS prepared a chart from JSPL annual reports available at its website jindalsteelpower.com related to power and deduce that the installed capacity of JSPL had increased from 150 MW in the year FY 2002-2003 to 893 MW in the FY 2011-12 and power generation had increased to 4668 MUs in the FY 2011-12 from the 3420 MUs in

FY 2010-11 and JSPL was continuously selling power to consumers other than JIP. RIUS claimed that according to JSPL accounts, for the year 2009-10 power required at JIP was 607 MUs which JSPL procured from JPL and at the same time it had additional power of 945 MUs available which it sold in the market. JSPL has done same for ensuing years, Therefore, it was not correct that JSPL didn't have surplus power available with it. JSPL had also incorrectly while submitted that it had non-availability of continuous power supply from its captive power plants to its consumers that primarily comprise of steel industries and require continuous power for their manufacturing process. RIUS claimed that it is unfair on the part of JSPL that it discriminated between its own captive plant and its consumers as JSPL was also a steel industry and required continuous power supply and operated with the same captive plant with increased production every year.

2.45 RIUS also claimed on the basis of annual accounts of JSPL that power generation cost per unit of JSPL are in the same range as in other plants and in order to make undue profits JSPL is claiming unavailability of continuous power supply from its captive power plant.

JSPL-D's Response:

2.46 JSPL replied that long term power purchase is already underway as replied earlier.

2.47 Further, on the matter of the energy sold data sourced from JSPL's annual reports JSPL submitted that the units mentioned by RIUS sold energy after meeting steel plant's captive requirement and that no continuous surplus supply was available from JSPL's captive plants. It claimed that RIUS had itself submitted that JSPL's steelmaking capacity has increased over the years; hence, the increase in captive generation capacity was used to meet power requirements for JSPL's steelmaking capacity, However, in cognizance to its obligation to supply power to the consumers in the licensed area it had sourced power on short term basis from JPL at tariffs approved by the Commission.

2.48 JSPL explains: All steel making units, including that of JSPL, operate on cyclical loading. A furnace's energy requirement can be classified under two broad heads: base load and variable load. While the base load is required constantly irrespective of the operation cycle of the furnace, variable load is required during depending on furnace loading. Therefore, there is intermittent time blocks when the furnaces do not require full power (and is operating on base load) and it is this variable power that is being sold by JSPL. JSPL submitted that the figures quoted by RIUS are annual aggregate figures and don't not reflect the time to time variation in the power available from the captive power plant of JSPL, such variations while easier to absorb in CSPDCL's large consumer base, would not be possible for JSPL to be utilized at OPJIP given its small consumer base and nature of the consumers. JSPL replied that RIUS failed to link steel making process with power requirement and treated intermittent infirm power as surplus power being sold outside and not to RIUS members.

2.49 On RIUS analysis of JPL's power production cost of Rs 1.48 per unit and the compare it with power production cost of JSPL, JSPL submitted that power purchase price is determined through a detailed regulatory prudence check conducted by the

Commissioned such analysis by RIUS is reflective of their lack of understanding of the regulatory principles and processes.

Rejoinder filed by RIUS

2.50 RIUS submitted, as per JSPL annual reports procured by it, that this was incorrect to say that JSPL had no surplus power available as they had almost double power available than the power required at JIP as JSPL were selling as surplus power. RIUS further submitted that JSPL incorrectlysubmitted before the Commission that it had non-availability of continues power supply from its captive power plants to its consumers that primarily comprise of steel industries and require continuous power for their manufacturing process. RIUS again claimed that JSPL was also a steel industry and required continuous power supply operating with the same captive plant with increased production. RIUS claims JSPL unfairly discriminatingbetween its own captive use and supply to its consumers by using power from its own captive plant for its use and purchasing expensive short term power from JPL, its subsidiary, for its consumers. RIUS requested the Commission to approve ARR based on cost of power generation by JSPL or JPL as both the companies are allotted captive coal mines.

2.51 RIUS presented the excerpts from JSPL annual accounts available at website and claimed that JSPL is indeed making huge profits by selling huge surplus power available with it according to the accounts of JSPL It claimed that power generation costs of JSPL plants are very low including all other expenses and burdening the consumer of high power purchase cost is unfair. RIUS requested the Commission to compel JSPL to furnish its actual cost of power generation at JSPL/JPL plants and sale of surplus power.

JSPL response on Rejoinder

2.52 JSPL submitted that the steel business of JSPL expanded significantly and accordingly the captive requirement from the captive power plant also expanded and the surplus power which JSPL had proposed to utilize for its distribution activities had reduced. JSPL had requested for an increase in the contracted capacity for its steel plant from CSEB to 80 MVA on 06.09.2008 which was rejected by CSEB vide letter dated 22.12.2008.JSPL had informed the Commission in September 2007 of the unavailability of the surplus power from its captive power plant and the consequent increase in procurement of power from Jindal Power Limited. JSPL had also initiated competitive bidding for medium term procurement of power in November 2007 under Section 63 of the Electricity Act, 2003 in accordance with the National Tariff Policy. However, the Commission rejected the price obtained through the competitive bidding. Subsequently, in compliance with directions of the Commission in its Order dated 27.10.2010 on power procurement, JSPL sought approval for long term power procurement through tariff based on competitive bidding under Case 1 bidding framework in April 2011 and submitted the bid documents for competitive bidding with the Commission. Subsequently, the Commission approved JSPL to purchase 87 MW (plus minus 20%) power on long term basis vide order dated January 1, 2013 for the balance period of the distribution license. The Requisitioned Capacity, in this case, as approved by the Commission is 87 MW (plus minus 20%) which is less than 500 MW and in such cases the Scheduled Delivery Date shall be decided by the procurer as per the Standard RFP notified by Ministry of Power, Government of India. To commence power procurement at the earliest, JSPL had proposed the Scheduled Delivery Date for commencement of power procurement after 6 months of signing of PPA. Therefore, JSPL had submitted a letter on May 18, 2013 to the Commission requesting approval for deviation in timelines of RFP and PPA in order to commence power procurement within six months of signing of the PPA so that power purchased through competitive bidding could be made available at the earliest to the licensed area. JSPL further submitted that JSPL had been purchasing power at prices approved by the State Commission, which is comparable to the cost incurred by CSPDCL for similar purchases of power. JSPL further submitted that the sources of power and non-availability of surplus power from the CPP have already been considered and decided on by the Commission in earlier orders and hence these matters couldn't be reopened again and again by RIUS.

Commission's View:

2.53 The Commission has taken detailed view on the long term power purchase procurement by JSPL vide orders dated 27th October 2010 in the petition no 22/2010(M) and subsequently orders dated 31st December 2011 and 1st January 2013 in the petition no 26/2011(M).

2.54 The issue of power generation cost by JSPL and JPL has been dealt by the Commission in previous paragraphs.

I) Renewable Purchase Obligations

2.55 RIUS submitted that JSPL needed to meet the cumulative RPO for FY 2011-12 and FY 2012-13 by purchasing the required renewable energy certificated in FY 2013-14. JSPL had calculated the cumulative cost of REC for FY 2011-12 and FY 2012-13 and included the above cost in the current petition. RIUS objected that JSPL had collected the tariff equivalent to CSEB and If expenses of REC for FY 2011-12 and 2012-13 is added to the expenses, it would put an extra past burden on consumers in the current period. RIUS objected that JSPL had given undertaking for FY 2011-12 to the Commission that it would meet deficit on account of tariff gap from its other business segments.

JSPL-D's Response:

2.56 JSPL submitted that the renewable purchase obligations are mandated on all distribution licensees in the state through the CSERC (Renewable Purchase Obligation and REC Framework Implementation) Regulations, 2011 for the period from FY 2010-11 to FY 2012-13. The Commission had not notified the CSERC RPO-REC Regulations for FY 2013-14 and onwards at the time of submission of the petition; hence, at the time of submission of the petition, JSPL had relied on the provisions under the CSERC RPO-REC 2011 Regulations for calculating RPO for FY 2013-14.

2.57 JSPL further submitted that CSERC had registered a Suo-Motu Petition 62/2012(M) on January 7, 2013 on the matter of RPO compliance of all licensees in the state. Subsequent to multiple hearings on the matter, the Commission has given JSPL a directive vide order dated 25.03.13 to meet pending RPO in a span of six month from the date of order. While JSPL has sought exemption from meeting RPO for FY 2009-2010, JSPL would meet the RPO in compliance with the impending order to be issued by the CSERC on Suo-Motu Petition No. 62/2012(M).

2.58 JSPL also acknowledged that it had submitted the undertaking to the CSERC at the time of determination of tariff for FY 2011-12, the said undertaking did not include increase in power purchase cost on account of renewable purchase obligations and the same is therefore being passed on to the consumers. JSPL requestedthe Commission to pass a suitable order in this regard including the details of cost sharing mechanism. JSPL further submitted that it had also given an advertisement in the newspapers for purchase of power from renewable sources but received no response to the advertisement;therefore, JSPL would meet the RPO through purchase of renewable energy certificates being traded on the power exchanges in India.

Commission's View:

2.59 The Commission is under obligation as per Section 86(1)(e) of the Electricity Act, 2003 , the National Electricity Policy and framework by ministry of New & Renewable Energy (MNRE), Govt. of India to promote co-generation and generation of electricity from renewable sources of energy for purchase of electricity from such sources and the SERCs shall fix a minimum percentage for purchase of energy from such sources. Accordingly, the Commission made the CSERC (Renewable Purchase Obligation and REC Framework Implementation) Regulations, 2011 and Further, issued draft CSERC (Renewable Purchase Obligation and REC Framework Implementation) Regulations, 2013 which are being followed while considering the RPO obligation for the distribution utilities for the Control Period from FY 2013-14 to FY 2015-16.

It must be appreciated that that promotion of renewable energy would serve the posterity for it being clean and perennial source of energy with minimal or no environment impact as compared to other sources of energy.

J) Segregation of Accounts

2.60 RIUS objected that the Commission is repeatedly directing JSPL in previous tariff order for FY 09-10 and FY 11-12 to submit segregated accounts. JSPL-D in the petition for ARR for FY 12-13 had submitted statutory auditor certificate for segregation of accounts which were insufficient to find any details and required elaborate description. RIUS also submitted that the submissions made by JSPL were not tenable and couldnt be allowed, being blatantly contrary to Section 51 of the Electricity Act 2003 which provided that a distribution licensee must maintain separate accounts for each of its other business , Regulation 28 of CERC (License) Regulations, 2004 which provided that a distribution licensee is required to maintain accounts of its other business in such a manner as if it were being carried on by separate companies, Regulation 17 of CSERC (Details to be furnished by licensee or generation company for determination of tariff and manner of making application) Regulations, 2004 which provided that licensee should give separate revenue statements, expenditure statements, balance sheet and cash-flow statement.RIUs submitted that the above provisions of law categorically required a distribution licensee to maintain separate accounts of its other business and JSPL admitted that it was not maintaining separate accounts of its distribution business and hence, clearly in violation of law. RIUS further state that maintaining separate accounts of its distribution business was a condition in the distribution license granted to JSPL by Ld. Chhattisgarh Commission vide its order dated 29.11.2005 and Commission repeatedly directed JSPL to file segregate accounts of its distribution business

2.61 RIUS objected that the requirement of maintaining separate account of the distribution business was mandated so that the distribution business did not in any way subsidize other business undertaking

JSPL-D's Response:

2.62 JSPL responded that it had submitted the auditor certified profit & loss statement and balance sheet for FY 2011-12 along with the petition for determination of ARR and tariff for FY 2012-13 in compliance with Regulation 28 of the CSERC (License) Regulations, 2004 and Regulation 17 of CSERC (Details to be furnished by licensee or generating company for determination of tariff and manner of making application) Regulations, 2004. RIUS did not raise any concerns in this regard during the public consultation process for determination of tariff for FY 2012-13 and such concerns being raised now are therefore superfluous. JSPL had timely submitted the MYT petition for the period from FY 2012-14 to FY 2015-16 in December 2012 and thereafter revised it again in February to accommodate cost towards meeting cumulative RPO since FY 2010-11.The annual accounts of the licensee were not ready at the time of submission of the petition. However, JSPL had submitted financial data desired by the Commission based on actual transactions recorded in the financial reporting system of JSPL through a separate submission in March 2013. JSPL undertook that it would submit the auditor certified and segregated accounts of the licensed area once the audit for FY 2012-13 is complete and the annual report released.

Commission's View

2.63 The Commission has taken a stand in the Tariff order for FY 2012-13 that accounts filed by JSPL for FY 2011-12 were rejected on the grounds that the accounts didn't conform to the conditions laid down into CSERC (License) regulations 2004 or Companies Act, 1956. Hence, the Commission had directed the JSPL in Tariff order of FY 2012-13 to file proper segregated accounts and get the same audited according to CSERC (License) regulations 2004.

K) Fixed Assets

2.64 RIUS reproduced the fact that the Commission in order for FY 2009-10 has allowed Opening GFA as amount Rs.645.88 Lakh and approved Rs.2235.83 lakhs for the FY 2011-12 by adding cost of two power transformer as Rs.1343.57 lakhs and cost of SCADA as Rs.246.38 Lakhs. RIUS objected the fixed assets submitted by the JSPL by stating that JSPL forecasted 87.45 lakhs for building containing distribution installations for the FY 2013-14 which is exaggerated considering it being a simple double story building. The cost of same must be evaluated by a charted certified Civil Engineer. RIUS further objected that Rs.22.01 lakhs was allocated for the Office building for FY 2013-14 and the building is not utilized for the distribution business but is being used for personal use since beginning. JSPLasked JSPL to clarify the amount of Rs.282.54 Lakhs under the head "others". Further, RIUS requested to get the valuation of transformers and switchgear done by the chartered certified Electricity Engineer authorized by the Govt.

JSPL-D's Response:

2.65 JSPL-D Submitted that the value of fixed assets were as per the records of purchase orders and work orders awarded to contractors for such civil works and electrical installations and were duly certified by the statutory auditors of JSPL. Further, details of civil building classified as "others" were submitted by the JSPL.

Commission's View:

2.66 As detailed in the Tariff Order for FY 2012-13, the Commission didn't accept the auditor's certificate regarding the assets of the distribution business and hence the assets base submitted by the JSPL-D. Hence, the Commission considered the same assets base approved by it in previous tariff orders.

L) Depreciation

2.67 RIUs has requested the Commission that same depreciation rate to be provided for FY 2013-14 as provided vide order dated 08.02.2012 for ARR 2011-12

JSPL-D's Response:

2.68 JSPL submitted that it had calculated depreciation based on the rate prescribed under the CSERC (Terms and Conditions for determination of tariff according to Multi Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2012 (CSERC MYT Regulations 2012).

Commission's View:

2.69 The Commission has approved the deprecation for Control Period according to the rates prescribed under CSERC MYT regulations 2012.

M) Return on Equity

2.70 RIUS submitted that as per regulations the Debt equity ratio should remain as ordered in previous order.

JSPL-D's Response:

2.71 JSPL submitted that it has furnished the segregated and auditor certified balance sheet for the licensed business of distribution for FY 2011-12 and had calculated the equity based on these assets. JSPL also submitted that it had repaid the actual outstanding loan during FY 2011-12 and that no external loan was outstanding against JSPL. Therefore, Applying the same debt equity ratio as given in order dated 08.02.12 would be incorrect .In absence of any actual outstanding loan the tariff has to be determined based on the normative debt equity ratio of 70:30 prescribed in the CSERC MYT Regulation 2012 under Regulation 17.1

Commission's View:

2.72 The Commission does not accord with the view put forth by the JSPL. As also detailed in the Tariff order for FY 2012-13, the Commission is of the view that JSPL-D had figuratively re-paid the existing loans by infusing equity into the project which in turn increased the financing cost of the project hence the refinancing, which exchanged cheaper loan to expensive equity, cannot be allowed. Therefore, the Commission had considered the same debt and equity ratio as approved by it in the previous orders.

N) Interest on Normative Debt

2.73 RIUS submitted that for calculation the normative debt JSPL had taken GFA as Rs.3287.41 lakhs while the Commission had approved GFA for FY 2011-12 as Rs.1721.33 Lakhs. As order for ARR FY 2012-13 is still pending with the commission the Interest on normative loan cannot be passed without the approval of net GFA.

JSPL-D's Response:

2.74 JSPL-D clarified that the normative debt for calculation of interest on normative debt has been calculated after removing the assets funded through consumer contribution.

Commission's View:

2.75 The Commission has noted the submission made by the RIUS and JSPL. It has detailed the methodology used in the calculating the normative debt and interest on it in subsequent paragraphs of this order.

O) Interest on working capital loan

2.76 RIUs submitted that as JSPL is proposing to purchase the power from outside and not paying in advance and hence must be disallowed the receivables equivalent to one month of expected revenue from sale of power

JSPL-D's Response:

2.77 JSPL-D submitted that the calculations submitted by JSPL are in line with the regulatory provisions under Regulation 25.1 (d) of CSERC MYT Regulations 2012.

Commission's View:

2.78 The Commission has calculated the Interest on working capital according to the provisions under Regulation 25.1 (d) of CSERC MYT Regulations 2012 and the same is detailed in subsequent paragraphs of this order.

P) Transmission Charges

2.79 RIUS claimed that the Commission had not considered any transmission charges in tariff order for FY 2009-10 as no submission was made by the JSPL-D towards transmission charges. In the tariff order for ARR for transmission by JSPL for FY 2011-12 the Commission had directed the JSPL to submit a MOU between JSPL-T and JSPL-D and other user, Energy Accounting data of utilization of Transmission Assets with proper documentary proof for last two years, and clarification if there is utilization of transmission assets by non-licensed business but this has not been fulfilled till date. RIUS further objected that transmission line for distribution was only laid from Nalwa Steel & Power Limited to Punjipathara to set up the Industrial park as transmission line was already in place till Nalwa Steel & Power Limited and also Transmission line from JIP to JPL was laid for its own business .Moreover, the line between JSPL to JPL was laid to supply power to JPL for providing start up power to JPL during its testing. Hence, Transmission line for setting up JIP was only from Nalwa Steel & Power Limited to JIP which is approximately 7-8 Kms only. RIUS requested commission to consider the transmission cost only for this 7-8 kms.

JSPL-D's Response:

2.80 JSPL-D submitted that the transmission license was awarded to JSPL after due prudence of facts submitted by it and it owned a license for 220 kV 23.7 km D/C line from JSPL to OPJIP and 19.5 km long 220 kV D/C line from OPJIP to JPL.Also, the transmission charges of Rs. 177.46 Lakhs for JSPL's licensed distribution business were determined pro rata by the Commission based on the proportionate usage of the transmission assets by the distribution business.

Commission's View:

2.81 The Commission has dealt with the issue in detail in transmission order. It is worthwhile to mention that the Commission has loaded only 25% of the Transmission ARR on the Distribution ARR.

Q) O&M Expenses

2.82 RIUS submitted that JSPL is showing the projected R&M Expenses, Employee expenses, for 2012-13 and must be directed to submit the actual R&M expense, Employees expenses and employee strength details for the FY 2012-13 as the year is already over.

2.83 For employee expenses JSPL is showing 41 full time employees and 98 part time employees while there are only 10 full time employees working at JIP Punjipathara and only 5 employees working in JSPL Kharsia Road Raigarh.

2.84 As per Form No. F17 Administration & General Expenses in the petition filed by JSPL projected Security/Service charges paid to outside agencies for FY 13are not related to JIP but for JSPL own business located at JIP so this cost must not be imposed upon the consumers.

JSPL-D's Response:

2.85 JSPL-D claim that it has submitted actual O&M expenses incurred during FY 2012-13 (till February 2013) to the Commission in April 2013.The employee expenses were forecasted based on the actual expenses for FY 2009-10, FY 2010-11 and FY 2011-12 as per the methodology prescribed under Regulation 57.4 of the MYT Regulations 2012.

2.86 With regards to the security charges included under A&G expenses JSPL submitted that these include only the charges which are incurred towards the security of the assets of the licensed businesses of retail supply of electricity in the OP. Jindal Industrial Park (OPJIP) viz. the electrical lines, switchyards and other electrical equipment in the network of the licensed business.JSPL also clarified that it was also recovering infrastructure maintenance charges (and not security charges) form the industries in the OPJIP on the basis of land area occupied by them for installation of their facilities based on the terms and conditions on the mutually agreed at the time of establishment within the OPJIP. These charges are meant towards maintenance of the assets of the non-licensed business and include expenses incurred towards security of such assets. The infrastructure maintenance charges are recovered on the basis of actual expenses incurred by JSPL in maintaining the aforesaid non licensed assets in OPJIP and are exclusive of the security expenses of the licensed business of retail supply of electricity

Commission's View:

2.87 The Commission has noted the objections by RIUS and replies filed by JSPL. The Commission has computed O&M expenses as per regulation prescribed under CSERC MYT regulations 2012

R) Provision for Bad Debt

2.88 RIUS claimed that because JIP is a private industrial park having limited consumers with HT connections only and all are operating their plants since beginning JSPLwould not incur any bad debt and hence the Commission must consider actual bad debt of the JSPL based on Prior bad debts and not allow the JSPL to made a bad debt provision for the FY 2013-14 equivalents to 1% as per regulation 66.8 of the CSERC MYT regulation.

JSPL-D's Response:

2.89 JSPL replied that it had claimed the bad debt as per regulation 62.1 and 66.8 of the MYT regulations 2012

Commission's View:

2.90 The Commission has noted the submissions made by the RIUS and JSPL. The provision of bad debt is detailed in the subsequent chapter of this Tariff order.

S) Tariff Proposal for FY 2013-14

2.91 RIUS claimed that JSPL in their current petition has proposed increase in demand charges from Rs.330 to Rs.390/KVA/month tariff for HT Connection steel industry which is approx 99% of the total load/units while there is no capital investment made by JSPL in the past and present and therefore, the Commission must keep the existing demand charges for the present ARR.

2.92 RIUS submitted that JSPL had claimed steep hike in the energy charges from Rs.2.75/kwh to 4.09/kwhwhich would put adverse effect on the consumers.

JSPL-D's Response:

2.93 JSPL replied that while it had not created new assets, it had incurred operating and maintenance expenses (O&M) towards the existing assets. Also, the actual O&M expenses had increased as compared to previous years and therefore JSPL had proposed the current tariff structure to recover such increased expenses. JSPL prayed to the Commission to pass a suitable order approving tariffs that are reflective of the just costs borne by the licensee.

Rejoinder filed by RIUS

2.94 RIUS requested the commission to approve the demand charges based on the actual numbers of hour's power supplied by the JSPL as followed in the states where private companies were supplying the power to private Industrial parks. RIUS submitted the copy of Bill for 2 months for West Bengal and objected that JSPL in their electric bill not showing the no. of hours power supplied/no of hours power cut.RIUS claims JSPL is charging demand charges for the full month whereas it should be on the number of hours power supplied by JSPL.

JSPL reply on Rejoinder

2.95 JSPL submitted that the current methodology followed by JSPL is in line with the directive of the Commission in Order dated 08.02.2012 which was again upheld by the Commission in its order dated 7th May 2013.

Commission's View

2.96 The Commission has noted the objections by RIUS and replies filed by JSPL. The Commission has given due consideration and deliberation on the issue while fixing the demand charge to be recovered by tariff from each consumer categories. The Demand charges fixed for each consumer categories are detailed in chapter of Tariff schedule in this order.

T) Non-compliance of directive

2.97 RIUS Submitted that the Commission had directed JSPL to submit the details of power supplied by it from its distribution system to other establishments and installations other than the said 34 consumers located in JIP Area within 3 months, to submit a detailed power requirement plan within a month, to submit the segregated accounts for distribution business within 3 months, to revisit the employee expenses for the Distribution Business and to ensure that no load shedding is done by JSPL-D without prior permission of the Commission.

JSPL-D's Response:

2.98 JSPL submittedthat it had included the consumption of the electricity by the units Facilities/ premises owned by JSPL and situated in the licensed area into the unit sold in addition to the electricity consumed on account of street lighting and projected revenues and power purchase costs for 45 consumers, including the other installations such as street lights in Punjipathra and Tumdih villages and other industrial and commercial units apart from those operating in the JIP, The revenues from these additional consumers were also accounted for in the auditor certified segregated accounts for FY 2011-12.

2.99 JSPL further submitted that it had submitted the data required by the Commission regarding power requirement plan for long term power purchase and the Commission had approved procurement of 87 MW vide order dated January 1, 2013. Long term power procurement process is underway and JSPL would soon release the Bid documents for competitive bidding.

2.100 JSPL submitted that is had already furnished the statutory auditor certified segregated accounts for JSPL's licensed distribution business for FY 2011-12 to the Commission and would also submit the same for FY 2012-13.Further, it was making earnest efforts to comply with the directives of the Commission regarding employees expenses and assure the Commission that it would not undertake any load shedding in the licensed area without prior permission of the Commission.

Commission's View:

2.101 The Commission noted the Objections made by RIUS and replies furnished by the JSPL. The Commission would take necessary action, wherever deem fit to it, as per stipulated provisions of the Electricity Act 2003 and MYT and other regulations.

U) Delay in filing petition

2.102 RIUS objected that JSPL has never filed its petition within time as prescribed in regulations and directed by the Commission time and again. RIUS presented a chart enumerating the delays made by the JSPL in filing its petitions, replies and accounts every year despite Commission's directions. RIUS requested the Commission to correct the JSPL's persistent failure to file tariff petitions in a timely manner and to punish the JSPL for flouting specific directions given by the Commission to honor the directions given by the Appellate Tribunal in this regard.

JSPL-D's Response:

2.103 JSPL submitted that for the current year FY 2013-14, JSPL had filed the petition in December 2012, had filed additional information as sought by the Commission in February 2013 and hence there was no delay on part of JSPL.

2.104 JSPL submitted that the delay of filling petition and delay in determination of tariff for the years before FY 2009-10 actually had no impact on the industrial consumers in the licensed distribution area because the tariff was fixed for five years under the initial contracts (not more than Rs 2.5 per unit). No revision in tariffs would have affected the rate at which energy was being supplied to these consumers till the expiry of their initial contracts. Further, the Commission did not approve any hike in the tariff till FY 2008-09 for industries at JIP and they were being charged at a rate not more than Rs. 2.50 per unit as approved at the time of grant of license to JSPL in 2005.

2.105 JSPL also submitted that it had always strived to timely submit the petitions for scrutiny by the Commission and the delays in filing the petition had unintentional and circumstantial. However, JSPL admitted that there were delays in filing the petition for determination of tariff and had requested the Commission to condone the delays while issuing Orders.

2.106 JSPL further submitted that in FY 2007-08 and FY 2008-09, the weighted average power purchase cost for JSPL (power sourced from JSPL and JPL) was Rs. 2.46 per and Rs. 2.4lper unit respectively. After loading the O&M expenses, interest expenses and depreciation charges, the total costs incurred by JSPL (on per unit of energy sold) were far higher than the tariffs recovered from the consumers during these periods and hence, it is JSPL who was aggrieved and not members of RIUS.

Commission's View:

2.107 Commission noted that first submission of JSPL is wrong. JSPL-D had filed its Tariff petition in December while regulations ask to file it before 30th Nov. Further, JSPL-D had not filed additional information in February as per directions of the Commission but had filed fresh petition for distribution business with some corrections, hence the petition submission date is be considered as Feb 2013 and not December 2013.

2.108 JSPL-D made unnecessary delays in submitting the data desired by the Commission time and again during the processing of the present petition as enumerated in the previous section of this order. The Commission while passing this order considered information submitted till 5th July 2013 only and didn’t accepted the request of the JSPL-D for further grant of time for additional information.

3. Determination of Annual Revenue Requirement for Control period (FY 2013-14 to FY 2015-16)

3.1 JSPL-D has submitted the petition for approval of its Aggregate Revenue Requirement (ARR) for Control Period i.e FY 2013-14 to FY 2015-16 in accordance with the provisions of the CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and methodology and procedure for determination of Expected revenue from Tariff and Charges) Regulations 2012.

3.2 The Commission has examined the MYT petition of JSPL-D and held technical discussions to validate the data submitted by the Petitioner and sought further clarifications on various issues. The Commission has considered all information submitted by the Petitioner as part of the tariff petition, responses to various queries raised during the discussions and also during the public hearing, for determination of tariff. Each parameter of the Aggregate Revenue Requirement along with reasoning is discussed in this Section.

Energy Sales

3.3 JSPL submitted that it has received one new connection request at 33 kV under the category of other HT industries. JSPL has included estimates of sales to this consumer in the forecasts given for FY 2013-14, FY 2014-15 and FY 2015-16. Other than the addition of this consumer, JSPL didn’t envisage any new addition to the consumer base during the Control Period.

3.4 JSPL projected the energy sale for future years after considering the past trends of actual consumption and future estimates of changes in connected load and number of consumers. JSPL estimated energy sales for FY 2013-14, FY 2014-15 and FY 2015-16 based on an escalation of 1% over the actual FY 2011-12 sales of the existing consumers.

Table 4: Proposed Energy Sales submitted by JSPL for control Period

(All fig in MUs)

S. No	Consumer category	FY 2013-14	FY 2014-15	FY 2015-16
1	LT non-domestic	.21	.21	.22
2	LT domestic- Bulk Supply	.08	.08	.09
3	LT Street lighting	.03	.03	.03
4	33 kV Steel industries	621.49	627.70	633.98
5	33 kV Other industries	1.96	1.98	2.00
6	11 kV Steel industries	30.12	30.42	30.72
8	11 kV Gen. purpose non industrial	1.41	1.42	1.43
9	**Total Sales**	**655.30**	**661.85**	**668.47**

Commission’s View

3.5 The Commission in one of the query asked JSPL-D to supply the actual data for energy sold to each consumer category for FY 2013-14. However, JSPL-D was able to provide information on category wise sales up to Feb 2013. Based on the discussion during the TVS, the Commission in its additional deficiency note asked JSPL-D to submit actual sales for FY 2012-13 by 5th July 2013 as the financial year was already over. However, JSPL did not submit the information by 5th July 2013 and instead requested the Commission for a further extension of one week. The Commission didn't accept the request made by JSPL-D for time extension and decided to proceed based on actual 11 months sales submitted by the petitioner earlier.

3.6 Based on JSPL's submission regarding no addition in consumers during the Control Period, the Commission considers appropriate to consider the growth of 1% per annum on estimated sales for FY 2012-13 as proposed by the petitioner for approval of the sales for each year of the Control Period. The consumer category-wise approved sales for the Control Period is provided in the table below:

Table 5: Approved Energy Sales for FY2010-11 and FY2011-12

(All fig in MUs)

S. No	Consumer category	FY 2013-14	FY 2014-15	FY 2015-16
	LT			
LT 1	Non-Domestic	0.17	0.17	0.17
LT 2	LT Industrial	0.08	0.09	0.09
LT 3	Public Utilities/Street Lighting	0.03	0.03	0.03
	HT			
HT-1	Steel Industries	687.41	694.28	701.23
HT-2	Other Industries	1.01	1.02	1.03
HT-3	Residential Purpose	0.10	0.10	0.10
HT-4	General Purpose Non-industrial	1.59	1.61	1.62
	Total Sales (LT + HT)	**690.40**	**697.31**	**704.28**

Distribution Loss

3.7 JSPL-D has submitted total 1.19% of T&D losses for each of the three years of Control Period. JSPL further submitted that these estimates have been derived from the actual losses reported by the licensed business during FY 2011-12, as also submitted by JSPL in petition no. 39/2012(T).

Commission's View

3.8 The Commission notes that JSPL had proposed 1.07% distribution losses for FY 2011-12 as against approved losses of 0.47% by the Commission in the petition for FY 2012-13. Further, JSPL-D had assured the Commission that it is committed to keeping a check on the system losses and would ensure that there is no major change in T&D losses in the future years as the network increases. The Commission also noted that JSPL-D had not projected any load increase in FY 2012-13. The Commission analyzed the data submitted by the JSPL-D and noted that JSPL-D has limited consumers at LT level and does not envisage any increase in the network or load at the LT level during the Control Period. A marginal increase is proposed in the load in HT network only. The Commission is of the view that JSPL-D should strive to keep the distribution losses within the approved figures.

3.9 The Commission also notes that JSPL-D has not submitted complete actual meter readings at the transmission and distribution boundaries at every voltage level which are necessary for computation of actual T&D losses into the system. In the reply to various queries of the Commission, JSPL submitted that its T&D losses are very low. Hence its focus had been on monitoring metering at power purchase and retail sales ends and it has not been maintaining the meters at various voltage levels within the network. JSPL further stated that MRI/SCADA downloads for input at each level cannot be relied upon for FY 2011-12. The meter readings at 220 kV level at the distribution periphery dated 1st April 2012 and 1st March 2013 was submitted by JSPL along with energy input at 11 kV level MRI downloads as on 1st March 2013. JSPL also submitted the meter readings as on 1st April 2012 for meter no 262879 (11 KV side of 35 MVA 33/11 kV transformer). JSPL submitted that it was not in position to submit the MRI downloads for Meter No 242419 (11 kV side of 12.5 MVA 33/11 kV transformer) as on 1st April 2012 due to non-availability of downloaded data due to technical error. However, JSPL submitted the manual readings available with it. JSPL further submitted that it had not maintained the meters at LT input feeders and is therefore not in position to furnish the information desired by the Commission. However JSPL ensured the Commission that it should be in a position to provide the same from April 2013 onwards.

3.10 As per Regulation 11.2(c) and 69 of MYT Regulations 2012, the distribution losses are defined as controllable parameter and the trajectory for reduction of losses for distribution licensees in the States (other than CSPDCL) would be provided in the respective Tariff Orders of the licensee. Concluding on the submissions made by the JSPL-D, the Commission feels that the increase in distribution losses is not justified when total load is not anticipated to increase during the Control Period. Therefore, the Commission approves the same distribution losses of 0.47% for Control Period which was approved for FY 2011-12 and FY 2012-13.

3.11 To compute the actual transmission and distribution losses of the system, the Commission directs JSPL-D to submit detailed meter reading data for the metering done at different voltage levels, the total energy injected in transmission system by agency(s) from which the power is sourced (source-wise), and energy injected at distribution periphery and total energy sold to the consumers. The Commission also directs JSPL to submit actual meter readings (MRI downloaded data or SCADA extracted readings) for the meters installed at the transmission and distribution periphery and all the meters installed at interface points at all voltage levels for 1st April (00:00 Hrs) for all ensuing years in subsequent tariff petitions. The details must be filed separately for all the circuits and must be accompanied with the closing and opening meter reading in case there is any change/ replacement of meter at any of the points along with such change/ replacement of meter.

Table 6: Distribution losses for Control Period as approved by the Commission

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Distribution Losses	0.47%	0.47%	0.47%

Energy Balance

3.12 Proposed Energy Balance for Control Period as submitted in the petition is as under:

Table 7: Proposed Energy balance for Control Period as submitted by JSPL

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Energy sold (MUs)	655.30	661.85	668.47
Total T&D Losses (%)	1.19%	1.19%	1.19%
Energy purchased (MUs)	663.19	669.82	676.52

Commission's View

3.13 Based on the approved sales and distribution loss, energy balance for the Control Period is approved by the Commission as provided in the table below:

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Energy sold (MUs)	690.40	697.31	704.28
Distribution Losses approved (%)	0.47%	0.47%	0.47%
Distribution Losses (MUs)	3.26	3.29	3.33
Energy requirement at distribution periphery	693.66	700.60	707.61
Transmission Losses (%)	0.15%	0.15%	0.15%
Energy required at transmission periphery(MUs)	694.71	701.65	708.67

Power Purchase Cost

3.14 JSPL-D has submitted in its petition that it had filed a petition with the Commission for approval of its power procurement plan and power purchase rate in accordance with section 86(1)(b) of the Electricity Act 2003 and guidelines for approval for power purchase and power procurement process issued by the Commission. JSPL submitted that the Commission, vide order dated 27th Oct 2010 had directed JSPL to either enter into long-term power purchase agreement with Jindal Power Limited (JPL) or captive generation plants of JSPL for remaining license period of supply of power at the power purchased cost determined under section 62 of the Electricity Act 2003 or purchase power through tariff based competitive bidding process under Case-1 arrangement Section 63 of the Electricity Act, 2003. JSPL asserted its inability to supply power to the consumers in the licensed area through its captive power plant owing to unavailability of surplus power. JSPL had filed a petition on April 4, 2011 with the Commission to approve long term power procurement of power through tariff based competitive bidding process under Case 1 bidding framework and sought approval on deviation from standard bidding document (RFP and PPA) for carrying out the aforesaid bidding process.

3.15 JSPL has contended that Commission partially disposed-off the petition with respect to the deviations proposed from the standard bidding document and issued certain directives and raised some queries with regards to the bidding process in the Order dated 31st December, 2011. Also, JSPL claimed to have submitted its response to the queries and awaiting the directives of the Commission.

3.16 JSPL further submitted that at present, power is being procured on short-term basis from Jindal Power Limited (JPL) at a rate of Rs 3.00 per kWh as approved for FY 2011-12 in Para no. 2.74 of the Order dated February 08, 2012. JSPL also submitted that it had prayed to the Commission to approve short term power purchase cost at Rs 3.13 per unit for FY 2012-13 based on the average rate allowed to Chhattisgarh State Power Distribution Company Limited (CSPDCL) by the Commission for procuring short-term power for FY 2012-13 through order dated May 5, 2012 passed on the Suo-Moto Petition no 07 of 2012(M). JSPL claimed that Jindal Power limited had indicated inclination to increase the rate at which it is supplying power to JSPL, hence JSPL requested the Commission to allow purchase of power on short term basis in the interim from JPL at the rates which are reflective of the prevailing market short term power rates.

3.17 JSPL requested the Commission to approve short term power purchase rate of Rs. 3.70 per kWh for FY 2013-14, FY 2015-16 and FY 2015-16, JSPL further submitted that the proposed power purchase price is less than the past one-year average power purchase rates.

3.18 JSPL-D had sought exemption on meeting RPO for FY 2010-11 in the previous petition and had shown its intention for meeting RPO for FY 2011-12 and FY 2012-13 by purchasing RECs in FY 2012-13.Since JSPL had not purchased any REC during FY 12-13 it requested to defer purchase of RECs in FY 2013-14 for meeting cumulative RPO. JSPL estimated costs towards procuring RECs based on the prices approved by the CERC (Central Electricity Regulatory Commission) Order dated 23rd August 2011. JSPL estimated the price of Solar and Non-solar RECs to be 13.40 and 3.30 Rs/kWh. JSPL included the cost of RECs for FY 2011-12 and FY 2012-13 in the total power purchase cost for FY 2013-14.

3.19 In absence of any RPO trajectory specified for the period beyond FY 2012-13 as per the CSERC (Renewable Purchase Obligation and REC Framework Implementation) Regulations, 2011, JSPL has computed the RPO for the Control Period from FY 2013-14 to FY 2015-16 considering the RPO limits prescribed for FY 2012-13. JSPL intends to buy RECs for FY 2011-12 and FY 2012-13 as well in order to meet its RPO for previous years. The cost of RECs are taken the same as approved by CERC and mentioned above.

3.20 Total power purchase cost submitted by JSPL for the Control Period including that for meeting RPO is given in the table below :-

Table 8: Proposed Power purchase cost for Control Period submitted by JSPL

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Energy purchased (MUs)	663.19	669.82	676.52
Tariff Proposed (Rs/kWh)	3.70	3.70	3.70
Power Purchase cost from JPL(Rs Lakhs)	24526.55	24771.81	25019.53
Total cost of RECs (Rs Lakhs)	1593.31	1609.25	1625.34
Cost of meeting RPOs for previous years	2865.31		
Total Power purchase cost (Rs Lakhs)	**28985.17**	**26381.06**	**26644.87**

Commission's View

3.21 Based on the approved sales and losses for the Control Period, the Commission has computed the power purchase cost for each year of the Control Period from FY 2013-14 to FY 2015-16 from all the sources including energy from conventional and renewable sources. The Commission noted that JSPL-D has proposed the total power purchase cost for Control Period from FY 2013-14 to FY 2015-16 considering whole power from JPL at the rate of 3.70 Rs, an unexplained increase of 23% on power sourced from JPL.

3.22 As mentioned in previous order as well, the Commission had issued the Order on the petition no 26/2011(M) filed by the JSPL-D for seeking long-term power procurement through competitive bidding under Case 1 bidding framework. The petition was disposed-off partially with regard to the approval sought by JSPL-D for deviation in the Standard Bidding document. The Commission also directed to submit certain justifications for quantum of power purchase, delivery point and other details. The details were finally submitted by the JSPL-D on 11th September 2012.

3.23 Subsequently, the Commission issued the final Order on the subject matter on 1st January, 2013, where JSPL-D was directed to invite bids for procurement of power to the tune of maximum demand met by the JSPL in last five years (plus minus 20%) i.e. 87 MW (Plus minus 20%). Further, JSPL was also directed to invite bids for power procurement for balance period of the distribution license. Since the bidding process for long-term procurement of power may take some time to complete, the Commission has approved the same rate as approved in the previous order for FY 2012-13 for procurement of short-term power.

3.24 For the purpose of fixation of the RPO trajectory for the Control period, the Commission has issued a draft of the CSERC (Renewable Purchase Obligation and REC framework Implementation) Regulations, 2013 (hereinafter referred as "Draft RPO Regulations, 2013"). JSPL-D is obligated to purchase energy from renewable sources in accordance with the Draft RPO Regulations, 2013. The said Draft Regulations specifies the minimum quantum of energy that distribution licensee is required to buy from renewable sources as shown in the Table below:

Table 9: Minimum power to be procured by as percentage of total consumption

Category	FY 2013-14	FY 2014-15	FY 2015-16
Solar	0.50%	0.75%	1.00%

Category	FY 2013-14	FY 2014-15	FY 2015-16
Biomass	3.75%	3.75%	3.75%
Other RE	2.00%	2.25%	2.50%
Total	**6.25%**	**6.75%**	**7.25%**

3.25 In one of the queries during the Technical Validation Session, the Commission enquired JSPL-D whether it has purchase any REC for FY 2011-12 or FY 2012-13. JSPL-D replied that it is yet to purchase REC certificate in lieu of RPO. Based on the information submitted by JSPL-D, the Commission has deduced that JSPL-D has not made any firm arrangements for purchase of renewable power and therefore would be required to purchase Renewable Energy Certificates (RECs) for meeting the RPO. Accordingly, the Commission has approved the cost of RECs as per Draft RPO Regulations, 2013 at the floor price of RECs approved by CERC for solar and non-solar sources.

3.26 Based on the discussions above, the Commission approves power purchase cost for Control Period FY 2013-14 to FY 2015-16 as under:

Table 10: Approved Power purchase cost for Control Period

FY 2013-14	Energy (MUs)	Rate (Rs/Unit)	Cost (Rs Lakhs)
Power Purchase from conventional sources	694.71	3.00	20841.21
Power From RE Sources			
Solar	3.47	9.30	323.04
Biomass	26.05	1.50	390.77
Other RE	14	1.50	208.41
Total Power Purchase approved	**694.71**	**3.13**	**21763.43**
FY 2014-15	**Energy (MUs)**	**Rate (Rs/Unit)**	**Cost (Rs Lakhs)**
Power Purchase from conventional sources	701.65	3.00	21049.62
Power From RE Sources			
Solar	5.26	9.30	489.47
Biomass	26.32	1.50	394.73
Other RE	16	1.50	236.84
Total Power Purchase approved	**701.65**	**3.16**	**22170.51**
FY 2015-16	**Energy (MUs)**	**Rate (Rs/Unit)**	**Cost (Rs Lakhs)**
Power Purchase from conventional sources	708.67	3.00	21260.12
Power From RE Sources			
Solar	7.09	9.30	659.15
Biomass	26.58	1.50	398.68
Other RE	16	1.50	239.21
Total Power Purchase approved	**708.67**	**3.18**	**22556.98**

Capital Expenditure and Capitalization

Fixed Assets

3.27 JSPL-D claimed that it had submitted a certificate from the Statutory Auditors certifying fixed assets worth Rs. 3,287.41 Lakhs for FY 2011-12 based on actual segregated accounts for the licensed distribution business of JSPL.

3.28 JSPL claimed that it had submitted assets worth Rs. 4,558.83 Lakhs for FY 2010-11 in the petition for determination of tariff for FY 2011-12. This was revised to Rs. 3,287.41 Lakhs in FY 2011-12 after the Order dated February 8, 2012 wherein the Commission had allowed only two power transformers for the licensed business

3.29 JSPL-D also submitted that it had no plans for any addition in fixed assets for Control Period

Table 11: Proposed Gross Fixed assets submitted by JSPL for Control Period

(all fig in Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Land – leasehold	32.27	32.27	32.27
Building & Civil works	391.99	391.99	391.99
Transformer & Switchgear(Inc. SCADA)	2655.35	2655.35	2655.35
Distribution lines	194.26	194.26	194.26
Office Equipment	10.17	10.17	10.17
Furniture & Fixtures	2.91	2.91	2.91
Vehicles	.47	.47	.47
Total	**3287.41**	**3287.41**	**3287.41**

Commission's View

3.30 As per Clause 4.58 of the Tariff Order for FY 2012-13 the Commission had viewed the following with respect to the gross fixed assets of the JSPL distribution business:

"4.58 In the Tariff Order for FY 2011-12, the Commission had approved the gross fixed assets of Rs. 22.36 Cr after prudence check. In that Order, the Commission had undertaken a detailed review of the assets of the JSPL distribution business and had ascertained that the 2 nos. of transformers and supporting infrastructure was adequate for meeting the demand in the distribution area of the petitioner. In absence of appropriate audited accounts for FY 2011-12 and lack of details/ substantiation provided by the petitioner, the Commission finds no reason to differ from the amount of fixed assets approved in the previous tariff order."

3.31 The Commission observed that JSPL-D has not submitted any further information in its MYT Petition for substantiating and justifying the gross fixed assets base of Rs. 3287.41 Cr. Also, the audited accounts for FY 2011-12 were not found to be in compliance with the CSERC (License) Regulations 2004 and Companies Act 1956. Therefore, the Commission did not accept the accounts submitted by JSPL-D for FY 2011-12 at the time of issuance of FY 2012-13 Tariff Order. Further, the audited segregated accounts for FY 2012-13 was not made available by the licensee along with the MYT Petition.

3.32 In the light of the above, the Commission doesn't find any reason to revise the fixed assets approved by it in the previous tariff order and approves the fixed assets of Rs 2235.83 Lakhs for the Control Period FY 2013-14 to FY 2015-16 as provided in table below:

Table 12: Gross Fixed assets approved by the Commission

(All Fig in Rs lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Gross Fixed assets	2235.83	2235.83	2235.83

Depreciation

3.33 JSPL-D has proposed depreciation on the fixed assets considering the gross fixed assets of Rs. 3,287.41 Lakhs for Control Period. JSPL-D has claimed that depreciation has been considered on the basis of the above mentioned segregated fixed assets and rates for depreciation prescribed as per the CSERC MYT Regulations, 2012.

Table 13: Proposed Depreciation submitted by JSPL for FY 2012-13

(all fig in Rs Lakhs)

Particulars	Rates	FY 2013-14	FY 2014-15	FY 2015-16
Land – leasehold	3.34%	1.08	1.08	1.08
Building & Civil works	3.34%	13.1	13.1	13.1
Transformer & Switchgear(Inc. SCADA)	5.28%	140.21	140.21	140.21
Distribution lines	5.28%	10.26	10.26	10.26
Office Equipment	6.33%	0.64	0.64	0.64
Furniture & Fixtures	6.33%	0.18	0.18	0.18
Vehicles	9.50%	0.04	0.04	0.04
Total Depreciation		165.51	165.51	165.51
Total GFA		3287.41	3287.41	3287.41
Consumer contribution		514.50	514.50	514.50
Depreciation on account of assets created through consumer contribution		25.90	25.90	25.90
Net Depreciation		**139.60**	**139.60**	**139.60**
Accumulated depreciation – Opening		722.62	862.22	1001.82
Accumulated depreciation – Closing		862.22	1001.82	1141.42

Commission's View

3.34 For computation of depreciation for Control Period, the Commission has considered the Gross fixed assets as approved in previous section. The depreciation rates are as prescribed under CSERC MYT Regulations 2012.

3.35 Depreciation approved by the Commission for Control Period based on the assets approved is as under:

Table 14: Depreciation Approved by the Commission for the Control Period

(all fig in lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening GFA	2235.83	2235.83	2235.83
Consumer contribution	514.50	514.50	514.50
Depreciation on existing assets during FY	112.56	112.56	112.56
Addition to GFA	-	-	-
Depreciation on new assets added during FY	-	-	-

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Total Depreciation	**112.56**	**112.56**	**112.56**
Less: Depreciation on account of consumer contribution	25.90	25.90	25.90
Net Depreciation	**86.66**	**86.66**	**86.66**

Operation and Maintenance Expenses

3.36 JSPL submitted that it has claimed O&M expenses based on methodology specified in CSERC MYT Regulation 2012. JSPL obtained the CPI and WPI figures from indiastat.com and arrived at weighted average index for forecasts for O&M expenses.

3.37 JSPL forecasted the O&M expenses as arrived by it based on inflation figures and normalized O&M expenses for base year 2012-13 are as given below

Table 15: O&M Expenses projected for FY 2012-13 by JSPL

(all fig in Rs Lakhs)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
R&M Expenses	148.35	160.99	174.70	189.57
Employees Expenses	528.07	573.04	621.84	674.80
A&G Expenses	77.04	83.60	90.72	98.45
Total	**753.47**	**817.63**	**887.26**	**962.82**

Commission's View

3.38 The CSERC MYT Regulation 2012 prescribed methodology for calculation O&M expenses. The O&M expenses for distribution licensee shall include employees' costs, administration and general expenses and repairs and maintenance expenses.

3.39 As per CSERC MYT Regulation 2012 the methodology for calculation of O&M expenses are as under

"a) The Operation and Maintenance expenses, excluding pension fund contribution and impact of pay revision arrears for the base year i.e. FY 2012-13, shall be derived on the basis of the normalized average of the actual Operation and Maintenance expenses excluding pension fund contribution and impact of pay revision arrears available in the audited/un audited accounts for the previous three (3) years immediately preceding the base year FY 2012-13, subject to prudence check by the Commission.

(b) The normalization shall be done by applying weighted average inflation at the rate of 60% weightage to actual variation in CPI and 40% weightage to actual variation in WPI on year to year basis. The average of normalized net present value for 2009-10, 2010- 11 and 2011-12, shall then be used to project base year value for 2012-13. The base year value so arrived shall be escalated by the above inflation rate to estimate the O&M expense (excluding impact of pay revision, if any) for each year of the Control Period."

3.40 Based on the methodology provided in the MYT Regulations, the base year O&M expense i.e. FY 2012-13 has been arrived. In absence of segregated audited accounts for JSPL distribution business, the Commission has considered the approved O&M expense for the three years immediately preceding the base year i.e. FY 2012-13.

3.41 For the purpose of computation, the WPI and CPI index as available on the website of Reserve Bank of India has been considered. Weighted average inflation figures is calculated considering 40% weight WPI and 60% for CPI for last 3 years as given in the below table.

Table 16: Inflation Rate considered by the Commission

Year	WPI	CPI	40-60
2009-10	3.80%	12.24%	8.87%
2010-11	9.60%	10.55%	10.17%
2011-12	8.94%	8.38%	8.60%
2012-13 (Average)	**7.45%**	**10.39%**	**9.21%**

3.42 The base value for FY 2011-12 is arrived by considering the average of the Net Present Value (NPV) values calculated for FY 2009-10 and FY 2010-11, and approved value of FY 2011-12. NPV value for the respective years are calculated by escalating the approved O&M expenses for the years preceding FY 2011-12 on the inflations rate provided in the table above. Average of three year NPV is considered as the base O&M expenses for FY 2011-12.

3.43 Further, the base value of O&M expenses for FY 2012-13 is arrived by escalating the O&M expenses for FY 2011-12 (as computed based on the methodology detailed above) on the average inflation rate of the preceding three years i.e. 9.21%.

3.44 The O&M expenses for the Control Period FY 2013-14 to FY 2015-16 is projected considering the average inflation rate for three years preceding the base year of FY 2012-13 i.e. 9.21 % on the base year O&M expenses calculated as mentioned above. The O&M expense approved by the Commission for each year of the Control Period is provided in the table below:

Table 17: O&M expenses for Control Period approved by the Commission

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
O&M expenses	642.51	701.69	766.33

Interest on loan

Interest on normative loans

3.45 JSPL-D submitted that it had no borrowings from commercial banks/ lending institutions and therefore no interest is due on any borrowings from commercial banks/ lending institutions during FY 12-13. The fixed assets of the licensed business have claimed to be funded by other business segments (Non-Licenses) businesses of JSPL.

3.46 As per the CSERC MYT regulations 2012, JSLP has treated capital cost after removing 30% equity as normative loan. JSPL further submitted that for the purpose of determination of annual revenue requirement, the interest on normative debt has been computed on the balance of net fixed assets (excluding assets funded through consumer contribution) after deducting the normative equity. JSPL has considered repayments to be equal to the depreciation during respective financial years.

3.47 JSPL-D has claimed to have calculated interest on the aforesaid normative loan at the rate of 12.5%, the rate at which financing companies such as Rural Electricity Corporation and Power Finance Corporation finance distribution projects for private borrowers with IR-1 rating. JSPL claimed that it has been rated AA+ by CARE, a leading credit rating agency.

Table 18: Proposed Interest on normative loan for FY 2012-13 submitted by JSPL

(all fig in Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening balance of normative loan	1,218.41	1,078.81	939.21
Depreciation for FY	139.60	139.60	139.60
Closing balance of normative loan	1,078.81	939.21	799.61
Average normative loan for FY	1,148.61	1,009.01	869.41
Interest rate on normative loan	*12.50%*	*12.50%*	*12.50%*
Interest on normative loan	**143.58**	**126.13**	**108.68**

Commission's View

3.48 The CSERC MYT Regulations 2012 provide for approval of interest cost as per Regulation 23 'Interest and Finance Charges on Loan Capital' that stated *"The loans arrived at in the manner indicated in Regulation 17 shall be considered as gross normative loan for calculation of interest on loan."* Further, Regulation 17 states *"In case of the generating station and the licensee declared under commercial operation prior to 01.04.2013, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2013 shall be considered."*

3.49 The Commission notes that in earlier petition, JSPL had submitted that an opening balance of loan of Rs 1520.73 lakhs on 1st April 2008 as identified by the JSPL which could be directly attributable to its distribution business assets. The Commission had approved the same in its previous Tariff Orders. However, during the processing of the petition for FY 2011-12, JSPL-D submitted that the balance loan amount had been repaid by the parent company resulting in increase in loan outstanding towards the other business segments.

3.50 During the time of processing of FY 2011-12 petition, the Commission had approved the loan amount as follows:

"3.119 The Commission computed the debt-equity requirement on the amount obtained after deducting Consumer Contribution from the amount of Gross Fixed Assets considered in this Tariff Order. In accordance with Regulation-12 of CSERC (Terms and Conditions of Tariff) Regulations, 2006, Debt-Equity ratio of 70:30 is required to be applied if actual equity investment is equal to or more than 30% of total fixed assets. The calculation of the amount considered to be funded though debt-equity is tabulated below:

Table 40: Amount to be funded through debt-equity

Particulars	*Reference*	*Amount(Rs Lakhs)*
Total Assets	*A*	*2235.83*
Consumer Contribution	*B*	*514.5*
Amount to be funded through debt-equity	*C*	*1721.33*

3.120 The Commission observed that the actual loan, i.e., Rs. 1520.73 Lakh as invested by JSPL-D is more than 70% of the amount to be funded through debt-equity. Therefore, the Commission has considered actual debt as submitted by JSPL-D in the Petition. ………."

3.51 In the subsequent petition for FY 2012-13, JSPL had submitted that since the entire loan amount was repaid by the other business segments resulting in substitution of debt portion with equity. Further, JSPL had claimed that the 70% of the total outstanding should be considered as normative debt as per the applicable tariff regulations.

3.52 As against the claim of the petition, the Commission had viewed the following:

"5.39 As explained in the true up section of the FY 2011-12, the Commissions finds that substituting the loan with equity is equivalent to refinancing of funds and can be permitted only if it benefits consumers as per CSERC Tariff Regulations, 2006. Hence the Commission has approved the same debt and equity ratio for the FY 2012-13 as approved by the Commission in the previous years."

3.53 Subsequently, in absence of any additional information submitted by the petitioner during processing of the FY 2012-13 petition, the Commission had considered the closing balance of the loan amount as approved in the FY 2011-12 Tariff Order.

3.54 As per Regulation 17 of CSERC MYT Regulations 2012, the closing balance of the approved normative loans as per the Tariff Order of FY 2012-13 has been considered as the opening normative loan balance for the first year of the Control Period i.e. FY 2013-14 for the purpose of approval of interest cost.

3.55 In the current petition, JSPL has proposed 12.5% on the normative loan balances computed therein. The Commission noted that JSPL-D had submitted the interest rate on the loans at 11.5% in previous petition. Also as per the submissions of JSPL-D it is clear that JSPL-D has not taken any fresh loan during FY 2012-13. The Commission is of the view that interest on long term loans, unlike interest on short term loans, are not subject to change annually/ frequently. As per the submission of JSPL with regard to the interest rate on the existing loans of the parent company for last three years, it is observed that though the rate of interest on new loans is higher/lower, the interest rate on the ongoing loans have not revised during this period.

3.56 The Commission in the Tariff Order of JSPL-D for FY 2012-13 has dealt with the loan amount and interest thereon for JSPL-D in detail. The same is reiterated below:

"5.40 The Commission had considered the interest rate of 11% from FY 2009-10 to FY 2011-12 on the funds borrowed from other business segments based on the information available with the Commission about the prevailing interest rates of respective years. However, Commission feels that as the difference of repayment was treated as fresh loan from other business segments from JSPL , the interest cost must have been the interest cost on total portfolio of the JSPL as a group company.

5.41 During the TVS and in numerous communications, the Commission asked JSPL-D to submit loan details along with interest paid for each loan for calculation of weighted average interest rate for loans availed by JSPL. JSPL provided part information regarding the loan portfolio of the JSPL parent company. The Long term portfolio as submitted by the JSPL as on 31st Dec 2012 is as given below:

Table 49: Information regarding Loan portfolio of the parent company JSPL as on 31st December 2012

Long term borrowings	***Amount(Rs Crs)***
Debentures	***1662***
Secured Long term borrowings	***9238.88***
Term loan from Banks	*9156.32*
Other loan from Banks	*82.56*
Unsecured Long term borrowings	
Unsecured term loan from Banks	*572.98*
Fixed deposits from public	*9.51*
External commercial borrowings	***1333.89***
Total	***12817.26***

5.42 JSPL also submitted that several of these loans are dedicated to setting up specific assets at JSPL's plants and can only be utilized for purchase of equipment at these specific plants. These dedicated borrowings include "other loans from banks" and the "Unsecured long term borrowings" JSPL also submitted the details of debenture and the secured term loans from banks.

5.43 The normative loan provided to the JSPL(D) at the time of swapping of the loan by taking loan from company to repaid ICICI loan may be cash flow from either a specific loan or the cash available with the parent company from any of the sources like retained earnings, fresh equity or any other source. In the absence of exact information for calculation of interest rates to be applied to normative loan and allocation of normative loan to a particular loan of JSPL Parent Company it would be justified to consider total portfolio of the JSPL parent company loan and provide the interest rate as applicable on the total loan portfolio. As the loan is deemed to be taken from parent company and not an actual loan, it would not be justified to leave the loans taken for creating specific purposes from loan portfolio unless JSPL(D) provides exact information regarding allocation of each loan of parent company.

5.44 Commission also noted that JSPL has foreign loans in its loan portfolio. The interest rate submitted by the JSPL-D is by the Indian financial and lending institutions and does not mention financing cost by foreign financial and lending institutions. Generally Interest rate offered by the foreign institutions of most western countries from where JSPL loan is procured is lesser than that offered by Indian institutions. Commission procured the annual reports of Jindal Steel and Power Company Limited which is parent company of JSPL-D, petitioner in the present petition, from its official site www.jindalsteelpower.com .Commission noted that as per annual accounts of 2011-12 the loan portfolio as on 31st March 2012 of JSPL is as given in the table below.

Table 50: Information regarding Loan portfolio as per the Audited Accounts of the parent company JSPL as on 31st March 2012

Long term borrowings	***Amount (Rs. Crs)***
Debentures	***1662***
Secured Long term borrowings	
Term loan from Banks	*4696.69*
Other loan from Banks	*41.77*
Unsecured Long term borrowings	
Unsecured term loan from Banks	*920.46*
Fixed deposits from public	*6.08*
External commercial borrowings	***1662.92***
Total	***8493.92***

5.45 The Commission further asked JSPL to provide the individual loans of JSPL parent company for FY 2011-12 and FY 2012-13 and interest paid on these loans. JSPL was asked to submit the detailed effect of hedging and foreign currency fluctuations on each loan of the JSPL parent company. In reply to the query JSPL submitted the partial information on certain loans and interest paid on these loans. The Commission observed several discrepancies in the both the submissions of the JSPL regarding the loan portfolio of the parent company. The sum of closing balance of the loan portfolio as on 31st March 2012 submitted by the JSPL is Rs 5013.65 Crs while the secured long term borrowings given in JSPL's annual reports are Rs 6400.46 Cr for FY 2011-12. Also JSPL didn't provide the details of foreign loans or external commercial borrowings, effects of foreign currency fluctuations on the individual loans and cost of hedging instruments as desired by the commission in its query to the JSPL(D). In the absence of the requisite information the

Commission had no option but to calculate actual interest rate of JSPL's loan portfolio based on the information contained in its Annual reports for FY 2011-12.

5.46 As per the annual accounts of the parent company for FY 2011-12, the interest on total loan portfolio of JSPL is estimated at approximately 8%. It is important to note that the Commission has calculated the interest cost on total portfolio, including short term loans, as per annual accounts. However, the other cost with respect to foreign loans i.e. hedging costs, loan swaps, other derivatives and currency fluctuations allocated to interest costs could not be identified with certainty. In one of the queries, JSPL was asked to submit these costs separately for each loan which was not submitted by JSPL. Further, this interest cost includes short term borrowing cost also which is generally much higher than long term borrowing costs.

5.47 The interest rates prevailing for the short-term loans at the time when JSPL-D assets were commissioned can be best analyzed from SBI PLR rates prevailing at during that period. Based on the review of the SBI PLR during the period, it is noted that the SBI PLR at the time of commissioning of the both the transmission lines were 10.25% & 10.75% respectively. The long-term loans are generally sanctioned at 250-300 basis points discounts on the SBI PLR. Based on the evaluation, it is likely that the applicable interest rates on the loans undertake for the distribution project by JSPL would not have been higher than 8%.

5.48 Therefore, the Commission is of the view that the actual interest cost for JSPL-D would be much lower than 11%. In the previous year Tariff Order, the Commission had considered an interest rate of 11% from FY 2009-10 to FY 2011-12 on the funds borrowed from other business segments based on the information available with the Commission about the prevailing interest rates of respective years. The Commission feels that the allowed interest rate should have remained constant at 11% as it is a long-term loan and approves the same for computation of interest expense on normative loans for FY 2012-13."

3.57 In absence of any additional submission by the licensee during the processing of the MYT Petition in support of the interest rate claimed for the Control Period, the Commission has approved an interest rate of 11% for the Control Period i.e. FY 2013-14 to FY 2015-16 on the normative loans approved by the Commission.

3.58 The amount of normative loan and interest cost approved by the Commission for Control Period FY 2013-14 to FY 2015-16 is tabulated below:

Table 19: Interest on Normative Loans for Control Period approved by the Commission

(all Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening Balance of Loan	1226.14	1139.48	1052.82
Depreciation During the year	86.66	86.66	86.66
Closing Balance of Loan	1139.48	1052.82	966.17
Average Balance of Normative Loan	1182.81	1096.15	1009.49
Interest Rate on Loan	11%	11%	11%
Interest on normative loans approved by the Commission	130.11	120.58	111.04

Interest on Consumer Security Deposit

3.59 JSPL-D has submitted opening and closing balance of security deposits for Control Period as per the consumer base for all three years. JSPL-D considered a marginal increase in its energy sales and envisages no increase in connected load. Hence it does not expect any addition in security deposit during the Control Period. JSPL-D has calculated the interest at a rate of 9% on the outstanding security deposits in accordance with the prevailing bank rate of Reserve Bank of India.

Table 20: Proposed Interest on consumer security deposit submitted by JSPL

(All fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening balance	2,078.43	2.043.49	2.043.49
Closing balance	2,043.49	2.043.49	2.043.49
Average balance	2,060.96	2.043.49	2.043.49
Interest rate	9%	9%	9%
Interest on security deposit	**185.49**	**183.91**	**183.91**

Commission's View

3.60 During the TVS, the Commission drew JSPL-D's attention towards the data discrepancies in the petition of the JSPL-D with regard to the consumer security deposit and asked to submit revised consumer security deposit balances by 5th July 2013. JSPL-D did not submit the revised consumer security deposits by 5th July, 2013 and requested the Commission vide letter dated 6th July, 2013 for extension by one week for submission of requisite information. The Commission didn't accept the JSPL request and proceeded with latest information available with it regarding consumer security deposit.

3.61 The Commission has envisaged the increase in consumer security deposit during FY 2013-14 in line with the revise retail tariff as approved in this order.

3.62 Based on the consumer security balance submitted by the JSPL-D, the Commission has computed the interest on this balance of consumer security deposit for FY 2012-13 at the interest rate of 8.5 % as per prevailing RBI bank rates as on 1st April 2013.

Table 21: Approved Interest on consumer security deposit

(all Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening balance	2078.43	2149.70	2149.70
Closing balance	2149.70	2149.70	2149.70
Average balance	2114.07	2149.70	2149.70
Interest rate	8.50%	8.50%	8.50%
Interest on security deposit	**179.70**	**182.72**	**182.72**

Interest on Working Capital

3.63 JSPL-D has submitted the working capital on normative basis as per CSERC MYT Regulations 2012. The interest rate considered by the JSPL-D is 13.25% on the working capital requirement as per the provisions of the Regulations.

Table 22: Proposed Interest on working capital submitted by JSPL for the Control Period

(All Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
O&M expenses for one month	68.14	73.94	80.24
Maintenance spares @ 15% of O&M expenses	122.65	133.09	144.42
Receivables equivalent to one month of expected revenue from sale of power	2,595.06	2,617.46	2,640.09
Less: Amount held as security deposits	2,043.49	2,043.49	2,043.49
Total Working capital	**742.36**	**781.00**	**821.26**
Interest rate	*13.25%*	*13.25%*	*13.25%*
Interest on working capital	**98.36**	**103.48**	**108.82**

Commission's View

3.64 The Commission has calculated the Interest on Working Capital on normative basis as per Regulation 25.1 (e) of the CSERC MYT Regulations, 2012. As per Regulations, the working capital for retail supply of electricity would cover the following :-

a. Operation and maintenance expenses for one month

b. Maintenance spares @ 15% of operation and maintenance expenses

c. Receivables equivalent to one month of the expected revenue from sale of electricity at the prevailing tariffs

d. Less: Amount held as security deposits (cash) from consumers

3.65 If the working capital computed is negative, the interest on excess security deposit over the working capital is treated as non-tariff income.

3.66 As per Regulation 25.3 of CSERC MYT Regulations 2012, the interest rate on the working capital, thus calculated, must be at a rate 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. The Commission notes that base rate of SBI on 30th Sep 2012 was 9.70% and has considered an interest rate of 13.20% (9.70% plus 300 basis points) on the working capital requirement approved for each year of the Control Period.

Table 23: Approved Interest on working capital for the Control Period

(all Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
O&M expenses for one month	53.54	58.47	63.86
Maintenance spares @ 15% of O&M expenses	96.38	105.25	114.95
Receivables equivalent to one month of expected revenue from sale of power	1984.36	2001.38	2018.57

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Less: Amount held as security deposits	2149.70	2149.70	2149.70
Total Working capital	**-15.42**	**15.41**	**47.66**
Interest rate	13.20%	*13.20%*	*13.20%*
Interest on working capital	**0**	**2.03**	**6.29**

Return on Equity

3.67 JSPL-D has submitted that it has not undertaken segregation of the equity share capital for the licensed distribution and retail supply business. Rather than segregating the existing equity share capital in the ratio of fixed assets JSPL-D has considered an amount equivalent to 30% of the capital assets after removing assets funded through consumer contribution as the share capital for the purpose of charging return on equity in the annual revenue requirement.

3.68 JSPL-D considered reasonable return on normative equity at a pre-tax rate of 16% to be grossed up by the applied MAT rate of 20.007% for the base year.

Table 24: Proposed Return on equity submitted by JSPL for Control Period

(all fig in Rs Lakhs)

S.No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Opening balance of GFA	3,287.41	3,287.41	3,287.41
2.	Less: Opening balance of Consumer Contribution	(514.50)	(514.50)	(514.50)
3.	Net opening balance of GFA (1-2)	2,772.91	2,772.91	2,772.91
4.	Changes in GFA	-	-	-
5.	Closing Balance of GFA (1+4)	3,287.41	3,287.41	3,287.41
6.	Less: Closing balance of Consumer Contribution	(514.50)	(514.50)	(514.50)
7.	Net closing balance of GFA (5-6)	2,772.91	2,772.91	2,772.91
8.	Opening normative equity (30% x 3)	831.87	831.87	831.87
9.	Closing normative equity (30% x 7)	831.87	831.87	831.87
10.	Average normative equity (4+5)/2	831.87	831.87	831.87
11.	*Pre-tax base rate of reasonable return on equity*	*16.0%*	*16.0%*	*16.0%*
12.	*MAT rate*	*20.007%*	*20.007%*	*20.007%*
13.	*Grossed up rate of reasonable return on equity*	*20.00%*	*20.00%*	*20.00%*
14.	**Return on equity (13 x 10)**	**166.39**	**166.39**	**166.39**

Commission's View

3.69 In the previous Tariff Order for FY 2011-12, the Commission had approved an equity capital of Rs. 200.60 lakhs after reducing the approved capex of Rs. 2235.83 lakhs by consumer contribution and outstanding loan amount. This equity base has been considered in all subsequent Tariff Orders issued by the Commission. Since there has been no capital expenditure envisaged during the Control Period, the Commission has considered the equity share of Rs. 200.60 Lakhs as approved by it in previous tariff order towards distribution business for the Control Period FY 2013-14 to FY 2015-16.

3.70 Further, as per Regulation 22.3 of the CSERC MYT Regulations, 2012:

"The rate of return on equity for each year of the Control Period shall be computed by grossing up the base with the prevailing MAT rate of the base year: Provided that return on equity with respect to the actual tax rate applicable to the distribution licensee in line with the provisions of the relevant Finance Acts of the respective year during the Control Period shall be trued up separately for each year of the Control Period. In case, no tax is payable during the financial year, the tax rate for the purpose of truing up shall be taken as nil.

………….

Provided that if there is a loss incurred by the generating company or the transmission licensee or distribution licensee, as the case may be, in the previous year and based on the prudence check made by the Commission, the Minimum Alternate Tax may not be considered in such a case while determining the return on equity"

3.71 It is pertinent to note that JSPL (D) has not filed segregated audited accounts for the distribution business for FY 2012-13. Though the accounts submitted by JSPL for FY 2011-12 are found to be inappropriate, the Commission has observed that the same reflect negative profit before tax resulting in non-applicability of income tax. In various submissions, JSPL(D) has claimed losses for FY 2011-12 & FY 2012-13. Therefore, the Commission has approved a return on equity of 15.50% without providing for any grossing up on account of income tax. Any tax implication on the licensee would be considered at the time of true-up subject to availability of audited segregated accounts.

Table 25: Approved Return on Equity for Control Period

(all Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening GFA	2,235.83	2,235.83	2,235.83
Less: Consumer contribution	514.5	514.5	514.5
Net opening GFA	1,721.33	1,721.33	1,721.33
Opening equity qualified for RoE calculations	200.60	200.60	200.60
Closing GFA	2,235.83	2,235.83	2,235.83
Less: Consumer contribution	514.5	514.5	514.5
Net closing GFA	1,721.33	1,721.33	1,721.33
Closing equity qualified for RoE calculations	200.60	200.60	200.60
Average equity for the FY	200.60	200.60	200.60
Rate of return on equity	16.00%	16.00%	16.00%
Return on equity	**32.10**	**32.10**	**32.10**

Transmission Charges

3.72 JSPL-D has submitted the transmission charges based on the petition submitted for its licensed transmission business.

3.73 JSPL-D submitted the transmission charges for Control Period attributable to the licensed distribution and retail supply business of electricity as 25% of the total ARR of the transmission business.

Table 26: Proposed Transmission charges for the Control Period submitted by JSPL

(all fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
ARR proposed by JSPL for the licensed transmission business	1,216.72	1,235.35	1,258.03
% charged to distribution business	25%	25%	25%
Transmission charges	**304.18**	**308.84**	**314.51**

Commission's View

3.74 The Commission has approved the transmission charges applicable to JSPL-D based on the capacity utilization of the transmission lines for each year of the Control Period in the MYT Order of JSPL-T. The same has been considered for the determination in the ARR for the distribution licensee for the Control Period.

3.75 The transmission charges approved by the Commission for the Control Period is provided in table below:

Table 27: Approved Transmission Charges for the Control period

(all fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Transmission Charges	212.06	218.23	225.31

Non-Tariff Income

3.76 JSPL-D has submitted that it is currently charging monthly meter rent at the rate of 1.5% of the actual installation cost of the meter from its consumers. JSPL-D has projected the non-tariff income for the Control Period on the basis of the receipts during the previous financial years. JSPL-D has also submitted that income from surcharge on delayed payment is

3.77 uncertain and cannot be estimated/ projected in advance hence it has estimated the non-tariff income for Control Period only on the basis of income from meter rent for previous financial years.

Table 28: Proposed Non-Tariff Income for Control Period submitted by JSPL

(all Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Meter rent	11.16	11.16	11.16
Surcharge	-	-	-
Non-tariff income	**11.16**	**11.16**	**11.16**

Commission's View

3.78 The Commission has considered the submission of JPSL with regard to meter-rent and surcharge for the Control Period and approves the same.

3.79 Additionally, during the calculation of the interest on working capital, the Commission has deduced that the working capital requirement for FY 2013-14 is lower than the consumer security deposits available with the licensee. Therefore, the excess consumer security deposit over the working capital requirement can be utilized by JSPL-D to earn interest income at the short-term interest rates approved by the Commission. Hence, interest income on the excess security deposit over working capital requirement has been considered by the Commission as part of Non-Tariff income for the respective year.

3.80 The approved non-tariff income for JSPL-D by the Commission for the Control Period is summarized in table below:

Table 29: Approved Non-Tariff Income for the Control Period

(All fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Meter rent	11.16	11.16	11.16
Surcharge	-	-	-
Notional Income on excess security deposit over Working capital	2.03		
Non-tariff income	**13.19**	**11.16**	**11.16**

Provision for Bad Debt

3.81 JSPL submitted that it created a provision for bad debts equivalent to 1% of the revenue from prevailing tariff for FY 2013-14, FY 2014-15 and FY 2015-16.

Table 30: Provision for Bad Debt submitted by the JSPL-D for the Control Period

(All fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Revenue forecast for retail supply business (including meter rent)	31,151.92	31,420.73	31,692.23
Provision for bad debt (1% of above revenue)	**311.52**	**314.21**	**316.92**

Commission's View

3.82 Regulation 66.8 of the CSERC MYT Regulations 2012 provides for the provisioning for bad and doubtful debt as following:

"66.8 Bad and doubtful debt

A provision of maximum 1% revenue of retail supply business shall be allowed. The same shall be subject to true up on aggregate basis at the end of Control Period on actual basis and prudence check made by the Commission."

3.83 The consumer profile of JSPL-D is dominated by HT consumers with LT consumers contributing only a miniscule quantum to the total sales of JSPL-D. Therefore, the Commission is of the view that the JSPL-D should be in a position to collect 100% of energy billed without any requirement for bad and doubtful debtors. Also, in absence of appropriate audited accounts for previous years, the amount of bad debts written off in the previous year and the current level of bad and doubtful debtors are difficult to ascertain.

3.84 Therefore, the Commission has not considered any provisioning towards bad and doubtful debtors. The same would be considered at the time of true-up on availability of audited accounts.

Table 31: Provision for Bad Debt approved by the Commission for the Control Period

(All fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Provision for bad debt	**NIL**	**NIL**	**NIL**

Annual Revenue Requirement

3.85 Proposed ARR submitted by JSPL-D for the Control Period from FY 2013-14 to FY 2015-16 is as provided in the table below:

Table 32: Proposed ARR for Control Period submitted by JSPL

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Power purchase cost	28,985.17	26,381.06	26,644.87
2.	R&M expenses	160.99	174.70	189.57
3.	A&G expenses	83.60	90.72	98.45
4.	Employee expenses	573.04	621.84	674.80
5.	Depreciation	139.60	139.60	139.60
6.	Interest and finance charges	427.43	413.52	401.41
7.	Interest on normative long term loan	143.58	126.13	108.68
8.	Interest on working capital	98.36	103.48	108.82
9.	Interest on security deposit	185.49	183.91	183.91
10.	Transmission charges	304.18	308.84	314.51
11.	Return on equity	166.39	166.39	166.39
12.	Provision for bad debt	311.52	314.21	316.92
13.	Less: Non-tariff income	(11.16)	(11.16)	(11.16)
14.	**Annual Revenue Requirement**	**31,140.75**	**28,599.72**	**28,935.36**

Commission's View

3.86 In accordance with the item wise approvals detailed above, the ARR as approved by the Commission for each year of the Control period from FY 2013-14 to FY 2015-16 is as provided in the table below:

Table 33: Approved ARR for the Control period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Purchase of Power	21,763.43	22,170.51	22,556.98
2.	Intra-State Transmission Charges	212.06	218.23	225.31
3.	R&M Expense	642.51	701.69	766.33
4.	Employee Expenses			
5.	A&G Expense			
6.	Depreciation	86.66	86.66	86.66
7.	Interest & Finance Charges	309.80	305.34	300.06
8.	Interest on Long Term Loan	130.11	120.58	111.04
9.	Interest on W.C.	-	2.03	6.29
10.	Interest on CSD	179.70	182.72	182.72
11.	Provision for Bad Debt	-	-	-
12.	**Total Expenses**	23,014.47	23,482.43	23,935.35
13.	Reasonable Return	32.10	32.10	32.10
14.	Other Income	13.19	11.16	11.16
15.	**Annual Revenue Requirement 11=8+9-10**	23,033.37	23,503.37	23,956.28

Revenue on Existing Tariff

3.87 Projected revenues for Control Period at current tariff as submitted by the JSPL-D is listed in the table below :-

Table 34: Revenue on existing tariff projected by JSPL for Control Period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Revenue on Current tariff	22654.71	22845.17	23037.54

Commission's View

3.88 The Commission has computed the total revenue for the JSPL-D based on the category-wise sales approved above and the existing tariff for each consumer category. The total revenues for the Control Period at current tariff as approved by the Commission is provided in the table below :-

Table 35: Revenue on existing tariff projected by the Commission for Control Period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Revenue on Current tariff	22654.71	22845.17	23037.54

Revenue Gap

3.89 Based on the ARR and revenue at existing tariff approved by the Commission for the Control Period, the revenue gap has been determined for each year. Further, the revenue gap for FY 2012-13 as approved in the Tariff Order for FY 2012-13 has also been considered for computing the revenue gap along with carrying cost for the first year of the Control Period. The revenue gap approved by the Commission for the Control Period is provided in table below:

Table 36: Revenue Gap Approved by the Commission on Existing Tariff for Control Period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Approved ARR	23,033.37	23,503.37	23,956.28
2	Revenue on Current tariff	22654.71	22845.17	23037.54
3	Revenue Surplus / (Gap) for respective year	(378.66)	(658.19)	(918.74)
4	Revenue Gap carried forward (including carrying cost)	(1300.35)		
5	Total Revenue Surplus / (Gap)	(1679.02)		

Treatment of Revenue Gap

3.90 It has been estimated that with the prevailing tariff, JSPL-D would have revenue gap for each of three years during the Control Period. However, it is observed that the revenue gap for the first year of the Control Period is higher due to inclusion of revenue gap for FY 2012-13. Therefore, the Commission is of the view that a tariff increase for meeting the revenue deficit for FY 2013-14 would result in a tariff shock for the consumers in the JSPL-D area and also the revised tariff would result in revenue surplus in the subsequent years of the Control Period. Therefore, in order to avoid downward revision of tariff in subsequent years, the Commission has decided to increase the retail tariff only to a limited extent. This would help in removing the cumulative revenue gap for the Control Period in a phased manner. The carrying cost at the rate of 13.20%, the short term interest rate at which the Commission computed the working capital interest, has been allowed on the revenue gap of FY 2013-14 carried forward to FY 2014-15.

3.91 The revised retail tariff will result in partial recovery of the revenue gap (including previous gap of FY 2012-13) determined for the first year of the Control Period i.e. FY 2013-14 . The balance revenue gap would be carried forward to the subsequent year and treated along with the revenue gap of FY 2013-14 and FY 2014-15. Carrying cost would be provided for the untreated revenue gap for each of the year. Therefore, the revised retail tariff would eliminate the entire revenue gap within the Control Period.

3.92 The treatment of revenue gap during the Control Period by considering the additional revenue from revision in tariff for FY 2013-14 is summarized in the table below:

Table 37: Revenue Gap Approved by the Commission on Existing Tariff for Control Period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Opening Revenue Surplus/ (Gap)	(1300.36)	(641.58)	(179.16)
2.	Revenue Surplus / (Gap) for the Year at current tariff	(378.66)	(658.19)	(918.74)
3.	Closing Revenue Surplus / (Gap) (1+2)	(1679.02)	(1,299.77)	(1,097.90)
4.	Additional Revenue from Revised Tariff	1157.67	1,171.43	1,185.32
5.	Closing Gap	(521.35)	(128.34)	(87.42)
6.	Carrying Cost on Revenue Gap	(120.23)	(50.81)	(6.05)
7.	**Closing Balance of Revenue Surplus / (Gap)(3+4+5)**	**(641.58)**	**(179.16)**	**81.37**

3.93 As per the above table, the additional revenue from the revised tariff would enable JSPL-D to meet the revenue gap at existing tariff for each year of the Control Period on standalone basis as well as recover the revenue gap for FY 2012-13. Also, a small amount of revenue surplus is estimated at the end of the Control Period, which would be adjusted at the time of true-up.

4. Tariff Principles and Tariff Design for FY 2012-13

4.1 In assessing the aggregate revenue requirements of JSPL-D for FY 2012-13 and further in determining retail supply tariff for FY 2012-13, the Commission is guided by the provisions of the Electricity Act 2003, the National Electricity Policy (NEP) and the Tariff Policy (TP), and CSERC (Terms and Conditions for determination of retail tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2012.

4.2 Section 61 of the Act lays down the principles which should guide determination of retail supply tariff – the tariff should 'progressively reflect the cost of supply of electricity' and also 'reduce cross-subsidy'. The Act lays special emphasis on safeguarding consumer's interest and requires that the 'cost should be recovered in a reasonable manner'. These and other principles enunciated in this provision of the Act have been suitably incorporated in the tariff regulations of this Commission.

4.3 The Tariff Policy notified by the Government of India in January, 2006 provides comprehensive guidelines for determination of tariff as also for working out revenue requirements of power utilities. The ARR and tariff in this tariff order has been determined under the multi-year-tariff (MYT) framework as stipulated by the Tariff Policy and in accordance with the CSERC MYT Regulations, 2012 as notified by this Commission. The objectives stipulated in the National Tariff Policy recommend ensuring availability of electricity to consumers at reasonable and competitive rates, ensuring financial viability of the sector and attract investments, promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks and promote competition, efficiency in operations and improvement in quality of supply.

4.4 The above mentioned principles has remained guiding factor for this Commission in notifying the Retail Tariff for JSPL Licensed distribution area for the first year of the Control Period i.e. FY 2013-14.

Tariff Design

4.5 JSPL-D has proposed a revenue deficit for Control Period based on the existing tariff and proposed a tariff increase for FY 2013-14 for recovery of the same. However, in the subsequent years i.e. FY 2014-15 and FY 2015-16, JSPL has projected a revenue surplus. This is primarily on account of consideration of higher costs estimate in the ARR for FY 2013-14 towards meeting the cumulative RPO for FY 2011-12 and FY 2012-13 in addition to the RPO for FY 2013-14.

4.6 In the previous Chapter, the Commission after undertaking prudence check has approved the ARR for the Control Period and the revenue gap at the existing tariff. The projection of JSPL-D and approval of the Commission is provided in table below:

S. No.	Particulars	As proposed by JSPL			As Approved by the Commission		
		FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
1	ARR	31,140.75	28,599.72	28,935.36	23,033.37	23,503.37	23,956.28
2	Revenue at Existing Tariff	21,683.55	21,864.33	22,046.91	22,654.71	22,845.17	23,037.54
3	**Revenue Surplus/ (Gap)**	**(9,457.21)**	**(6,735.39)**	**(6,888.45)**	**(378.66)**	**(658.19)**	**(918.74)**

4.7 The Average Cost of Supply (ACoS) for FY 2013-14 as approved by the Commission is Rs. 3.52 per unit. Based on the existing tariff, the Average Billing Rate (ABR) as percentage of ACoS computed on the approved ARR is provided in the table below:

Table 38: Revenue Gap Approved by the Commission on Existing Tariff for Control Period

S.No.	Tariff Category	Existing ABR as % of CoS
	LT	
LT-1	Non-Domestic	133%
LT-3	LT Industry	137%
LT-4	Public Utilities/Street Lighting	61%
	HT	
HT-1	Steel Industries	93%
HT-2	Other HT ind.	130%
HT-3	Domestic- Bulk Supply	104%
HT-4	General Purpose Non-industrial	134%

4.8 It is observed that the sales at LT level for a few consumer categories i.e. LT Non-domestic (demand based) is very low as compared to the load i.e. low load factor. As a result, the ABR as percentage of ACoS may be slightly misleading for LT categories. Therefore, the same may not be an appropriate reflection of the revenue and cost in this category. For HT categories, it is observed that the ABR as percentage of ACoS for Steel industries is 93% reflecting lower recovery of revenue in the category as compared with the average cost of supply.

4.9 Further, it is noted that the fixed component of the approved ARR of the JSPL-D is very low as the total power procured is on short-term basis. Therefore, the Commission is of the view that the fixed component in the retail tariff for various categories is not reflective of the fixed cost of JSPL-D. Accordingly, the Commission has made an attempt to reduce the fixed charges of the consumer categories in the approved retail tariff and correspondingly increased the energy charges to maintain the revenue neutrality.

Tariff Design for Various Consumer Categories

LT Tariff

LT-1: Non-Domestic

4.10 For the non-domestic category, JSPL-D has not been able to provide break-up of sales within the slabs of non-domestic category. Considering the small number of consumers in this category, the Commission has rationalized the number of slabs from the earlier 3 slabs to 2 slabs in the revised tariff schedule.

4.11 A new consumer has been added in the non-domestic category under the demand based tariff. JSPL-D has been billing the consumer as per the applicable tariff approved for the CSPDCL in the tariff order for FY 2011-12. Therefore, the Commission has approved a separate tariff for this category under non-domestic.

4.12 JSPL-D in its petition has proposed telescopic slab tariff in place of non-telescopic slab tariff for LV non-domestic consumers. It is noted that the non-telescopic slab tariff leads to high cost on even marginal increase in consumption over the lower slab. Further, the Commission in Tariff Order for FY 2012-13 for CSPDCL has re-introduced telescopic slab tariff for LV consumers. Therefore, with a view to maintain uniformity in the method of tariff implementation in the State, the Commission has decided to telescopic slab tariff for LV non-domestic consumers, which is also prevailing in many States.

4.13 Further, the Commission has reduced the fixed charges and increased the energy charges to reflect the approved fixed and variable charges of JSPL-D.

LT-2: L.T. Industry

4.14 JSPL has added a new consumer in the LT Industry category. JSPL-D has been billing the consumer as per the applicable tariff approved for the CSPDCL in the tariff order for FY 2011-12. Therefore, the Commission introduced a category for L.T. Industry and approved fixed and energy charges for the same.

4.15 Further, the Commission has reduced the fixed charges and increased the energy charges to reflect the approved fixed and variable charges of JSPL-D.

LT-3: Public Utilities/Street Lighting

4.16 In absence of any category for public utilities and street lighting in the tariff schedule of JSPL-D for FY 2011-12, JSPL-D has been billing the consumer as per the applicable tariff approved for the CSPDCL in the tariff order for FY 2011-12.

4.17 The Commission has now included this category in the tariff schedule of JSPL-D. Further it is observed that the average revenue from this category is lower than the average cost of supply of JSPL-D. Therefore, the Commission has approved the tariff equal to the tariff applicable as per the CSPDCL Tariff Order for FY 2012-13.

<u>HT Tariff</u>

HT-1: Steel Industries

4.18 The Commission has reduced the fixed charges and increased the energy charges to reflect the approved fixed and variable charges of JSPL-D. Also considering the lower ABR as percentage of approved ACoS for this category, the Commission has marginally increased the tariff to reflect the average cost of supply.

HT-2: Other Industries

4.19 The Commission has reduced the fixed charges in order to reflect the approved fixed and variable charges of JSPL-D. The energy charge for this category has been left unchanged considering the higher average realization at existing tariff as compared with the approved average cost of supply.

HT-3: Residential Purpose

4.20 JSPL-D in its previous ARR & Tariff petition for FY 2012-13 has submitted that there is one domestic consumer named “Colony”. During the TVS, JSPL submitted that consumer name “Colony” consists of various flats of JSPL employees. JSPL-D made two different submissions later in which it has mentioned that power to the colony is received through one LT line and is then supplied to all apartments in the colony. JSPL-D has installed one LT meter at the colony end of the line and billing was done at LT domestic tariff during FY 2011-12 and was paid by JSPL steel plant on self-consumption basis.

4.21 JSPL-D in its MYT Petition has proposed a new tariff category i.e. LT: Domestic category for the billing of these consumers.

4.22 The Commission in the Tariff Order for FY 2012-13 had viewed the following:

> *“The Commission for the purpose of calculating the revenue for domestic consumers considered the connection as bulk supply consumer and recalculated the consumption at 11 kV level by adjusting for transformation losses. Revenue for such consumption is calculated based on the tariff approved for CSPDCL Bulk supply consumer for FY 2011-12.”*
>
> Also in the Tariff Order for FY 2012-13, the Commission had directed JSPL-D to compute the revenue for this category judiciously in the future.

4.23 The Commission is of the view that the consumer is equivalent to the bulk supply consumer under ‘Residential Purpose’ of the CSPDCL Tariff Order. Therefore, the Commission has introduced a new category “HT-3: Residential Purpose” for billing to this consumers segment.

4.24 The fixed charges for this category has been considered similar to the 11kV fixed charges as approved for other JSPL-D HT consumer categories and the energy charges has also been approved lower than the energy charges applicable to such consumers in the CSPDCL licensed area as per the Tariff Order for FY 2012-13.

HT-4: General Purpose Non-industrial

4.25 There is one consumer under this category under the JSPL-D area. JSPL-D has been billing the consumer as per the applicable tariff category approved for the CSPDCL in the Tariff Order for FY 2011-12.

4.26 The Commission has reduced the fixed charges in order to reflect the approved fixed and variable charges of JSPL-D. The energy charge for this category has been left unchanged considering the higher average realization at existing tariff as compared with the approved average cost of supply.

Revenue at Approved Tariff

4.27 The consumer category-wise revenue projected for the Control Period based on the approved tariff of various categories is provided in the table below:

Table 39: Projected Revenue by the Commission on Revised Tariff for Control Period

Sl. No	Consumer Category	FY 2013-14 (Rs. Lakhs)	FY 2014-15 (Rs. Lakhs)	FY 2015-16 (Rs. Lakhs)
	LT			
LT-1	Non-Domestic	8.65	8.73	8.81
LT-2	LT Industry	4.09	4.12	4.15
LT-3	Public Utilities/Street Lighting	1.05	1.06	1.07
	HT			
HT-1	Steel Industries	23,674.76	23,877.91	24,083.09
HT-2	Other Industries	45.57	45.89	46.22
HT-3	Residential Purpose	4.26	4.29	4.33
HT-4	General Purpose Non-industrial	74.00	74.59	75.20
	Total Revenue (LT + HT)	**23,812.38**	**24,016.60**	**24,222.87**

Date of applicability of tariff

4.28 In accordance with the CSERC (Details to be Furnished by the Licensees or Generating Company for Determination of Tariff and Manner of Making Application) Regulations, 2004 a public notice of seven (7) days has to be given before implementation of the tariff order. The retail tariff approved as per the tariff schedule in this order shall be applicable accordingly.

4.29 This Order shall remain in force till 31st March 2014 or till the next tariff order of this Commission.

4.30 The Commission directs the company to take immediate steps to implement the tariff order. They shall give a public notice of seven days in accordance with the CSERC (Details to be furnished by the licensees or generating company etc.) Regulations, 2004 before implementation of tariff.

5. Tariff Schedule

5.1 The detailed schedules of approved tariff are as given in this part.

Tariff Schedule for Low Tension (LT) Consumers

This tariff schedule is applicable to all LT consumers as follows:

i. Single-phase, 230 Volts up to a maximum connected load of 3 KW, and
ii. Three phase, 400 volts, for maximum demand up to 75 KW in case of demand based tariff or for maximum contracted load of 100 hp in case of other tariff, as applicable.

LV-1 Non-Domestic

1. Applicability

This tariff is applicable to light and fan and power to shops, show rooms, business houses, offices, educational institutions, public buildings, town halls, clubs, gymnasium and health clubs, meeting halls, places of public entertainment, circus, hotels, cinemas, railway stations, private clinics and nursing homes including X-rays plant, diagnostic centres, pathological labs, carpenters and furniture makers, juice centres, hoardings and advertisement services, public libraries and reading rooms, typing institutes, internet cafes, STD/ISD PCO's, FAX/ photocopy shops, tailoring shops, photographers and colour labs, laundries, cycle shops, compressors for filling air, toy making industry, nickel plating on small scale, restaurants, eating establishments, Government circuit houses/rest houses, guest houses, marriage gardens, farmhouses being used for commercial purposes, book binders, petrol pumps and service stations, HT industrial consumers seeking separate independent LT connection in the same premises of HT industrial connection and other consumers not covered under any other category of LT consumers.

2. Tariff

Category of consumers	Unit slab	Fixed Charge (in Rs. per KWh)	Energy charge (Rs. per KWh	Minimum fixed charge
LV-1.1:Non-Domestic (Normal Tariff)	0 – 500 units	2.15	2.00	Single phase Rs 50/-p.m
	501 and above units	2.50	2.25	Three phase Rs 200/-p.m
LV-1.2: Non-Domestic Demand Based Tariff (for Contract demand of 15 to 75 kW)		Demand Charges- Rs. 125/ kW / Month on Billing Demand	4.25	

Note:

i. The tariff LV-1.2 will be optional.

ii. Demand based tariff LV– 1.2 is applicable for contracted demand from 15 KW to75 KW. All the L.T. non-domestic connections having contracted load of above 100 HP (75 KW) and availing tariff LV-1.1 shall pay an additional charge @ 30 % of the total amount of monthly bill (fixed and energy charge).
iii. The Demand charge on contract demand of tariff LV-1.2 is a monthly minimum charge whether any energy is consumed during the month or not.

LV-2 L.T. Industry

1. Applicability

These tariffs are applicable to light and fan and power for industries such as*,* flour mills, hullers, grinders for grinding masala, power looms, rice mills, dall mills, oil mills, ice factories, cold storage plants, ice candies; laboratories of engineering colleges, ITIs and polytechnics and industrial institutions; workshops and fabrication shop etc*.*

2. Tariff

Category of consumers		Fixed Charge	Energy Charge (Rs. per KWh)
LV-2: L.T. Industry			
LV-2.1	**Demand based Tariff** - for contract demand of ***15KW to 75 KW***	Demand charges- Rs 125/kW/month on billing demand	3.50

Notes:

i) Consumers having contracted load above 100 HP (75 KW) shall be billed 30% additional charges (fixed charge and energy charge) on tariff till they switch over to HT connection.

ii) Demand based tariff is applicable for maximum contracted demand from 15 KW to 75 KW.

LV-3 Public Utilities

1. Applicability

This tariff is applicable to public utilities such as water supply schemes, sewage treatment plants and sewage pumping installations, crematorium, traffic signals and lighting of public streets including public parks and archaeological and other monuments when requisition for supply is made by Public Health Engineering Department, local bodies, Gram Panchayats or any organization made responsible by the Government to maintain these services.

2. Tariff

Category of consumers	Fixed charge	Energy charge (Rs. per KWh)

LV-3: Public utilities Public street light and water works	Rs 74/kW/month	2.85

Note:
Fixed charge is monthly minimum charge whether any energy is consumed during the month or not.

Terms and Conditions of L.T. Tariff

1. Energy will be supplied to the consumer ordinarily at a single point for the entire premises of the consumer.

2. No new L.T. connection above 75 KW of contract demand /100HP of contracted load shall be served.

3. All existing L.T. connections with contracted load above 100HP which have not availed H.T. supply so far shall be levied 30 % additional charge on total amount of monthly bill.

4. Contracted load / connected load or contract demand /maximum demand in fraction shall be rounded off to the next whole number.

5. For the purpose of separate independent LT connection to HT industrial consumer in the same premises of HT industrial connection, to meet out its essential load during emergency on non-availability of supply in HT connection under Non-domestic category conditions as mentioned in clause 4.40 of the Chhattisgarh State Electricity Supply Code and its amendment if any shall be applicable.

6. For the purpose of Demand Based Tariff

i) ***Determination of Maximum Demand*** - The maximum demand of the consumer in each month shall be twice the largest amount of Kilo Watt hours delivered at the point of supply of the consumer, during any consecutive thirty minutes, in that month.

ii) ***Billing Demand –*** The billing demand for the month shall be the actual maximum KW demand of the consumer recorded during the month or 75% of the contract demand or 15 KW, whichever is higher. The billing demand shall be rounded off to the next whole number.

iii) ***Minimum Charge*** – The demand charge on contract demand (CD) is a monthly minimum charge whether any energy is consumed during the month or not.

iv) There shall be no restriction on connected load for applicability of demand based tariff.

7. Power Factor Incentive and Surcharge

a) All LT industrial, agriculture allied, and public water works, sewage treatment plants and sewage pumping installations consumers shall arrange to install suitable low tension capacitors of appropriate capacity at their cost. The consumer also shall ensure that the capacitors installed by him properly match with the actual requirement of the load so as to ensure average monthly power factor of 85% or above. A consumer who fails to do so shall be liable to pay power factor surcharge @ 30 (thirty) paise per unit on the entire consumption of the month.

b) All LT non-domestic consumers with contracted load / connected load of 15KW or above shall arrange to install low tension suitable capacitors of appropriate capacity at their cost. The consumer shall ensure that the capacitors installed by him properly match with the actual requirement of the load so as to ensure average monthly power factor of 85% or above. A consumer who fails to do so will be liable to pay low power factor surcharge @ 30 (thirty) paise per KWh on the entire consumption of the month.

c) The average monthly power factor recorded in the meter shall be considered for billing of power factor surcharge or power factor incentive, as the case may be.

d) Levy of power factor surcharge as indicated above, shall be without prejudice to the rights of the JSPL to disconnect the consumer's installation after issue of 15 days' notice if the average monthly power factor remains 0.7 or below for a period of more than two consecutive months. It shall remain disconnected till the consumer makes suitable arrangements to improve the power factor to the satisfaction of the Licensee.

e) Notwithstanding the above the average monthly power factor of a new consumer is found to be less than 85% at any time during the first six months from the date of connection and if he maintains average monthly power factor continuously in subsequent three months at not less than 85% then the surcharge billed on account of low power factor during the said period shall be withdrawn and credited in next month bill.

f) All categories of LT consumers in whose case power factor surcharge is applicable; shall also be eligible for power factor incentive. Such incentive shall be payable @ of 10 paise per unit on the entire consumption of that month in which he maintains an average monthly power factor equal or above 90% and @ 20 paise per unit of entire consumption of that month in which he maintains an average monthly power factor 95% or above.

8. Provisions of billing in case of Excess Supply

8.1 For Normal Tariff consumers

In case the connected load or the maximum demand of any LT consumer is found at any time in excess of contracted load, the consumer shall have to pay charges at tariff (fixed and energy charge) corresponding to the excess load at the rate of one and half times the normal tariff for the excess load to the extent of 20% of contracted load and at the rate of two times of the normal tariff if the excess load is found beyond 20% of contracted load for actual period of enhancement of load or 6 months whichever is less, including the month in which the existence of excess load is detected and shall be continued to be billed till excess load is removed or contract load is enhanced.

8.2 For Demand Based tariff consumers

Consumers availing supply at demand based tariff should at all-time restrict their maximum demand to the contract demand. In case the maximum demand in any month exceeds the contract demand, the said demand based tariff shall apply only to the extent of the contract demand and corresponding units of energy. The demand in excess of contract demand and corresponding units of energy shall be treated as excess supply. The excess supply so availed, in any month, shall be charged at the rate of one and half times of the normal tariff applicable to the consumer (fixed and energy charges) for the excess demand to the extent of 20% of contract demand and at the rate of two times of normal tariff if the excess demand is found beyond 20% of contract demand. For the purpose of billing of excess supply, the billing demand and the units of energy shall be determined as under:

a) Billing demand: The demand in excess of the contract demand in any month shall be the billing demand.

b) Units of Energy: the units of energy corresponding to KW portion of the demand in excess of the contract demand shall be:-

$$EU = TU \left(1- \frac{CD}{MD}\right)$$

Where,

EU – denotes excess units;

TU – denotes total units supplied during the month;

CD – denotes contract demand, and

MD – denotes actual maximum demand.

8.3 The excess supply availed in any month shall be charged along with the monthly bill and shall be payable accordingly.

8.4 The above billing of excess supply at one and half times / two times of the normal tariff shall be applicable to consumers without prejudice to the Licensee's right to discontinue supply in accordance with the provisions contained in the Chhattisgarh State Electricity Supply Code, 2011.

9. Delayed Payment Surcharge

If the bill is not paid by the consumer within the period (due date) prescribed for payment of the bill, a surcharge @ 1.5% per month or part thereof, on the total outstanding amount of the bill (including arrears, if any, but excluding amount of surcharge), subject to minimum of Rs. 5 shall be payable in addition, from the due date of payment as mentioned in the bill.

10. Additional charges

Every local body shall pay an additional charge equivalent to any tax or fee levied by it under the provisions of any law including the Corporation Act, District Municipalities Act or Gram Panchayat Act on the poles, lines, transformers and other installations through which the local body receives supply.

11. Advance Payment Rebate –

A rebate @ 0.5% per month will be payable on net amount of advance at the end of the billing cycle of that particular month, subject to the condition that the net amount of advance is not less than Rs.500, and shall be adjustable in next month's bill.

12. Rounding off

The bill shall be rounded off to the in nearest multiple of Rs.10. Difference, if any, between the bill amount before and after rounding off, shall be adjusted in next month's bill.

For example:- If the total amount of bill is Rs. 235.00, then the bill shall be rounded off to Rs. 240 and Rs. 5.00 will be credited in next month's bill Whereas if the total amount of bill is Rs. 234.95, then the bill will be rounded off to Rs. 230 and Rs. 4.95 will be debited in next month's bill.

In view of the above provision no surcharge will be levied on outstanding amount which is less than Rs. 10.

13. Applicability of tariff

In case of any dispute about applicability of tariff to a particular LT category, the decision of the Commission shall be final and binding.

14. Tax or Duty

The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law in force. Such charges, if any, shall be payable by the consumer in addition to tariff charges.

15. Meter Hire

Meter hire shall be charged as per the schedule of miscellaneous charges to all categories of LT consumers except the consumers of domestic light and fan category. Domestic light and fan category consumer shall not require paying such charges.

All the above conditions of tariff shall be applicable to the consumer notwithstanding the provisions, if any, in the agreement entered into by the consumer with the licensee.

Tariff and Terms and Conditions for Other Consumer Categories not specified in this Tariff Order

For such consumers for whom, Tariff is not given in this Tariff Order, the Tariff and the terms and conditions as mentioned in the Tariff Order dated April 28, 2012 issued by the Commission for CSPDCL will be applicable.

Tariff Schedule for High Tension (HT) Consumers

This tariff schedule is for consumers who avail supply at 33 or 11 KV.

HT-1 Steel Industries

1. Applicability

This tariff is applicable to steel industries i.e. for mini steel plants, rolling mills, sponge iron plants, Ferro alloy units, steel casting units, and combination thereof including wire drawing units with or without galvanizing unit; for power, lights, fans, cooling ventilation etc. which shall mean and include all energy consumption in factory and consumption for residential and general use therein including offices, stores, canteen compound lighting etc.

2. Tariff

Category of Consumers	Demand Charges (Rs./KVA/month)	Energy Charges (Rs./KWh)
HT-1.1: Steel Industries at 33 KV	310	2.95
HT-1.2: Steel Industries at 11 KV	320	3.05

3. Determination of Demand

The maximum demand of the supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes in the month as per sliding window principle of measurement of demand.

HT-2: Other H.T. Industries

1. Applicability

This tariff is applicable to all other industries not covered under categories HT-1, HT-3 and HT-4 for power, lights, fans, cooling ventilation etc. which shall mean and include all energy consumption in factory and consumption for residential and general use therein including offices, stores, canteen yard lighting etc.

2. Tariff

Category of consumers	Demand charge (Rs./KVA/month)	Energy charge (Rs. per KWh)
HT 2.1: Other H.T. Industries at 33 KV	310	3.20
HT 2.2: Other H.T. Industries at 11 KV	320	3.30

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes during the month as per sliding window principle of measurement of demand. However, for fluctuating loads of industries such as electro-chemical, electro-thermal and gas manufacturing units etc., the maximum demand for supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes during the month as per sliding window principle of measurement of demand.

HT 3: Residential Purpose

1. Applicability

This tariff shall be applicable primarily for bulk supply at one point to colonies, multi-storied residential buildings, townships, including townships of industries provided that connected load of non-domestic nature for common basic amenities and other general purpose load put together for the residents shall not be more than 10% of total connected load other than drinking water supply, sewage pumping and street light.

2. Tariff

Category of consumers	Demand charge (Rs./KVA/month)	Energy charge (Rs. per KWh)
HT 3.1: Residential at 33 KV	310	2.95
HT 3.2 : Residential at 11 KV	320	3.00

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes in the month as per sliding window principle of measurement of demand.

HT-4: General Purpose Non-Industrial

1. Applicability

This tariff is applicable for supply to establishment such as Railways (other than traction), hospitals, offices, hotels, shopping malls, power supplied to outside of state (border villages) ,educational institutions and other institutions etc. having mixed load or non-industrial and/or non-residential load. This tariff is also applicable to all types of construction load and all other HT consumers not covered specifically in any other HT tariff category.

2. Tariff

Category of consumers	Demand charge (Rs./KVA/month)	Energy charge (Rs. per KWh)
HT 4.1: General Purpose Non-Industrial at 33 KV	310	3.65
HT 4.2: General Purpose Non-Industrial at 11 KV	320	3.75

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes in the month as per sliding window principle of measurement of demand.

Terms and Conditions of HT Tariff

1) The maximum and minimum contract demand for different supply voltage is governed as per provision in supply code. Presently, the minimum and maximum permissible loads at respective supply voltage are as below:

Supply Voltage	Minimum	Maximum
11 KV	60 KVA	500 KVA
33 KV	60 KVA	10 MVA
132 KV	4 MVA	40 MVA
220 KV	15 MVA	150 MVA

Deviation in contract demand, if any, in respect of the above provisions on account of technical reasons may be permitted with the approval of the Commission and billing shall be done accordingly. The HT consumers having contract demand exceeding the maximum limit mentioned above for respective voltage of supply shall be liable to pay additional charges at the rate of 5% of energy charges of respective consumer category as specified in clause 10 of terms and conditions of HT tariff.

2) Point of Supply

Power will be supplied to consumers ordinarily at a single point for the entire premises. HT industrial consumers can avail separate LT supply as per clause 4.40 of the Chhattisgarh State Electricity Supply Code, 2011 in the same premises.

3) Billing demand

The billing demand for the month shall be the maximum demand (in KVA) of the consumer recorded during the billing month or 75% of the contract demand or 60 KVA whichever is higher except for the consumers who have reduced their contract demand to zero. The billing demand shall be rounded off to the next whole number.

4) Minimum Charge

The demand charge on contract demand (CD) is a monthly minimum charge whether any energy is consumed during the month or not.

5) Power Factor Incentive / Surcharge

a) If the average monthly power factor of the consumer increases above 95%, he shall be paid an incentive at the following rate :

For each one percent increase by which his average monthly power factor is above 95%, upto unity power factor.	One percent (1%) of the total amount of the bill under the head 'energy charge'.

b) If the average monthly power factor of the consumer falls below 90%, he shall pay a surcharge in addition to his normal tariff, at the following rate:

For each one percent by which his average monthly power factor falls below 90% upto 85%	One percent (1%) of the total amount of the bill under the head 'energy charge'

c) If average monthly power factor of the consumer falls below 85%, he shall pay a surcharge in addition to his normal tariff at the following rate :

For each one percent by which his average monthly power factor falls below 85%	Two percent (2%) of the total amount of the bill under the head 'energy charge'

d) If the average monthly power factor of the consumer falls below 70%, then the Licensee shall have the right to disconnect supply to consumer's installation after serving a notice of 15 days. Supply may be restored only after steps are taken to improve the power factor to the satisfaction of the licensee. This is, however, without prejudice to the levy of surcharge for low power factor in the event of supply not being disconnected.

e) For this purpose, the "average monthly power factor" is defined as the ratio of total 'Kilo Watt hours' to the total 'Kilo Volt Ampere hours' recorded during the month. This ratio will be rounded off to two figures after decimal, 5 or above in the third place after decimal being rounded off to the next higher figure in the second place after decimal.

f) Notwithstanding the above, if the average monthly power factor of a new consumer is found to be less than 90% at any time during the first 6 (six) months from the date of connection, and if he maintains the average monthly power factor continuously in subsequent three months at not less than 90%, then the surcharge billed on account of low power factor during the said period, shall be withdrawn and credited in next month's bill

6) Rounding off

The amount of HT energy bill shall be rounded off to the nearest multiple of Rs.10.

For example - the amount of Rs. 12345 will be rounded off to Rs.12350 & Rs. 12344.95 shall be rounded off to Rs. 12340.

In view of the above provision no surcharge will be leviable on outstanding amount which is less than Rs. 10.

7) Delayed Payment Surcharge

If the bill is not paid by the consumer within the period prescribed (due date) for payment of the bill, a surcharge @ 1.5% per month or part thereof, on the total outstanding amount of the bill (including arrears, if any but excluding amount of surcharge), shall be payable in addition, from the due date of payment as mentioned in the bill.

8) Advance Payment Rebate -

A rebate @ 0.5% per month will be payable on net amount of advance at the end of the billing cycle of that particular month, subject to the net amount of advance is not less than Rs.20,000, and shall be adjustable in next month's bill.

9) Additional Charge for Exceeding Contract Demand

The consumers should restrict their maximum demand to the extent of contract demand. In case the maximum demand during any month exceeds the contract demand, the foregoing tariffs shall apply only to the extent of the contract demand and corresponding units of energy. The demand in excess of contract demand and corresponding units of energy shall be treated as excess supply. The excess supply so availed, if any, in any month shall be charged at one and half times of the normal tariff applicable to the consumer (demand and energy charges) for the excess demand to the extent of 20% of contract demand and at the rate of two times of normal tariff if the excess demand is found beyond 20% of contract demand.

For the purpose of billing of excess supply, the billing demand and the units of energy shall be determined as under:-

A) Billing Demand / Contract Demand:

The demand in excess of the contract demand in any month shall be the billing demand/ contract demand of the excess supply.

B) Units Energy:

The units of energy corresponding to KVAs of the portion of the demand in excess of the contract demand shall be:

$$EU = TU \left(1- \frac{CD}{MD}\right)$$

Where,

EU	-	denotes units corresponding to excess supply;
TU	-	denotes total units supplied during the month;
CD	-	denotes contract demand; and
MD	-	denotes maximum demand.

The excess supply availed in any month shall be charged along with the monthly bill and shall be payable by the consumer.

The billing of excess supply at one and half times / two times of the normal tariff applicable to consumer is without prejudice to the CSPDCL's right to discontinue the supply in accordance with the provisions contained in the Chhattisgarh State Electricity Supply Code.

C) No rebates/incentive is payable on such excess supply.

10) Additional Charge

The HT consumers having contract demand exceeding the maximum limit as prescribed in clause 1 of terms and conditions of HT tariff with the approval of competent authority shall be levied additional charges at the rate of 5% on energy charges of the respective consumer category.

11) Meter Hire

Meter hire shall be charged as per the schedule of miscellaneous charges to all categories of HT consumers

12) Tax or Duty

The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law / State Government Rules in force. Such charges, if any, shall be payable by the consumer in addition to tariff charges.

13) Dispute on applicability of tariff

In case of any dispute on applicability of tariff on a particular category of HT consumer, the decision of the Commission shall be final and binding.

All the above conditions of Tariff shall be applicable to the consumer notwithstanding the provisions, if any, in the agreement entered into by the consumer with Licensee

Tariff and Terms and Conditions for Other Consumer Categories not specified in this Tariff Order

For such consumers for whom, Tariff is not given in this Tariff Order, the Tariff and the terms and conditions as mentioned in the Tariff Order dated April 28, 2012 issued by the Commission for CSPDCL will be applicable except the applicability of TOD Tariff.