Chhattisgarh State Electricity Regulatory Commission
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Jindal Steel & Power. Ltd.	......	P. No. 34/2020 (T)
Jindal Steel & Power Ltd	......	P. No. 08/2021 (T)
Jindal Steel & Power Ltd.	......	P. No. 15/2021 (T)

Present: **Hemant Verma, Chairman**
Vinod Deshmukh, Member (Judicial)
Pramod Kumar Gupta, Member

In the matter of –

1. M/s Jindal Steel & Power Ltd. (JSPL) Petition for determination of ARR and transmission tariff for FY 2019-20 along with revised estimate for FY 2018-19 and true-up of the year FY 2017-18;
2. M/s Jindal Steel & Power Ltd. (JSPL) Petition for determination of transmission tariff for FY 2020-21 along with revised ARR for FY 2019-20 and true-up of the year FY 2018-19;
3. M/s Jindal Steel & Power Ltd. (JSPL) Petition for determination of transmission tariff for FY 2021-22.

ORDER

(Passed on 23/08/2022)

This common order is passed in respect of the petitions filed by M/s Jindal Steel & Power Limited, a transmission licensee, for determination of Annual Revenue Requirement for FY 2019-20, FY 2020-21 and FY 2021-22 along with true-up of the FY 2017-18 and FY 2018-19 under Section 61, 62 and 86 (1) (a) of the Electricity Act, 2003 and MYT Regulations, 2015.

2. In the petition, petitioner has prayed for tariff for FY 2019-20, FY 2020-21 and FY 2021-22. As these time period has already been elapsed, the Commission has carried out true-up for FY 2017-18 and FY 2018-19 only, in the present order.

3. In the present petition, JSPL-T has requested the Commission to approve of ARR of

Rs. 1174.07 lakh and Rs.1168.29 lacs for true-up of FY 2017-18 and FY 2018-19 respectively.

4. The Commission has notified CSERC (Terms and Conditions for Determination of Tariff according to multi-year tariff principles and Procedure for determination of expected revenue from tariff and charges) Regulations, 2015, for the control period from FY 2016-17 to FY 2020-21. Therefore, the Commission has followed aforesaid regulation for true-up of FY 2017-18 and FY 2018-19.

5. For the purpose of inviting objections/suggestions from the stockholders, Copies of petition were made available in the offices of the Commission and JSPL. The petition was also uploaded on the website of the Commission.

6. No objection/suggestion was filed.

7. Public hearing on the aforesaid petitions were held on 08/10/2021 and 17/08/2022.

8. A Technical Validation Session (TVS) has been conducted on 10/02/2022.

9. In response to the TVS, petitioner submitted additional information on 28/02/2022.

10. Considering the petition and additional submissions of the petition, the Commission has carried out true-up of FY 2017-18 and FY 2018-19 in coming paragraph:

Fixed Assets

Petitioner's Submission

The petitioner claimed gross fixed asset of ₹ 4715.59 lacs and ₹ 4715.56 lacs for FY 2017-18 and FY 2018-19 respectively stating that the claimed GFA is as per segregated audited accounts of the JSPL's transmission licensed business.

Commission's View

In regards to the above claim of JSPL in relation to the GFA, it is worth mentioning here that Commission has already decided the issue of GFA of JSPL's licensed transmission business in order dated 10/02/2020 passed in petition no. 66/2018. Aggrieved by this order, petitioner has preferred a review petition 64/2020 for reconsidering the GFA. The Commission vide order dated 18/02/2021 has disposed the review petition upholding its view taken in the order dated 10/02/2020. The order dated 18/02/2021 was not challenged anywhere, hence, has reached the finality. Therefore, the Commission doesn't find any merit in the claim of JSPL and decided to proceed as per the GFA approved in the order dated 10/02/2020. The GFA considered by the Commission for true-up of FY 2017-18 and FY 2018-19 are as given in table below:

GFA as approved by the Commission for FY 2017-18

(₹ in lacs)

S. No.	Particulars	FY 2017-18		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Land under full ownership	3.92	5.37	3.92
2	Building and civil works (Office building)	-	-	-
3	Switchgears, Control gear & Protection equipment including cable	748.82	-	748.82
4	Others (including SCADA)	152.93	-	152.93
5	Others	9.15	-	9.15
6	Lines	2,702.55	-	2,702.55
7	Plant & Machinery	-	2,002.72	-
8	Electrical Installation	-	2,702.56	-
9	Air Condition	-	0.48	-
10	Furniture and fixtures	0.38	0.58	0.38
11	Office equipment	4.57	3.85	4.57
12	**Total**	**3,622.33**	**4,715.59**	**3,622.33**

GFA as approved by the Commission for FY 2018-19

(₹ in lacs)

S. No.	Particulars	FY 2018-19		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Land under full ownership	3.92	5.37	3.92
2	Building and civil works (Office building)	-	-	-
3	Switchgears, Control gear & Protection equipment including cable	748.82	-	748.82
4	Others (including SCADA)	152.93	-	152.93
5	Others	9.15	-	9.15
6	Lines	2,702.55	-	2,702.55
7	Plant & Machinery	-	2,002.72	-
8	Electrical Installation	-	2,702.56	-
9	Air Condition	-	0.48	-
10	Furniture and fixtures	0.38	0.58	0.38
11	Office equipment	4.57	3.85	4.57
12	**Total**	**3,622.33**	**4,715.56**	**3,622.33**

Depreciation

Petitioner's Submission

JSPL claimed the depreciation on the basis GFA of ₹ 4715.59 lakh and ₹ 4715.56 for FY 2017-18 and FY 2018-19 respectively.

Commission's View

Commission has already decided the matter of GFA in order dated 10/02/2020 passed in petition no. 66 of 2018. Therefore, now there is no need to consider the same matter again. Hence for computation of depreciation, Commission has considered GFA as ₹ 3622.33 lakh for FY 2017-18 and FY 2018-19 as against Rs. 4715.59 lakh and ₹ 4715.56 claimed by the petitioner. The depreciation as claimed by petitioner and approved by the Commission for FY 2017-18 and FY 2018-19 is tabulated as under:

Depreciation as approved by the Commission for FY 2017-18

(₹ in lacs)

S. No.	Particulars	FY 2017-18		
		Approved in petition 66 of 2018	Petition	True up
1	Land under full ownership	-	-	-
2	Building and civil works (Office building)	-	-	-
3	Switchgears, Control gear & Protection equipment including cable	23.35	-	23.35
4	Others (including SCADA)	8.07	-	8.07
5	Others	0.48	-	0.48
6	Lines	142.69	-	142.69
7	Plant & Machinery	-	58.88	-
8	Electrical Installation	-	142.70	-
9	Air Condition	-	0.03	-
10	Furniture and fixtures	0.03	0.04	0.03
11	Office equipment	0.29	0.24	0.29
12	**Total**	**174.92**	**201.89**	**174.92**

Depreciation as approved by the Commission for FY 2018-19

(₹ in lacs)

S. No.	**Particulars**	**FY 2018-19**		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Land under full ownership	-	-	-
2	Building and civil works (Office building)	-	-	-
3	Switchgears, Control gear & Protection equipment including cable	23.35	-	23.35
4	Others (including SCADA)	8.07	-	8.07
5	Others	0.34	-	0.34
6	Lines	126.89	-	109.73
7	Plant & Machinery	-	58.59	-
8	Electrical Installation	-	112.24	-
9	Air Condition	-	0.03	-
10	Furniture and fixtures	0.01	0.03	0.01
11	Office equipment	0.27	0.23	0.27
12	**Total**	**158.94**	**171.12**	**141.77**

O & M expenses

Petitioner's Submission

JSPL-T submitted that it has claimed O&M expenses in accordance with the clause 47.5 of the applicable MYT Regulations 2015 for true-up of FY 2017-18 and FY 2018-19. The petitioner has computed Wholesale Price Index (WPI) and Consumer Price Index (CPI) as 2.96% and 3.58% respectively for FY 2017-18. Similarly, computed Wholesale Price Index (WPI) and Consumer Price Index (CPI) as 4.20% and 3.42% respectively for FY 2018-19.

Commission's View

For computing O&M expenses, the Commission has relied on the clause 47.5 of the MYT Regulations 2015. Accordingly, Commission has computed the Wholesale Price Index (WPI) and Consumer Price Index (CPI) as 2.92% and 3.08% respectively for FY 2017-18. Similarly, computed Wholesale Price Index (WPI) and Consumer Price Index (CPI) as 4.32% and 5.45% respectively for FY 2018-19. It is pertinent to mention here that entire employee cost is pass through component and hence, Commission allows employee cost as per the actual. Petitioner in true-up petition has computed employee cost considering the CPI instead of the actual expenditure. Therefore, Commission has restricted the employee cost to the actual value. O&M Expenses as approved by the Commission is as given in the table below:

O&M Expenses as approved by the Commission for FY 2017-18

(₹ in lacs)

S. No.	Particulars	FY 2017-18		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Repair and Maintenance	213.92	247.69	213.92
2	Employee Benefit Expenses	294.05	323.01	161.19
3	Administration Expenses	36.38	42.12	36.38
4	**O&M expenses**	**544.35**	**612.82**	**411.50**

O&M Expenses as approved by the Commission for FY 2018-19

(₹ in lacs)

S. No.	Particulars	FY 2018-19		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Repair and Maintenance	220.15	258.10	216.48
2	Employee Benefit Expenses	315.33	335.38	161.41
3	Administration Expenses	37.44	43.89	37.96
4	**O&M expenses**	**572.93**	**637.37**	**415.85**

Interest on Loan Capital

Petitioner's Submission

The petitioner computed interest on loan capital considering Rs. 4715.56 lakh as GFA and 11% as weighted average interest rate of loan for JSPL-T.

Commission's View

It is again to mention here that the Commission in order dated 10/02/2020, has approved GFA of ₹ 3622.33 lakh and hence, computed the loan on the basis of the approved GFA of Rs 3622.33 lakh as against the petitioner claim for GFA of Rs. 4715.56 lakh. In additional submission dated 28/01/0222, JSPL-T submitted the revised weightage average interest rate of 10.42% and 10.25% for FY 2017-18 and FY 2018-19 respectively. The Commission has considered these values to Compute the interest on loan capital of JSPL-T. Interest on loan capital as approved by the Commission is given in table below:

Interest on Loan as approved by the Commission for FY 2017-18

(₹ in lacs)

S. No.	Particulars	FY 2017-18		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Opening balance of GFA	3,622.33	4,371.15	3,622.33
2	Accumulated depreciation till previous FY	1,693.21	2,017.40	1,693.21
3	Net Fixed Assets	1,929.12	2,353.75	1,929.12
4	Addition During the year	-	344.41	-
5	Opening Equity	1,086.70	1,311.78	1,086.70
6	Equity Addition during the year	-	103.33	-
7	Total Equity	1,086.70	1,415.11	1,086.70
8	Opening balance of normative loan (3-4)	842.42	1,041.97	842.42
9	Additions of Loan	-	241.08	-
10	Depreciation for current FY	174.92	201.89	174.92
11	Closing balance of normative loan (5-6)	667.50	1,081.16	667.50
12	Average normative loan (5+7)/2	754.96	1,061.56	754.96
13	Interest Rate	11.50%	11.00%	10.42%
14	**Interest on Normative Loan**	**86.82**	**116.77**	**78.67**

Interest on Loan as approved by the Commission for FY 2018-19

(₹ in lacs)

S. No.	Particulars	FY 2018-19		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Opening balance of GFA	3,622.33	4,715.56	3,622.33
2	Accumulated depreciation till previous FY	1,868.13	2,219.29	1,868.13
3	Net Fixed Assets	1,754.20	2,496.27	1,754.20
4	Addition During the year	-	-	-
5	Opening Equity	1,086.81	1,415.11	1,086.80
6	Equity Addition during the year	-	-	-

S. No.	Particulars	FY 2018-19		
		Approved in petition 66 of 2018	Petition	True up
7	Total Equity	1,086.81	1,415.11	1,086.80
8	Opening balance of normative loan (3-4)	667.38	1,081.16	667.39
9	Additions of Loan	-	-	-
10	Depreciation for current FY	158.94	171.12	141.77
11	Closing balance of normative loan (5-6)	508.45	910.04	525.62
12	Average normative loan (5+7)/2	587.91	995.60	596.51
13	Interest Rate	11.50%	11.00%	10.25%
14	**Interest on Normative Loan**	**67.62**	**109.52**	**61.14**

Interest on Working Capital

Petitioner's Submission

Petitioner claimed interest on working capital with interest rate of 12.60% and 12.20% respectively for FY 2017-18 and FY 2018-19 in accordance with the clause 25 of the MYT Regulations 2015

Commission's View

The Commission after prudence check, considered the interest rate of 12.60% and 12.20% for FY 2017-18 and FY 2018-19 respectively for computing interest on working capital. The interest on working capital as approved by the Commission is given in table below:

Interest on Working Capital as approved by the Commission for FY 2017-18

(₹ in lacs)

S. No.	Particulars	FY 2017-18		
		Approved in petition 66 of 2018	Petition	True up
1	O&M expenses	544.35	612.82	411.50
	1/12th of total	45.36	51.07	34.29
2	Receivables			
a.	Annual revenues from tariffs and charges	1,001.55	1,174.06	784.60

S. No.	Particulars	FY 2017-18		
		Approved in petition 66 of 2018	Petition	True up
b.	Receivables equivalent to 1 month average billing	83.46	97.84	65.38
3	Maintenance Spares	85.57	99.08	85.57
4	Total Working Capital	214.39	247.98	185.24
5	Rate of Interest on Working Capital	12.60%	12.60%	12.60%
6	**Interest on Working Capital**	**27.01**	**31.25**	**23.34**

Interest on Working Capital as approved by the Commission for FY 2018-19

(₹ in lacs)

S. No.	Particulars	FY 2018-19		
		Approved in petition 66 of 2018	Petition	True up
1	O&M expenses	572.93	637.37	415.85
	1/12th of total	47.74	53.11	34.65
2	Receivables			
a.	Annual revenues from tariffs and charges	994.61	1,168.29	716.38
b.	Receivables equivalent to 1 month average billing	82.88	97.36	59.70
3	Maintenance Spares	88.06	103.24	86.59
4	Total Working Capital	218.69	253.71	180.94
5	Rate of Interest on Working Capital	12.20%	12.20%	12.20%
6	**Interest on Working Capital**	**26.68**	**30.95**	**22.08**

Return on Equity

Petitioner's Submission

Petitioner JSPL-T submitted that it has claimed RoE @ 15.5% without grossing up the tax rate as it had incurred loss during FY 2017-18 and FY 2018-19.

Commission's View

As the JSPL-T has not paid any tax on income during FY 2017-18 and FY 2018-19, the Commission has allowed RoE @ 15.5% without grossing up tax rate. The RoE as approved by the Commission is as given in table below:

Return on Equity (RoE) as approved by the Commission for FY 2017-18

(₹ in lacs)

S. No.	Particulars	FY 2017-18		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Opening GFA	3,622.33	4,371.15	3,622.33
2	Additions to GFA	-	344.41	-
3	Closing GFA	3,622.33	4,715.56	3,622.33
4	Opening equity qualified for RoE	1,086.70	1,311.78	1,086.70
5	Additions to Equity	-	103.33	-
6	Closing equity qualified for RoE	1,086.70	1,415.11	1,086.70
7	Average equity qualified for RoE	1,086.70	1,363.45	1,086.70
8	Rate of reasonable return	15.50%	15.50%	15.50%
9	Mat Rate	0.00%	0.00%	0.00%
10	Gross-up Rate	15.50%	15.50%	15.50%
11	**Return on Equity**	**168.44**	**211.33**	**168.44**

Return on Equity (RoE) as approved by the Commission for FY 2018-19

(₹ in lacs)

S. No.	Particulars	FY 2018-19		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	Opening GFA	3,622.33	4,715.56	3,622.33
2	Additions to GFA	-	-	-
3	Closing GFA	3,622.33	4,715.56	3,622.33
4	Opening equity qualified for RoE	1,086.70	1,415.11	1,086.70
5	Additions to Equity	-	-	-
6	Closing equity qualified for RoE	1,086.70	1,415.11	1,086.70
7	Average equity qualified for RoE	1,086.70	1,415.11	1,086.70
8	Rate of reasonable return	15.50%	15.50%	15.50%

S. No.	Particulars	FY 2018-19		
		Approved in petition 66 of 2018	**Petition**	**True up**
9	Mat Rate	0.00%	0.00%	0.00%
10	Gross-up Rate	15.50%	15.50%	15.50%
11	**Return on Equity**	**168.44**	**219.34**	**168.44**

Non-tariff income

Petitioner's Submission

JSPL-T submitted that it has not earned any non-tariff income during FY 2017-18 and FY 2018-19.

Commission's View

The Commission has accepted the submission of the JSPL and has not considered any non-tariff income for true-up of FY 2017-18 and FY 2018-19.

Sharing of gain and loss

Regulation 13 of MYT 2015 is reproduced below:

"MECHANISM FOR SHARING OF GAINS OR LOSSES ON ACCOUNT OF CONTROLLABLE FACTORS

The mechanism for sharing of aggregate net gain / loss on account of better/ under achievement in reference to the target set in tariff order for efficiency linked controllable items shall be passed on to the beneficiary / consumer(s) and the other one-half (or 50%) amount of gain/ loss shall be retained by the generating company or the licensee, as the case may be, over such period as may be stipulated in the Order of the Commission."

According to above regulation gain and loss on account of O&M Expenses have to be shared. Calculation of sharing of gain or loss for true-up for FY 2017-18 and FY 2018-19 is given in table below:

Sharing of gain or loss for true-up for FY 2017-18

(₹ in lacs)

S. No.	Particulars	FY 2017-18		
		Revised Normative Expenses	Actual based on Audited Account	(-) Gain / Loss
1	Repair and Maintenance	213.92	58.95	- 154.97
2	Employee Benefit Expenses	161.19	161.19	0.00
3	Administration Expenses	36.38	46.84	10.46
4	O&M Expenses	411.50	266.98	-144.52
5	Sharing of (-) Gain / Loss on O&M at 50:50			-72.26

Sharing of gain or loss for true-up for FY 2018-19

(₹ in lacs)

S. No.	Particulars	FY 2018-19		
		Revised Normative Expenses	Actual based on Audited Account	(-) Gain / Loss
1	Repair and Maintenance	216.48	33.23	-183.25
2	Employee Benefit Expenses	161.41	161.41	0.00
3	Administration Expenses	37.96	35.43	-2.53
4	O&M Expenses	415.85	230.07	-185.78
5	Sharing of (-)Gain / Loss on O&M at 50:50			-92.89

Aggregate Revenue Requirement

The Aggregate Revenue Requirement for FY 2017-18 and FY 2018-19 as submitted by JSPL-T in the petition and as approved by the Commission is given in table below:

ARR as approved by the Commission for FY 2017-18

(₹ in lacs)

S. No.	**Particulars**	**FY 2017-18**		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	SLDC Fees & Charges	-	-	-
2	O&M Expenditure	544.35	612.82	411.50
2.1	Repair and Maintenance	213.92	247.69	213.92
2.2	Employee Benefit Expenses	294.05	323.01	161.19
2.3	Administration Expenses	36.38	42.12	36.38
3	Depreciation	174.92	201.89	174.92
4.1	Interest and Finance charges- Fund from JSPL	86.82	116.77	78.67
4.2	Interest and Finance charges-Working capital Loan	27.01	31.25	23.34
4.3	Less: Interest & other expenses capitalised	-	-	-
5	Income tax	-	-	-
6	Other Debits	-	-	-
7	Reasonable Return (RoE)	168.44	211.33	168.44
8	Less: Non-Tariff Income	-	-	-
9	(-) Gain/Loss on account of Controllable Items	-	-	-72.26
10	**Aggregate Revenue Requirement**	**1,001.55**	**1,174.06**	**784.60**
11	**36.67% of ARR**			**287.74**

ARR as approved by the Commission for FY 2018-19

(₹ in lacs)

S. No.	**Particulars**	**FY 2018-19**		
		Approved in petition 66 of 2018	**Petition**	**True up**
1	SLDC Fees & Charges	-	-	-
2	O&M Expenditure	572.93	637.37	415.85
2.1	Repair and Maintenance	220.15	258.10	216.48
2.2	Employee Benefit Expenses	315.33	335.38	161.41
2.3	Administration Expenses	37.44	43.89	37.96
3	Depreciation	158.94	171.12	141.77

S. No.	Particulars	FY 2018-19		
		Approved in petition 66 of 2018	**Petition**	**True up**
4.1	Interest and Finance charges- Fund from JSPL	67.62	109.52	61.14
4.2	Interest and Finance charges-Working capital Loan	26.68	30.95	22.08
4.3	Less: Interest & other expenses capitalised	-	-	-
5	Income tax	-	-	-
6	Other Debits	-	-	-
7	Reasonable Return (RoE)	168.44	219.34	168.44
8	Less: Non-Tariff Income	-	-	-
9	(-) Gain/Loss on account of Controllable Items	-	-	-92.89
10	**Aggregate Revenue Requirement**	**994.61**	**1,168.29**	**716.38**
11	**47.19% of ARR**			**338.07**

<u>Recovery of ARR</u>

JSPL-T has submitted that it has utilized 36.67 % and 47.19% capacity of the transmission system for its licensed distribution business for FY 2017-18 and FY 2018-19 respectively. Therefore, JSPL-T has claimed to recover 36.67% and 47.19% of the ARR from the beneficiary. The Commission has allowed the same.

<u>Revenue Gap</u>

As per audited account, JSPL-T has received an amount ₹220.38 lacs and ₹297.85 lacs as transmission charges for FY 2017-18 and FY 2018-19 respectively against the approved ARR of ₹287.74 lacs and ₹338.07 lacs. Hence, a revenue gap of ₹67.36 lacs and ₹40.22 lacs for FY 2017-18 and FY 2018-19 respectively have been computed. As per the provisions of the regulations this gap qualifies for recovery in future years along with carrying cost. Details of gap is given in table below:

Details of Gap for FY 2017-18

(₹ in lacs)

S. No.	Particulars	FY 2017-18	
		Petition	**True up**
1	Opening Gap	534.03	125.17
2	Transmission charges received during the period	220.38	220.38
3	% of ARR recovered from transmission charges	36.67%	36.67%
4	% ARR in ₹	430.58	287.74
5	Revenue Gap (Stand Alone)	210.20	67.36
6	Closing Gap	744.23	192.53
7	Average Gap	639.13	158.85
8	Interest Rate (Interest on Working Capital)	12.60%	12.60%
9	Carrying Cost	80.53	20.02
10	Closing Gap inclusive of Carrying cost	824.76	212.55

Details of Gap for FY 2018-19

(₹ in lacs)

S. No.	Particulars	FY 2018-19	
		Petition	**True up**
1	Opening Gap	824.76	212.55
2	Transmission charges received during the period	297.85	297.85
3	% of ARR recovered from transmission charges	47.19%	47.19%
4	% ARR in ₹	551.33	338.07
5	Revenue Gap (Stand Alone)	253.48	40.22

S. No.	Particulars	FY 2018-19	
		Petition	True up
6	Closing Gap	1,078.24	252.77
7	Average Gap	951.50	232.66
8	Interest Rate (Interest on Working Capital)	12.20%	12.20%
9	Carrying Cost	116.08	28.38
10	Closing Gap inclusive of Carrying cost	1,194.32	281.15

The closing gap of Rs. 281.15 lakhs for FY 2018-19 will be carry forward as opening gap for next year for computation of ARR for control period from FY 2022-23 to FY 2024-25.

We order accordingly.

Sd/-
(Pramod Kumar Gupta)
Member

Sd/-
(Vinod Deshmukh)
Member (Judicial)

Sd/-
(Hemant Verma)
Chairman