



JHARKHAND URJA SANCHARAN NIGAM LTD.

(CIN No. - U40108JH2013SGC001704)

Regd. Office- JUSNL Building, Kusai Colony, Doranda, Ranchi -834002

Email id: cetrom.jseb@gmail.com website: jusnl.in

Letter No. 21.....

Date. 16/01/2023

From,

Shyam Mahali
General Manager (C&RA)

To,

The Secretary,
Jharkhand State Electricity Regulatory Commission (JSERC)
Jharkhand State Housing Board HQ (Old Building), 1st Floor,
Harmu Housing Colony, Ranchi-834002

Sub:-

**Response to additional data pertaining to the deficiencies observed
in the petition for True-up of FY 2018-19, APR of FY 2019-20, ARR
of FY 2020-21 of JUSNL.**

Ref :-

*Letter no JSERC/Case(Tariff) No. 10 of 2022/233 dated 02.11.2022 of
Hon'ble Commission.*

Sir,

With reference to the above captioned subject, please find enclosed herewith the response to the additional data pertaining to the deficiencies observed in the True-up of FY 2018-19, APR of FY 2019-20, ARR of FY 2020-21 of JUSNL in seven (07) hard copies and soft copy for kind perusal.

Encl: As above.

Yours faithfully

S. Mahali
16/01/2023
(Shyam Mahali)
General Manager (C&RA)

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16 JAN 2023

Ref. No. _____ Date _____



I, Shyam Mahali, Son of Late Dasmat Mahali, Aged 48 years Residing at Namkum, Ranchi, Police Station – Namkum, District–Ranchi (Jharkhand), do hereby solemnly affirm and declare as under :-

- (1) THAT I am presently working as General Manager (Commercial & Regulatory Affairs) Jharkhand Urja Sancharan Nigam Ltd, (JUSNL) Kusai Colony, Doranda, Ranchi and duly authorized to file this petition and swear in the affidavit.
- (2) THAT I solemnly affirm at Ranchi on this day 16th Day of January 2023 that the contents of this submission are true to my knowledge and I believe that no part of it is false and no material has been concealed therefrom. The statement made in this submission are true to my knowledge and are either based on information derived from the records of the case which I believe to be true or by way of submissions to the Hon'ble Commission.

Verified at Ranchi on 16th Day of Jan, 2023.

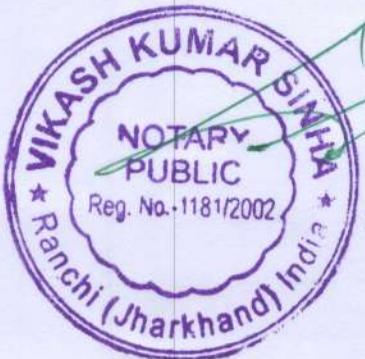
The deponent who has been

Identified by Shri

Shyam Mahali (Advocate), Ranchi
affirmed/ declared that the
statements made above are true to
the best of his knowledge and belief.

Golu
Deponent
Identified by me.

Shyam Mahali
16/01/23
Signature Attested on
Identification of Lawyer



Vikash Kumar Sinha
NOTARY PUBLIC RANCHI



JHARKHAND URJA SANCHARAN NIGAM LTD.

(CIN No. – U40108JH2013SGC001704)

Regd. Office— JUSNL Building, Kusai Colony, Doranda, Ranchi -
834002

Reply to the Queries for True Up of FY 2018-19

1. The Petitioner has claimed the O&M expenses on actual basis as per the annual accounts for the FY 2018-19. The Petitioner should submit the normative O&M expenses in line with the Regulation 7.36. The Petitioner also to submit the details of arrears paid in the FY 2018-19 on account of pay revision applicable from 1.1.2016. The Petitioner has submitted that major portion of the A&G expenses are of consultancy charges. The Petitioner to submit complete details of the same.

Reply: The JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, provides that:

True Up in Control Period

6.16 The true up across various controllable parameters shall be conducted as per principles stated below: -

6.17 For controllable parameters,

(a) Any surplus or deficit on account of Operation and Maintenance (O&M) expenses shall be to the account of the Licensee and shall not be trued up in ARR; and

(b) at the end of the control period –

(i) the Commission shall review actual capital investment vis-à-vis approved capital investment.

(ii) depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of audited/authenticated information and prudence check by the Commission.

The Petitioner humbly submits that it has claimed the O&M Expenses based on actual audited accounts. The Petitioner further submits the details of consultancy charges which are provided below:

Details of Consultancy Charges for FY 2018-19 (Rs.)

Name of the Party	Debit	Credit
ERM India Pvt. Ltd.	77,88,000.00	

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Name of the Party	Debit	Credit
Power Research & development Consultants Pvt. Ltd.	10,26,600.00	
Medhaj Techno Concept Pvt. Ltd.	9,54,511.00	
Tata Consulting Engineers Ltd	2,61,37,000.00	
Medhaj Techno Concept Pvt. Ltd.	9,37,235.00	
Power Research & development Consultants Pvt. Ltd.	63,27,750.00	
Medhaj Techno Concept Pvt. Ltd.	9,32,915.00	
Medhaj Techno Concept Pvt. Ltd.	10,04,180.00	
Medhaj Techno Concept Pvt. Ltd.	10,04,180.00	
ERM India Pvt. Ltd.	77,88,000.00	
Power Research & development Consultants Pvt. Ltd.	63,27,750.00	
Tata Consulting Engineers Ltd.	2,09,09,600.00	
Medhaj Techno Concept Pvt. Ltd.	10,04,180.00	
Medhaj Techno Concept Pvt. Ltd.	10,04,180.00	
Medhaj Techno Concept Pvt. Ltd.	5,18,287.00	
Medhaj Techno Concept Pvt. Ltd.	4,85,893.00	
Medhaj Techno Concept Pvt Ltd	10,04,180.00	
Tata Power Delhi Distribution Ltd.	88,50,000.00	
Medhaj Techno Concept Pvt Ltd	10,04,180.00	
Medhaj Techno Concept Pvt Ltd	10,04,180.00	
PGCIL	8,62,51,112.00	
Ernst & Young LLP	1,32,200.00	
Ernst & Young LLP	1,32,200.00	
Ernst & Young LLP	1,82,400.00	
Ernst & Young LLP	6,70,091.00	
Wheels Marketing	68900.00	
RVMK&Co.	30562.00	
RVMK&Co.	5900.00	
RVMK&Co.	30562.00	
B.C. Dutta	460200.00	
RVMK&Co.	5900.00	
RVMK&Co.	354001.80	
RVMK&Co.	194700.00	

Name of the Party	Debit	Credit
RVMK&Co.	5900.00	
RVMK&Co.	5900.00	
RVMK&Co.	5900.00	
RVMK&Co.	88500.00	
RVMK&Co.	275058.00	
RVMK&Co.	194700	
Through J.V.17,22,67,83	198258.00	212455
TOTAL	18,53,52,945.80	2,12,455.00
Closing balance as per Trial (Rs.)		18,51,40,490.80

The Petitioner further submits the details of arrears paid in the FY 2018-19 given as below:

DETAILS OF ARREAR PAID FOR ON ACCOUNT OF PAY REVISION w.e.f. 01.01.2016		
HEAD : 46.900 (O/S LIABILITIES FOR 7TH PRC ARREAR)		
F.Y 2018-19 (As compiled Trial Balance)		
1	JUSNL HQ	8,433,927.00
2	TRANS ZONE I RANCHI	3,236,997.00
3	TRANS ZONE III JSR	964,991.00
4	TRANS CIRCLE JSR	8,378,883.00
5	TRANS ZONE V HAZARIBAGH	630,618.00
6	TRANS ZONE IV DALTONGANJ	677,307.00
7	TRANS ZONE II DUMKA	1,108,098.00
8	TRANS CIRCLE HAZARIBAGH	2,790,468.00
9	TRANS CIRCLE CHAIBASA	7,156,330.00
10	TRANS CIRCLE DHANBAD	1,387,779.00
11	SLDC/ULDC	3,839,824.00
12	TRANS CIRCLE DUMKA	3,755,644.00
13	TRANS CIRCLE DEOGHAR	3,506,802.00
14	TRANS CIRCLE DALTONGANJ	3,112,810.00
15	TRANS CIRCLE RANCHI	11,184,121.00
		60,164,599.00

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2. Further, the Petitioner has submitted that its employee strength is 50% of the overall sanctioned posts. However, as per the Format FS (a), JUSNL is having working strength equal to 100% of the sanctioned strength. Petitioner to submit detailed clarification over the same. The Petitioner shall also submit the recruitment plan, approved posts, sanctioned strength, alongwith the status of the recruitment against each employee category in the past years i.e. from April 2017 upto March 2022.

Reply: The details are attached as **Annexure A**.

3. The Petitioner is directed to submit the details of the capitalisation for the FY 2018-19 as per the format provided in the Annexure A. The Petitioner should also submit the DPRs for the all the projects capitalised in the FY 2018-19 alongwith detailed cost benefit analysis.

Reply: Scheme-wise Capitalization details for FY 2018-19 are already been submitted with petition as Annexure-C. Further, the DPR and related documents for the projects capitalized in FY 2018-19 have been provided in the soft copy as **Annexure-B**.

4. The Petitioner should submit the actual debt, equity, grant, consumer contribution etc. for the FY 2018-19 and those claimed in the true-up petition as per the format below:

Reply: The detail is attached as below:

(Rs. Crore)

Funding	Actual
Debt	4657.7142
Equity	188.3846
Grant	56.7990
Other (Consumer Contribution, deposit works etc.)	231.3649

5. The Petitioner should submit the relevant documents for Loans Sanctioned along with the amount sanctioned and amount capitalised of the sanctioned loan for calculation of interest on loan.

Reply:The details is attached as Annexure-C.

6. The Petitioner is directed to submit the detailed computation of the Interest on Loan Claimed for the FY 2018-19. The Interest on Loans is claimed considering the loan amounts received from the State Government, while the same should be calculated only based on the part of Capitalisation financed by Debt. Hence, the Petitioner should submit the Interest Charges considering the actual capitalisation and repayment equal to depreciation. The Petitioner should also provide the computation of the weighted avg. interest rate applicable for the FY 2018-19 based on the actual long term loan portfolio of JUSNL.

Reply:The JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, provides that:

True Up in Control Period

6.16 The true up across various controllable parameters shall be conducted as per principles stated below: -

6.17 For controllable parameters,

(a) Any surplus or deficit on account of Operation and Maintenance (O&M) expenses shall be to the account of the Licensee and shall not be trued up in ARR; and

(b) at the end of the control period –

(i) the Commission shall review actual capital investment vis-à-vis approved capital investment.

(ii) depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of audited/authenticated information and prudence check by the Commission.

The interest on loan has been claimed based on audited accounts for FY 2018-19. The Petitioner further added that the same approach was adopted in earlier petition for True up of FY 2017-18 and submitted to the Hon'ble Commission which is under consideration.

The Petitioner further submits that it has submitted in the Petition:

3.7.2 JUSNL has been funding its capital expenditure majorly from State Government loan. In this regard, loan balance has substantially increased with increase in capital expenditure and capitalization for each year. JUSNL has claimed interest on loan of Rs. 304.68 Crore against that approved amount of Rs. 94.14 Crore.

The Petitioner humbly requests the Commission to approve interest expense as submitted based on audited accounts.

7. The Equity component considered is more than the normative equity of 30% of the GFA. The Petitioner should justify considering the total equity amount for the FY 2018-19. The Petitioner should submit the same as per the relevant Regulations.

Reply:

The JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, provides that:

True Up in Control Period

6.16 The true up across various controllable parameters shall be conducted as per principles stated below: -

6.17 For controllable parameters,

(a) Any surplus or deficit on account of Operation and Maintenance (O&M) expenses shall be to the account of the Licensee and shall not be trued up in ARR; and

(b) at the end of the control period –

(i) the Commission shall review actual capital investment vis-à-vis approved capital investment.

(ii) **depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of audited/authenticated information and prudence check by the Commission.**

The Petitioner humbly submits that it has submitted the details reasons in the Petition which is represented here for easy reference:

3.8.1. As per Regulation 7.11 to 7.14 of the JSERC Transmission Tariff Regulations, 2015 Return on Equity shall be calculated as follows: -

"Return on Equity

7.11 Return on equity shall be computed in rupee terms, on the equity base determined in accordance with clause 7.10 of these Regulations.

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

3.8.2. The Petitioner has considered equity base of Rs. 974.96 Crore (Rs. 972.96 Crore towards equity share capital + Rs. 2.00 Crore towards restructuring account pending adjustment) for FY 2018-19 as reflected in the annual audited accounts. The applicable return on equity has been calculated considering 15.50% rate of return as per Regulation 7.12 of JSERC Transmission Tariff Regulations, 2015. The detailed calculation of return on equity is provided below:

Table 13 Return on Equity claimed for FY 2018-19

Sl. No.	Particulars	Approved in T.O. dtd. 24.02.2018	Claimed
1	Opening Balance of Equity	357.23	972.96
2	Additions during the year	0.00	2.00
3	Closing Balance of Equity	357.23	974.96
4	Average Equity balance	357.23	973.96
5	Rate of Return on Equity	15.50%	15.50%

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Sl. No.	Particulars	Approved in T.O. dtd. 24.02.2018	Claimed
6	Return on Equity	55.37	150.96

The Petitioner humbly requests the Hon'ble Commission to approve the Return on Equity of Rs.150.96 Crore.

8. The Petitioner should submit the Normative Annual Transmission System Availability factor (NATSAF) (NATSAF) and month-wise availability for the FY 2018-19, along with the detailed computation of the element-wise and over system availability. The same shall be certified by the SLDC.

Reply: Month-wise availability for the FY 2018-19 duly certified by SLDC is attached as **Annexure-D**.

9. Fixed Asset Register upto FY 2018-19 along with asset category-wise and location-wise summary in excel.

Reply: The Hon'ble Commission vide MoM dated 03/01/2023 allowed the Petitioner to submit the Fixed asset Register by 31 March, 2023. The Petitioner will try its best possible efforts to submit the Fixed asset register within prescribed timeframe.

10. The Petitioner to submit the actual transmission losses for the JUSNL system for FY 2018-19 certified by the SLDC.

Reply: The Hon'ble Commission vide MoM dated 03/01/2023, JUSNL submitted that it will try its best possible efforts to install ABT meters by the end of June'2023. However, energy accounting based on energy meters installed at Grid Sub-stations of JUSNL for FY 2018 is attached as **Annexure-E**.

11. Basis considering interest rate of 12.20% for claiming interest on working capital for FY 2018-19.

Reply: The Petitioner humbly submits that the clause 7.32 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, 2016 provides that:

7.32 Rate of interest on working capital shall be on normative basis and shall be considered equal to the base rate of State Bank of India as on 30th September of the financial year in which the Petition is filed plus 350 basis

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points. **At the time of true up, the interest rate shall be adjusted as per the actual rate prevailing on 1st April of the financial year for which truing up exercise has been undertaken.**

The Petitioner humbly submits that SBI Base rate as on 01.04.2018 is 8.70%. (Base Rate - Historical Data - Interest Rates (sbi.co.in)). The Petitioner has considered the interest rate of working capital as (8.70%+3.50% = 12.20%) in the Petition.

APR for FY 2019-20 & ARR for FY 2020-21

1. The Petitioner has claimed the O&M expenses by escalating the actual O&M expenses of FY 2018-19. The Petitioner should submit the normative O&M expenses in line with the Regulation 7.36 based on the normative expenses for FY 2018-19. The Petitioner also to submit the details of arrears payable in the FY 2019-20 & FY 2020-21 on account of pay revision applicable from 1.1.2016.

Reply:

The Petitioner has claimed the Employee and A&G expenses by escalating the actual expenses of FY 2018-19 by escalating with the inflation factor of 6.09%. The R&M expenses for FY 2019-20 has been claimed based on the by multiplying the 'K' factor of 2.23%, as determined in Tariff Order dated 24.02.2018, with the actual closing GFA for FY 2018-19. The R&M expenses for FY 2020-21 has been claimed based on the by multiplying the 'K' factor of 2.23%, as determined in Tariff Order dated 24.02.2018, with the closing GFA for FY 2019-20.

The Petitioner humbly submits that it has provided the details in the Petition as:

Employee Expense

4.4.6. The Petitioner has projected the employee cost for FY 2019-20 by escalating the actual employee cost (excluding the terminal benefits) for FY 2018-19 as by the inflation factor of 6.09%. The Petitioner has provisionally considered the cost towards terminal benefits during FY 2019-20 to be same as that for FY 2018-19 in line with the approach adopted by the Hon'ble

Commission in its previous Tariff Orders, which shall be trued-up on submission of audited accounts for FY 2019-20.

4.4.7. Thus, the employee cost estimated by the Petitioner for FY 2019-20 is summarised in the following table:

4.4.8. It can be observed from above that the employee expense has been estimated on a higher side than that approved by the Commission. The reason for such rise is due to adoption of recommendation of 7th Pay commission by GoJ and induction of more no. of employees in the organisation which has been explained in detail in previous sections. The Hon'ble Commission is therefore requested to approve the above employee expense for FY 2019-20.

Administrative & General Expense:

4.4.9. The Petitioner has projected the A&G cost for FY 2019-20 by increasing the actual A&G cost for FY 2018-19 by the inflation factor of 6.09%. The A&G cost projected by the Petitioner and that approved by the Commission is summarised in the following table:

4.4.10. The Hon'ble Commission is therefore requested to approve the above A&G expense.

Repairs and Maintenance (R&M) Expense:

4.4.11. The Commission has benchmarked the R&M costs as a proportion of the opening GFA for FY 2019-20 in accordance with the JSERC Transmission Tariff Regulations 2015.

4.4.12. The R&M cost for FY 2019-20 is computed by multiplying the 'K' factor of 2.23%, as determined in Tariff Order dated 24.02.2018, with the actual closing GFA for FY 2018-19 as stated below:

4.4.13. *The Petitioner has claimed the repair and maintenance expenses in line of the approach adopted by the Hon'ble Commission in its Business Plan Order dated 24.02.2018. The Hon'ble Commission is therefore requested to approve the same.*

2. The Petitioner shall also submit the recruitment plan, approved posts, sanctioned strength, alongwith expected recruitment in the FY 2019-20 & FY 2020-21

Reply: The details is attached as Annexure-A.

3. The Petitioner is directed to submit the details of the projected capital expenditure and capitalisation for the FY 2019-20 & FY 2020-21 as per the format provided in the Annexure B. The Petitioner should also submit the DPRs for the all the projects projected to be capitalised in the FY 2019-20 & FY 2020-21 along with detailed cost benefit analysis.

Reply: The details have already been provided in the Petition as annexure-D&E.

4. The Petitioner should submit the proposed debt, equity, grant, consumer contribution etc. for the FY 2019-20 & FY 2020-21 as per the format below:

Funding	FY 2019-20	FY 2020-21
Debt		
Equity		
Grant		
Other (Consumer Contribution, deposit works etc.)		

Reply: The Projected details of FY 2019-20 and FY 2020-21 are provided in the Table below:

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Rs Crore

Funding	FY 2019-20	FY 2020-21
Debt	529.20	3033.21
Equity	0.00	0.00
Grant		
Other (Consumer Contribution, deposit works etc.)		

5. The Petitioner should submit the relevant documents for Loans Sanctioned along with the amount sanctioned and amount capitalised of the sanctioned loan for calculation of interest on loan for the FY 2019-20 & FY 2020-21.

Reply:The details are attached as **Annexure-F.**

6. The Petitioner is directed to submit the detailed computation of the Interest on Loan Claimed for the FY 2019-20 & FY 2020-21. The Interest on Loans is claimed considering the loan amounts received from the State Government, while the same should be calculated only based on the part of proposed Capitalisation financed by Debt. Hence, the Petitioner should submit the Interest Charges considering the proposed capitalisation and repayment equal to allowable depreciation. The Petitioner should also provide the computation of the interest rate considered for the FY 2019-20 & FY 2020-21.

Reply:The Petitioner submits that the entire capex for FY 2019-20 and FY 2020-21 is funded through the State Government loan. The Petitioner humbly submits that it has claimed the weighted average rate of Interest based on the actual interest rate of FY 2018-19. The detail of the loan is already provided in the Sheet F8A. The Petitioner further submits that it has provided in the Petition that:

4.6.3. The Petitioner has considered closing loan amount for FY 2018-19 as opening loan for FY 2019-20. Thereafter, opening loan amount has been added to the loan received during the year to reach at closing figures. The

actual weighted average rate of interest as calculated above has been considered for determining interest on loan for FY 2019-20.

7. The Equity component considered is more than the normative equity of 30% of the GFA for the FY 2019-20 & FY 2020-21. The Petitioner should justify considering the total equity amount for the FY 2019-20 & FY 2020-21. The Petitioner should submit the same as per the relevant Regulations.

Reply: The Petitioner submits that it has submitted in the Petition for APR of FY 2019-20 as shown below:

4.7. Return on Equity

4.7.1. As per Regulation 7.11 to 7.14 of the JSERC Transmission Tariff Regulations, 2015 Return on Equity shall be calculated as follows: -

"Return on Equity

7.11 Return on equity shall be computed in rupee terms, on the equity base determined in accordance with clause 7.10 of these Regulations.

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

4.7.2. The Petitioner has worked out average equity balance based on the equity addition during the year. The applicable return on equity has been considered on average equity balance. The return on equity has been calculated on pre-tax basis as per the Regulation 7.14 of JSERC Transmission tariff Regulations, 2015. The detailed calculation of return on equity is provided below:

Table 1 Return on Equity claimed for FY 2019-20

All figures are in Rs. Crore

Sl. No.	Particulars	Approved in T.O. dtd. 24.02.2018	Claimed for FY 2019-20
1	Opening Balance of Equity	357.23	974.96
2	Additions during the year	0.00	0.00
3	Closing Balance of Equity	357.23	974.96

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Sl. No.	Particulars	Approved in T.O. dtd. 24.02.2018	Claimed for FY 2019-20
4	Average Equity balance	357.23	974.96
5	Rate of Return on Equity	15.50%	15.50%
6	Return on Equity	55.37	151.12

Further in the Petition for ARR of FY 2020-21 the Petitioner has submitted that:

5.7. *Return on Equity*

5.7.1. *As per Regulation 7.11 to 7.14 of the JSERC Transmission Tariff Regulations, 2015 Return on Equity shall be calculated as follows: -*

“Return on Equity”

7.11 Return on equity shall be computed in rupee terms, on the equity base determined in accordance with clause 7.10 of these Regulations.

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

5.7.2. *The Petitioner has worked out average equity balance based on the normative opening and the equity addition during the year. The applicable return on equity has been considered on average equity balance. The return on equity has been calculated on pre-tax basis as per the Regulation 7.14 of JSERC Transmission tariff Regulations, 2015. The Petitioner has adopted the MAT rate of 17.472% for grossing up on the rate of return of 15.50% to reach at the effective rate of 18.782%. The detailed calculation of return on equity is provided below:*

Table 2 Return on Equity claimed for FY 2020-21

All figures are in Rs. Crore

Sl. No.	Particulars	Approved in T.O. dtd. 24.02.2018	Claimed for FY 2020-21
1	Opening Balance of Equity	357.23	974.96
2	Additions during the year	468.83	0.00
3	Closing Balance of Equity	826.05	974.96
4	Average Equity balance	591.64	974.96
5	Rate of Return on Equity	15.50%	15.50%
6	MAT rate for the FY 2019-20		17.47%

Sl. No.	Particulars	Approved in T.O. dtd. 24.02.2018	Claimed for FY 2020-21
7	Rate of Return on Equity (Pre-tax)		18.78%
8	Return on Equity	91.70	183.11

The Petitioner humbly submits that it has not claimed any addition in the equity for the FY 2019-20 and FY 2020-21. Further the Petitioner submits that it has considered the opening balance of equity for FY 2019-20 based on the closing balance of actual audited accounts of FY 2018-19.

8. The Petitioner to submit the intra-state transmission losses and transmission system availability considered for the FY 2019-20 & FY 2020-21 and basis of estimating the intra-state and inter-state energy as per the Format S6. The Petitioner should submit the reasons for estimating higher losses for the FY 2019-20 & FY 2020-21.

Reply: The petitioner submits that Transmission system availability for FY 2019-20 is under certification process by SLDC and would be submitted once the data is certified. However, system availability for FY 2020-21 is under compilation and would be submitted after getting certified from SLDC.

Pertaining to Transmission losses for FY 2019-20 & FY 2020-21, petitioner submits that as per MOM dated 03/01/2023, JUSNL will try its best possible efforts to install ABT meters by the end of June'23. However, the energy accounting based on energy meters installed in various Grid sub-stations of JUSNL for FY 2019-20 & FY 2020-21 is attached as **Annexure-G**.

9. Basis of considering interest rate of 12.55%, 11.65% for claiming interest on working capital for FY 2019-20 & FY 2020-21 respectively.

Reply: The Petitioner humbly submits that the clause 7.32 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, 2016 provides that:

7.32 Rate of interest on working capital shall be on normative basis and shall be considered equal to the base rate of State Bank of India as on 30th September of the financial year in which the Petition is filed plus 350 basis

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points. At the time of true up, the interest rate shall be adjusted as per the actual rate prevailing on 1st April of the financial year for which truing up exercise has been undertaken.

The Petitioner humbly submits that SBI Base rate as on 01.04.2019 is 9.05%. (Base Rate - Historical Data - Interest Rates (sbi.co.in)). The Petitioner has considered the interest rate of working capital as (9.05%+3.50%= 12.55%) in the Petition for APR for FY 2019-20.

Further, the Petitioner humbly submits that SBI Base rate as on 01.04.2020 is 8.15%. (Base Rate - Historical Data - Interest Rates (sbi.co.in)). The Petitioner has considered the interest rate of working capital as (8.15%+3.50%= 11.65%) in the Petition for ARR for FY 2020-21.

10. Detailed computation of the revenue gap and the carrying cost in excel file as per the "Table 54 Cumulative Revenue Gap" in the petition.

Reply: The Petitioner humbly submits that it has submitted the details in the Excel file format Sheet 'Rev Gap' which is attached as **Annexure-H**.

11. The Petitioner has claimed Rs. 3033.21 crore of capitalisation during the FY 2020-21, which is significantly high as compared to the past years. The Petitioner is required to submit detailed justification for the same and breakup of the year-on-year assets pending for capitalisation upto March 2021.

Reply: The Petitioner humbly submits that it has projected the Capital expenditure and Capitalisation based on the requirement for maintaining reliable power supply. The Petitioner humbly submits that the Hon'ble Commission in its MYT Order dated February, 2018 provided that:

5.42 The Commission is of the opinion that quality and reliable transmission network is important for overall development of power sector in the state aiding in providing last mile connectivity. The Commission has also taken cognizance of the plans of JBVNL to achieve 100% electrification, provide 24x7 power to all consumers, implementation of Saubhagya scheme in the State of Jharkhand as well as expected increase in industrial load based on MoU signed in Jharkhand Summit. Further, with the push of Government of India to install 175 GW of renewable energy capacity in the country, it is

imperative that there is a high quality transmission infrastructure in place to facilitate evacuation of such renewable power. JUSNL has submitted that it will also be catering to Open Access consumers, Railways, other distribution licensees, evacuation of power generation and other related works.

The Petitioner further submits that it has in the ARR Petition for FY 2020-21 submitted that:

- 5.2.1 *The Petitioner has estimated capital expenditure and capitalization for FY 2020-21 based on the capital investment plan approved by Hon'ble Commission vide Business Plan Order dated 24th February 2018.*
- 5.2.2 *The following are the provision of JSERC Transmission Tariff Regulations 2015 for midterm review of capital expenditure and capitalization.*
"6.12 The Commission shall also conduct a mid-term review at the end of second year of the Control Period. In case, the cumulative incurred capital expenditure and/or capitalisation deviates from the approved capital expenditure / capitalisation by more than 20% (cumulative), the Commission will make necessary changes to capital investment plan for the Control Period after consultation with Licensee and adjust depreciation and financing cost, which includes cost of debt (interest), working capital interest, cost of equity (return) based on the actual capital expenditure and/or capitalisation vis-à-vis approved capital expenditure / capitalisation;
Provided that the actual capital expenditure incurred shall be only for the schemes as per the approved Capital Investment plan....."
- 5.2.3 *As per the above provisions the Hon'ble Commission shall review the estimated capital expenditure and capitalization vis-à-vis approved numbers and accordingly provide for expenses such as depreciation interest and return on equity. The expenses incurred shall necessarily be against the approved capital investment plan.*
- 5.2.7 *The Petitioner has estimated capitalization for FY 2020-21 based on the current status on each of the schemes and expected date of completion of projects. JUSNL expects to complete all its existing projects during the year and hence considerable amount of capitalization is projected in that year.*

The Petitioner humbly submits before the Hon'ble Commission to kindly approve the Capital expenditure and Capitalization as claimed by the Petitioner.

C. Others:

1. The Petitioner to submit the detailed reasons towards the exceptions/ comments raised by the Auditor in auditor reports for the FY 2018-19. Status of compliances and addressing the issues raised in the reports alongwith steps taken to rectify these exceptions.

Reply: The Petitioner submits that it has already submitted the statutory Auditor Report where the Management has provided the reasons for the queries with petition as annexure-A1.

2. Status of the Energy Accounting and audit of its transmission system based on the energy meters installed.

Reply: The Hon'ble Commission vide MoM dated 03/01/2023, JUSNL submitted that it will try its best possible efforts to install ABT meters by the end of June'2023. However, energy accounting based on energy meters installed at Grid Sub-stations of JUSNL till FY 2021-22 has already been submitted before Hon'ble Commission.

3. Details of PPP/TBCB transmission system projects implemented or awarded till date or to be awarded or implemented in future.

Reply: The Petitioner humbly submits none of the projects has been implemented in TPCB mode as of now.

4. Details to submit in respect of the efforts made by the Petitioner for re-financing of the loan or conversion of loan to grant by the state government.

Reply: The efforts made by petitioner for refinancing of the loan is attached as Annexure-I.

5. Status of segregation of SLDC from JUSNL.

Reply: The JUSNL would like to submit that as per section 31 of the Electricity Act, 2003:

"31. (1) The State Government shall establish a Centre to be known as the State Load Despatch Centre for the purposes of exercising the powers and discharging the functions under this Part.

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(2) The State Load Despatch Centre shall be operated by a Government company or any authority or corporation established or constituted by or under any State Act, as may be notified by the State Government.

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

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

As no Separate entity either in the form of Government company or authority or corporation has been notified by the State Government, the State Transmission Utility namely Jharkhand Urja Sacharan Nigam Limited (JUSNL) is operating the State Load Despatch Centre (SLDC).

Also, a resolution was taken in the meeting of the State Cabinet on 14.09.2021, according to which all the sanctioned posts as approved under resolution no. 2953 of the State Cabinet dated 15.09.2011 have been taken from the SLDC and in accordance with the section 31 (2) of the Electricity Act, 2003, the sanctioned posts have been transferred to the State Transmission Utility (STU). A copy of the resolution is being enclosed along with this reply as **Annexure-J**.

6. Status and compliances of various directives issued by the Commission in the past orders.

Reply: The Petitioner humbly submits that it has been submitting the compliances of directives. The status of directives is attached as **Annexure-K**.

7. The petitioner is directed to submit the following linked files:
a. "Projects capitalization ARR 19-20.xlsx"
b. "FINAL ACCOUNTS 2018-19 (C&RA).xlsx"

Reply: The Petitioner humbly submits that it has already submitted the details of capitalisation for FY 2019-20 amounting to Rs. 529.20 Crore. Further the excel sheet is submitted as **Annexure-L** providing the details of Capitalisation. Also, the Audited accounts details have been also submitted before the Hon'ble Commission.

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8. Petitioner to submit the complete filled up formats: S6, F1, F8B, F9, F10, F12, F14, F16, FT3, P1, P3, P5, P6 & P8.

Reply: Duly filled petition format in soft copy is attached as **Annexure-M in soft copy.**

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