



झारखण्ड राज्य विद्युत नियामक आयोग JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

JSERC/Case (Tariff) No.03 of 2023/39
Date: 20th April 2023

To

Shri A. Bardia
CFO- Finance & Strategy
Inland Power Ltd.
C/218, Road No. – 2
Ashok Nagar, Ranchi – 834002

Sub: Additional data requirement pertaining to deficiencies observed in the Petition for True-up of FY 2021-22 of Inland Power Ltd. (IPL) – Regarding thereof.

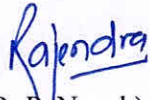
Sir,

Please find enclosed a copy of Order dt. 19.04.2023 passed by the Commission in Case (Tariff) No. 03 of 2023 along with office report dt. 19.04.2023 pointing out some discrepancies in the petition as cited.

A compliance report to this effect removing the discrepancies together with required additional data may please be sent within two weeks as order.

Thanking you.

Yours faithfully,


(R. P. Nayak)
Secretary

**JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION
RANCHI**

**FORM OF PROCEEDING
Case (Tariff) No. 03 of 2023**

Inland Power Limited (IPL)

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Petitioner

Sl. No.	Date of proceeding	Proceedings of the Commission with signature	Office action taken with date
1	2	3	4
2.	19.04.2023	<p>The petition dated 27.03.2023 for True-up for FY 2021-22 of the petitioner - Inland Power Limited (IPL) for 1x63MW (Stage - 1) Coal Fired CFBC Thermal Power Project have been scrutinized and several deficiencies/ discrepancies have been pointed out as shown in the office report dated 19.04.2023.</p> <p>The petitioner is directed to meet the deficiency and remove the defects within two week.</p> <p>Put on receipt of replies.</p> <p style="text-align: center;">Sd/- Member (T)</p> <p style="text-align: center;">Sd/- Member (L)</p>	



Office Report

The petition dated 27.03.2023 for True-up for FY 2021-22 of the petitioner - Inland Power Limited (IPL) for 1x63MW (Stage - 1) Coal Fired CFBC Thermal Power Project have been scrutinized and several deficiencies/discrepancies have been found in the petition as indicated below:

Note on Discrepancies/ Data gaps on the Petition for True-up of FY 2021-22 filed by Inland Power Ltd. (IPL)

1. The Petitioner has claimed capitalization of Rs. 9.17 Cr and a de-capitalization of Rs. 5.35 Cr. Additionally, the '*Addition to Equity*' is claimed as Rs. 1.15 Cr., and '*Addition to Loan*' is claimed as Rs. 10.92 Cr. The total of these '*Additions*' is Rs. 12.07 Cr., which far exceeds the claimed capitalization. Such claims, are in clear violation of Clauses 15.6 to 15.8 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

The Petitioner in this regard is directed to submit the following: -

- a. Actual loan documents;
 - b. Actual financing cost associated with infusion of loan;
 - c. Resolution of the Board of the Company for infusion of funds from internal resources; and
 - d. Approval of the Commission regarding capitalization as claimed.
2. The Petitioner in its True-up petition for FY 2020-21 had claimed a closing balance for Interest and Finance Charges on Loan Capital as Rs. 89.70 Cr. by subtracting '*Working Capital Term Loan*' from the total. However, in the present petition, the opening balance has been claimed as Rs. 107.02 Cr., without subtracting the '*Working Capital Term Loan*'.

The Petitioner is directed to justify such deviation from the previous methodology and state reasons for claiming the opening balance for FY 2021-22 different from the closing balance for FY 2020-21.

3. The Petitioner has shown an actual interest repayment on '*Unsecured Loans*', i.e., on a total of '*Bodies Corporate (for Capital asset)*' and '*Bodies Corporate (for working capital)*' of Rs. 2.77 Cr. The petitioner is directed to bifurcate the actual repayment made on these accounts, while computing the interest and finance charges.

Further, as per '*Table 3: Computation of Interest on long term loan*' the interest and finance charges are claimed as Rs. 10.82 Cr. However, it is observed that the average of the claimed opening and closing balances, multiplied by the claimed rate of interest equates to Rs. 9.28 Cr. The petitioner is directed to justify its claim with detailed calculation and explanation.

4. The Petitioner in 'Table 2' of the Petition has claimed 'Net RoE Rate' as 14.00%. However, while calculating the RoE, the Petitioner has claimed a Return on Equity on a post-tax rate of 16.96%, by grossing up the pre-tax rate of 14.00% (as per the Regulations) with the applicable MAT rate of 17.47%, to compute a net RoE (inclusive of tax) of Rs. 16.99 Cr. The petitioner is directed to provide detailed explanation for the same.

Additionally, the Petitioner has claimed an actual tax paid of Rs. 6.43 Cr., and has provided the 'Indian Income Tax Return Acknowledgment' for the same in Annexure 8. Thus, the Income Tax is being doubly account for and is claimed by the Petitioner in two ways. The Petitioner in this regard is directed to clarify its stand on which form of Income Tax computation they want to claim. It is observed that in earlier Petitions the Petitioner has only considered the pre-tax rate as per Regulations and claimed the Actual tax separately and the same was allowed by the Commission.

5. The Petitioner is directed to submit the excel files for Annexures 5, 6, 7, 9, 10, and readable pdf files for Annexure 10.
6. 'Note 18. Revenue from Operations' of the Audited accounts shows Revenue from Sale of Energy as Rs. 183.24 Cr., however the Petitioner has claimed the same as Rs. 182.71 Cr. The Petitioner is directed to justify the deviation.
7. The Petitioner while computing the 'Net Revenue from Sale of Fly ash bricks' has deducted an amount of Rs. 4.31 Cr. on the head on 'O&M expenses', however the same is claimed as 'Other expenses' in the Cost Sheet of the Tariff Formats.

It is observed that in previous Petitions, 'Ash handling expenses' were claimed as 'O&M expenses of the Fly ash brick plant', however in the current petition, both 'Ash handling expenses' and 'O&M expenses of the Fly ash brick plant' are being claimed separately. The Petitioner is directed to provide detailed justification for deviating from the precedence.

The Petitioner is directed to justify why such O&M expenses has not been claimed in Table 7 of the Petition.

Further, the Petitioner is directed to shown detailed computation of the claim made in the current petition with reconciliation with the heads of expenses of the audited accounts.

The Petitioner is further directed to keep consistency in the nomenclature of the heads of claimed expenses, in-line with the audited accounts, both in this and in future petitions.

8. Clause A 16 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 sets the Norms of Operation for the Petitioner as follows,

Parameters	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Normative Annual Plant Availability Factor (%)	85%	85%	85%	85%	85%
Normative Annual Plant Load Factor (%)	85%	85%	85%	85%	85%

Gross Station Heat Rate (kcal/kWh)	2765	2765	2765	2765	2765
Auxiliary Consumption (%)	10.00%	10.00%	10.00%	10.00%	10.00%
Secondary Fuel Oil Consumption (ml/kWh)	1.00	1.00	1.00	1.00	1.00

However, the Petitioner has assumed the following figures as normative,

Parameters	FY 2021-22
Normative Annual Plant Availability Factor (%)	82.5%
Normative Annual Plant Load Factor (%)	82.5%
Gross Station Heat Rate (kcal/kWh)	2931
Auxiliary Consumption (%)	11.15%

In this regard, the Petitioner is directed to provide detailed justification for deviating from the norms as set in the Regulations.

9. Annexure No. 4 certifies the 'Actual Plant Availability Factor' as 84.41%, however, the Petitioner has claimed the same as 84.31%. The Petitioner is directed to justify its claim.
10. In the formula for adjustment of Fixed Cost against Plant Availability Factor (PAF), the Petitioner has claimed higher Capacity Charges for achieving availability above the level of claimed normative annual PAF.

However, Clause 17.2 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 do not state a condition for adjustment of Capacity Charges **above the level of Normative PAF**. The Petitioner in this regard is directed to provide detailed justification for its claim.


 Secretary

