

## **A10: NEW DIRECTIVES**

### **Improvement in performance of Operational parameters**

- 10.1 The Commission notes with concern that the operational performance of the petitioner is very low. In particular, the SHR and PLF can be improved further to the extent of CERC approved operational norms. The Commission directs the petitioner to submit an improvement plan for both its units within three months of the issue of this order.

### **Issues in accounting treatment of expenses**

- 10.2 The Commission has observed from the scrutiny of the petitions for FY 2008-09 & FY 2009-10 that the accounting treatment of various revenue and capital expenditure items is not in accordance standards and generally accepted accounting policies. The Commission directs the petitioner to henceforth prepare its accounts as per the applicable accounting standards.
- 10.3 The Commission also feels that the petitioner should arrange training for its accounting personnel so as to update them with the prevalent accounting standards and policies.

### **Loan restructuring**

- 10.4 The Commission observes that the interest on long term loans paid by the petitioner is very high for both the Units of the petitioner. It is pertinent to mention that many funding agencies are offering lower interest rates in the market as compared to the interest on loan paid by the petitioner. The Commission directs the petitioner to ascertain the interest rates of other Banks and conduct a cost benefit analysis for restructuring of its outstanding loans. The Commission directs the petitioner to submit a report in this regard within three months of the issue of this order.
- 10.5 The petitioner has informed that it has approached GoJ for conversion of loan from Bihar Government into equity. The Commission directs the petitioner to pursue its case with GoJ for conversion and fulfil all the requirement of GoJ in this regard.

### **Adjustment of Bills & payments/receipt as per revised cost of power sold to JSEB**

- 10.6 The Commission directs the petitioner to reconcile the payment due/receipts with JSEB, in lieu of the revised Generation Tariff for power sold to JSEB, as determined by the Commission in this order, within three months of the issue of this order. The Generation Company is required to generate a supplementary bill for the reconciled billed amount and submit the same to JSEB.

### **Investment in Fixed Deposits**

- 10.7 It is observed from the accounts of the petitioner that it has invested a large amount of money in fixed deposits. On one hand, the petitioner has availed funds at the high interest rate of 13% and on the other hand, it is getting a much lower interest on amount invested in fixed deposits. The petitioner is directed to explain why it is holding such a large amount in deposits and not repaying the loans to its lenders and is also directed to furnish the details of the deposits with the various banks. The directive is to be complied within 3 months of the issue of this order.

**Break-up of Repair works**

- 10.8 In its earlier tariff order for FY2007-08, Commission had allowed a sum of Rs.9.23 Cr., being the half of the estimated sum required for repair of Unit-I by BHEL. The Commission directs the petitioner to provide the detailed break-up of repair works done by BHEL for Unit-1 within 3 months of the issue of this order.

**Data adequacy in next Tariff petition and timelines**

- 10.9 The Commission directs TVNL to come up with the next tariff petition for FY 2010-11 removing the various data deficiencies highlighted throughout the tariff order along with the latest actual figures of FY 2009-10.
- 10.10 The Commission also directs the generation company to file the next tariff petition for FY 2010-11 by 30<sup>th</sup> April 2010 and also ensure that submission of subsequent ARR & tariff filing for the ensuing years is done by 1<sup>st</sup> November every year prior to the tariff period.

**This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this the 5th day of March, 2010 at Ranchi.**

Sd/-  
(MUKHTIAR SINGH)  
CHAIRPERSON