

**JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION
RANCHI**

SECOND DISTRIBUTION LICENSE



This License is granted by the Jharkhand State Electricity Regulatory Commission under Section 14, Proviso 6, of the Electricity Act, 2003 (36 of 2003) on consideration of the Application. Ref. No.PBD/176/69/06 dated 05/05/2006 to M/s Jamshedpur Utility and Services Company Limited (JUSCO) a wholly owned subsidiary of Tata Steel Limited as the Second Electricity Distribution Licensee for the revenue district of Saraikela-Kharsawan having its registered office at Sakchi Boulevard Road, Northern Town, Bistupur, Jamshedpur-831001 to distribute and supply electricity within the area of supply (as defined in this License and map enclosed at Annexure-A) in accordance with the provisions of the Act and upon the terms and conditions specified hereinunder.

PART-I: GENERAL

1. Short title

This License shall be known as the Second Electricity Distribution License (License No. **03** of **2006-07**) for the area of supply.

2. Definitions

In this License unless the context otherwise requires:

- (a) **"Accounting Statement"** means for each financial year, accounting statements separately in respect of the Licensed Business and the Other Business, comprising-
- (i) A balance sheet, prepared in accordance with the form contained in Part I of Schedule VI to the Companies Act, 1956;
 - (ii) A profit and loss account, complying with the requirements contained in Part II of Schedule VI to the Companies Act, 1956;
 - (iii) A cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India;
 - (iv) A report of the statutory auditors' of the Second Distribution Licensee;
 - (v) Cost records as prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time;
- (b) **"Allocation Statement"** means for each financial year a statement in respect of each of the separate businesses of the Second Distribution Licensee showing the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:
- (i) Charged from or to any Other Business together with a description of the basis of that charge; or
 - (ii) Determined by apportionment or allocation between the Distribution Business and any Other Business of the Second Distribution Licensee, together with a description of the basis of the apportionment or allocation;
- (c) **"Act"** means the Electricity Act, 2003 (36 of 2003);

- (d) **"Commission"** means the Jharkhand State Electricity Regulatory Commission;
- (e) **"Second Distribution Licensee"** means and includes M/s Jamshedpur Utility & Services Company Limited (JUSCO), a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in its area of supply where another distribution licensee is already supplying electricity.
- (f) **"License"** means this license under which the Second Distribution Licensee is authorized to conduct the licensed Business;
- (g) **"Licensed Business"** means the business of operating and maintaining a distribution system for supplying electricity to the consumers in the area of supply of the Second Distribution Licensee;
- (h) **"Network Rollout Plan"** means a plan describing the rollout of the distribution system of the Second Distribution Licensee or of the proposed distribution system of the applicant, as the case may be, including geographical coverage of such distribution system, phasing of the rollout and such other details as may be required by the Commission
- (i) **"Other Business"** means such other business as is referred to in Section 51 of the Act;

Words or expressions used herein and not defined shall have the meanings assigned to them in the Act.

PART II: GENERAL TERMS AND CONDITIONS

3. Area of supply

The area of supply shall be the revenue district of Saraikela-Khersawan as shown in the map appended as Annexure-A to this license and detailed in the schedule given hereinbelow. The area of supply shall be the whole of the area bounded as follows:

- North – District of Purulia in West Bengal.
- East – Revenue District West Singhbhum and State of Orissa.
- South – Revenue District East Singhbhum.
- West – Revenue District of Ranchi.

4. Commencement and term of license

The License shall come into force from the **1st** day of **December 2006** and unless revoked shall remain in force for the period of twenty five years as specified under sub-section (8) of Section 15 of the Act.

5. DUTIES

- 5.1** The Second Distribution Licensee shall develop and maintain an efficient, coordinated and economical distribution system in the area of supply and supply electricity in accordance with the Electricity Supply Code and different regulations and guide lines issued by the Commission.
- 5.2** Obligation to provide Electricity Supply Service subject to the other provisions of this License, the Second Distribution Licensee shall have the following obligations:
 - (a) The Second Distribution Licensee shall on the application by the owner or occupier of any premises give supply of electricity to such premises including the laying and installation of any required distribution lines and/or plants as per the Act and the Electricity Supply Code Regulations.
 - (b) In case the applicant was already getting supply from any other Licensee/ source, his application shall be accepted as per the guidelines issued by the Commission for switching over. The Second Distribution Licensee shall, within a period of seven working days, intimate along with reasons to the applicant as to whether his application has been accepted or rejected. In case of acceptance, the obligation to supply the electricity shall be twenty-one days from the day of acceptance of the application. In case of non-acceptance of application, the applicant aggrieved by the decision may appeal to the Commission within thirty days thereafter.

- (c) Where the owner or occupier of any premises requires connection, the form of application to be made and the procedure for processing such application and providing electricity supply service shall be in accordance with the procedure and subject to the fees and payments as specified by the Second Distribution Licensee and approved by the Commission as per the Electricity Supply Code Regulations.
 - (d) The Second Distribution Licensee shall always endeavor to ensure stable and adequate power supply of appropriate quality to the consumers.
 - (e) Nothing in this clause shall require the Second Distribution Licensee to provide electricity supply to any premises if such supply is prevented by the Force Majeure, circumstances beyond the control of the Second Distribution Licensee.
 - (f) The Second Distribution Licensee (JUSCO in this case) will have the Universal Service Obligation in providing electricity to the people of the area.
- 5.3** The Second Distribution Licensee shall comply with all the applicable provisions of the Act, the Rules prescribed thereunder and all Regulations, Orders and Directions issued by the Commission from time to time.
- 5.4** The Second Distribution Licensee shall as soon as practicable report to the Commission:
- (a) Any significant change in any circumstances which may affect its ability to meet the obligations under the Act, the Rules and the Regulations made thereunder, directions and orders issued by the Commission and terms and conditions of this License;
 - (b) Any material breach, or likelihood thereof, of the provisions of the Act, the Rules and the Regulations made thereunder, directions and orders issued by the Commission and terms and conditions of this License, which was reasonably within its knowledge, along with the reasons therefor, as soon as practicable; and
 - (c) Any change in management control or major change in the shareholding pattern of the Second Distribution Licensee.
 - (d) Commission would conduct/get conducted any enquiry into the technical, commercial and financial management of licensed business as and when the Commission decides necessary and appropriate.

Explanation I – For the purpose of this clause “management control” shall include the right to appoint majority of the Directors or to control the management or policy decisions of the Second Distribution Licensee, including by virtue of shareholding or management rights or shareholders’ agreement or partnership agreement or trust deed or voting agreement or in any other manner;

Explanation II – For the purpose of this clause, “major change in shareholding pattern” shall mean the acquisition, by such person as specified in Regulation 7 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as in force from time to time, of such per cent of shares or voting rights in the Second Distribution Licensee as would entail a disclosure under clause (1) of that Regulation.

5.5 The Second Distribution Licensee shall ensure that its licensed business neither subsidizes in any way any other business undertaking of the licensee nor encumbers its distribution assets in any manner to support such other business(s).

5.6 The Second Distribution Licensee may engage any of its subsidiaries or holding Company or a subsidiary of such holding Company to provide any goods or services to the Second Distribution Licensee in connection with the Licensed Business, subject to the following conditions:

- (a) That such transaction shall be undertaken on an “arms-length basis” and at a value that is fair and reasonable in the circumstances, which, for the purposes of this clause, shall mean with respect to any specific transaction, substantially on terms that would be obtained between

the Second Distribution Licensee and a third party unrelated to and unconnected with the licensed business of the Second Distribution Licensee;

- (b) That the Second Distribution Licensee shall report to the Commission the details of all such transactions of the nature referred to in clause 5.6 (a) of this license, entered into during the financial year;
- (c) That the Second Distribution Licensee shall submit to the Commission, for each financial year, a certificate from a Chartered Accountant as regards compliance with the requirement of clause (a) above.

Explanation – For the purpose of this clause, the terms “subsidiary” and “holding company” shall have the same meaning as under Section 4 of the Companies Act, 1956.

5.7 The Second Distribution Licensee may undertake the distribution of electricity for a specified area within the area of supply through another person and such person shall not be required to obtain any separate license from the Commission and the Second Distribution Licensee shall be responsible for distribution of electricity in its area of supply.

Provided that the Second Distribution Licensee shall report, for each financial year, the details of any such arrangements entered into with any person, in such format as may be prescribed by the Commission.

5.8 The Second Distribution Licensee shall:

- (a) Prepare and submit to the Commission every year a detailed forecast of the demand for electricity in the area of supply in such manner and for such period(s) as may be specified by the Commission;
- (b) Purchase electrical generation capacity and energy in an efficient and economical manner under a transparent procurement process as approved by the Commission and in accordance with the guidelines issued by the Commission from time to time.
- (c) The Second Distribution Licensee shall submit its Capital Expenditure Plan to the Commission on grant of this License and subsequently every year.

6. Street works

The Second Distribution Licensee is authorized to carry out works upon railways, tramways, sewer, drain or tunnel/canals, and waterways or parts thereof within his area of supply and with prior permission of the Commission outside his area of supply if it is necessary to do so for the sake of maintenance of efficient, coordinated, and economized distribution of electricity within his area of supply subject to the provisions of Section 67 of the Act.

7. Network rollout

The Second Distribution Licensee shall adhere to the network rollout plan as approved by the Commission. The Second Distribution licensee shall submit to the Commission, Annual capital Expenditure plan every year, three months before the commencement of every financial year. The network rollout plan committed by the Second Distribution Licensee is as given below:

YEAR	FY 2006-07	FY 2007-08	FY 2008-09	FY2009-10
Rs. in CRORES	3.00	35.00	35.00	27.00

The Licensee must submit the CAPEX for approval of the Commission.

The Second Distribution Licensee shall provide electrical connection to all categories of consumers of the said area who will apply for the same within 24 months from the date of grant of this license under Section 43 of the Electricity Act 2003.

8. Accounts

8.1 The Second Distribution Licensee shall adhere to the capital and investment plan approved by the Commission.

- 8.2** The financial year of the Second Distribution Licensee shall run from the 1st of April to the following 31st of March of each year.
- 8.3** The Second Distribution Licensee shall in respect of the Licensed Business and the Other Business:
- (a) Keep such Allocation Statement as would be required, so that the revenues, costs, assets, liabilities, reserves and provisions for, reasonably attributable to the Licensed Business are separately identifiable in the books of Accounts of the Second Distribution Licensee.
 - (b) Adopt a fair and transparent cost allocation mechanism for the reasonable allocation of joint and common costs between the Licensed Business and the Other Business;
 - (c) Prepare on a consistent basis, the financial statements and Accounting Statements in accordance with the provisions of the Companies Act, 1956 and/or the standards or guidelines of the Institute of Chartered Accountants of India and submit the same to the Commission with Auditor's report not later than six months after the end of each financial year.

Explanation – References to costs or liabilities or reasonably attributable to Licensed Business or Other Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such Business and interest thereon.

- 8.4** The Second Distribution Licensee shall maintain appropriate accounting records and undertake such studies as the Commission may direct to enable the Commission to determine or estimate, as the case may be, the cost of supply to various tariff categories and cross-subsidy surcharge under sub-section (2) of Section 42 of the Act.
- 8.5** The Second Distribution Licensee shall maintain Asset Register for the asset in use, update them from time to time as may be necessary and shall provide the same as may be required by the Commission.
- 8.6** The Second Distribution Licensee shall upon request by any person make available a copy of its Accounting Statements or any such information at a reasonable price not exceeding the rate fixed in the Right to Information Act, 2005(22 of 2005) and Rules made thereunder.

9. Provision of Information to the Commission

- 9.1** The Second Distribution Licensee shall furnish to the Commission a five year Business Plan along with such information, documents and details related to the Licensed Business and/or the Other Business of the Second Distribution Licensee as the Commission may require within three months from the date of grant of this License.
- 9.2** The Commission may require the Second Distribution Licensee to intimate by the end of first quarter of each financial year the progress made in implementing the Business Plan of the previous financial year with the comparison of actual implementation vis-à-vis the Plan as approved by the Commission for a block of 5 years.
- 9.3** The Second Distribution Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Distribution Business and any other matter concerning the Licensed Business that the Commission considers necessary in the public interest. Such expenses shall be included in determination of Aggregate Revenue Requirement (ARR).

10. Technical Conditions

- 10.1** The Second Distribution Licensee shall develop and maintain an efficient, coordinated and economical distribution system in its area of supply and supply electricity in accordance with the provisions of the Act, Rules and Regulations made thereunder.
- 10.2** The Second Distribution Licensee shall comply with the provisions of the Grid Code in so far as is applicable to it.
- 10.3** At the request of the Commission, the Second Distribution Licensee is required to participate and assist the Commission to the extent required by the Commission in the development, issue and review of any standards, codes, procedures proposed or notified by the Commission. The Second Distribution Licensee shall implement all the Standards and Procedures approved by the Commission.
- 10.4** The Second Distribution Licensee shall install plants, equipments and meters and construct, maintain and operate electrical plants and electrical lines as per the technical safety and energy efficiency standards specified by the Authority under the Act and / or specified under any Act for the time being in force.
- 10.5** The Second Distribution Licensee shall comply with the provisions of JSERC (Distribution Licensees' Standard of Performance) Regulations, 2005 and Electricity Supply Code.

11. Annual License Fees

During the period that the License is in force, the Second Distribution Licensee shall, by the 10th of April of every year, or such further period as the Commission may allow, pay to the Commission the annual license fees of Rupees One lakh only or such amount of license fees fixed by the commission from time to time.

12. Tariff and Calculation of Revenue Requirements

- 12.1** The Second Distribution Licensee shall charge consumer for the supply of electricity in accordance with the Tariff Order issued by the Commission from time to time.
- 12.2** The Second Distribution Licensee shall file application for determination of Tariff by the Commission as per the Regulations issued by the Commission.
- 12.3** The Second Distribution Licensee shall follow the methodology and calculate the Revenue Requirements including the charges/expenses which it is allowed to recover in accordance with part VII of the Act, and Regulations and guidelines issued by the Commission and terms & conditions of this license.

13. Consumer Rights Statement

- 13.1** The Second Distribution Licensee shall, within three (3) months from the date of commencement of this license, prepare and submit to the Commission for approval, a consumer rights statement.
- 13.2** The Commission may, upon holding such consultation with such persons or bodies of persons whom the Commission considers as representing the interests of consumers likely to be affected by it, make such modification(s) to such consumer rights statement, as it considers necessary in public interest.
- 13.3** The Second Distribution Licensee shall provide a free copy of such approved consumer rights statement to all its consumers at the time of giving supply of electricity.
- 13.4** The Second Distribution Licensee shall put up a copy of such consumer rights statement on its Notice Board in the office premises and also on its internet website.

14. Modification of License

If any difficulty arises in giving effect to this license the Commission may, on the application of the Second Distribution Licensee or otherwise, make such alterations and amendments in the terms and conditions of this license as it thinks fit for removing such difficulty in accordance with law.

15. Revocation of license

In case of violation of any terms & conditions of this license and failure to comply any provisions of the Act, Rules & Regulations made thereunder by the Second Distribution Licensee the Commission may revoke the license and/or pass such other appropriate order or direction to that effect. Non-adherence to approved investment plan and the approved roll out plan may also result in revocation of the license.

16. Decision on Interpretation of License

In case of dispute with respect to the interpretation of this license and the terms and conditions thereof the same shall be determined by the Commission and the decision of the Commission shall be final and binding on the Second Distribution Licensee.

PART-III: SPECIFIC TERMS & CONDITIONS

17. The Second Distribution Licensee shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the Commission, to meet the fixed cost of such infrastructure of other licensee/source if prevailing in its area of supply.

Place: Ranchi
Date: 1st December 2006

Sd/-
(A.K. Mehta)
Secretary
Jharkhand State Electricity Regulatory
Commission, Ranchi

SCHEDULE (SECOND DISTRIBUTION LICENSE)

18. Specification of Area of supply:

**REVENUE DISTRICT OF
SARAIKELA-KHARSWAN
(Delineated in the map)**

19. Annexure:

**MAP OF THE AREA OF SUPPLY DULY
SIGNED WITH SEAL BY THE APPLICANT
AND APPROVED BY THE COMMISSION**

Place: Ranchi
Date: 1st December 2006

Sd/-
(A.K. Mehta)
Secretary
Jharkhand State Electricity
Regulatory Commission, Ranchi