Sri Nirmal
ABPS

Rajendra 3/6/2020

JCADVC

ASSOCIATION OF DVC HT CONSUMERS OF JHARKHAND

President

Dr. Hari Budhia

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Ranchi

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Joint Secrtary

Sri Pramod Agarwal

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Giridih

J.S.E.R.C. Ranchi
Dy No ... 170 ...
Dated 02/6/2020

ADHCJ/JSERC/07/2020-21 **May 30, 2020**

To,
The Secretary,
Jharkhand State Regulatory Commission,
New Police Line Road, Opposite C.M. House,
Kanke Road, Ranchi – 834008

Sub.: **Objections for True Up for Year 2018-19, APR for 2019-20 & ARR and Tariff for 2020-21**

Dear Sir,
We are enclosing herewith our objection for petition filed by Damodar Valley Corporation for True up for FY 2018-19 For Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand.

Further also enclosed objection for petition filed by Damodar Valley Corporation for Annual Performance Review (APR) for FY 2019-20, Determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2020-21 for Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand.

Kindly acknowledge us the receipt of the same.

Thanking you,

Yours faithfully,
for **Association of DVC HT Consumers of Jharkhand**

Pramod Agarwal

Joint Secretary
Pramod Agarwal
Ph: 9431144078
email: pkagrawal@shivamiron.com,
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C.C. to:
1. Mr. Manik Rakshit,
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for information & necessary action please.

BEFORE THE HON'BLE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION, RANCHI, JHARKHAND

Petition No. ________

IN THE MATTER OF: Petition filed by Damodar Valley Corporation for Annual Performance Review (APR) for FY 2019-20, Determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2020-21 for Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand.

Damodar Valley Corporation ...Petitioner

Versus

Association of DVC HT Consumers of Jharkhand ...Objector

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Objector

Association of DVC HT Consumers of Jharkhand

(Joint Secretary)

Mobile :- 943114407[illegible].

GIRIDIH

~~Ranchi~~, Jharkhand

BEFORE THE HON'BLE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION, RANCHI, JHARKHAND

Petition No. _______

IN THE MATTER OF: Petition filed by Damodar Valley Corporation for Annual Performance Review (APR) for FY 2019-20, Determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2020-21 for Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand.

IN THE MATTER OF:

Damodar Valley Corporation ...Petitioner

Versus

Association of DVC HT Consumers of Jharkhand ...Objector

REPLY ON BEHALF OF OBJECTOR, ASSOCIATION OF DVC HT CONSUMERS OF JHARKHAND

Most respectfully showeth:

1. I say that the instant petitions have been filed by Damodar Valley Corporation (hereinafter referred to as "DVC" or "Petitioner"), a statutory body incorporated under the provisions of the Damodar Valley Corporation Act, 1948 towards Annual Performance Review (APR) for FY 2019-20, Determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2020-21 for Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand.

2. It is respectfully submitted that the Association of DVC HT Consumers of Jharkhand, (hereinafter referred to as the 'Objector' or 'JCADVC') being the association of industries, represents the interest of member industrial houses receiving power from Damodar Valley Corporation in Jharkhand. The Objector has examined the instant Petitions, the additional submissions filed by the Petitioner towards APR for FY 2019-20 and ARR along with tariff determination for FY 2020-21 for Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand. In view of the noticeable and certain inadmissible departure and infirmities in the filing of the Petitioner, the Objector has evaluated the filings in context of the applicable legal and regulatory framework as well as accounting standards and norms and has finalised this Objection Statement based on various issues. The detailed Objections have been presented hereunder.

STATEMENT OF OBJECTIONS

Background

Damodar Valley Corporation (DVC) was created by enactment of the Damodar Valley Corporation Act, 1948 with an objective for the development of Damodar Valley area in Jharkhand and West Bengal.

DVC had filed an application dated 31.12.2019 for **Annual Performance Review (APR) for FY 2019-20, Determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2020-21** for the Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand before the Jharkhand State Electricity Regulatory Commission (hereinafter referred to as the '**Hon'ble JSERC**' or the '**Hon'ble Commission**'). Thereafter, in compliance with the directions of Hon'ble JSERC vide letter no. JSERC Case (Tariff) No. 01 of 2020/433 dated 18.02.2020, DVC further filed additional submissions dated 03.03.2020 in response to the queries of Hon'ble JSERC in the aforesaid Petition.

The Petition for APR for FY 2019-20, ARR and tariff determination for FY 2020-21 which have been prepared by DVC purportedly based on the projections on the input cost as per the Tariff orders issued by the Hon'ble Central Electricity Regulatory Commission (herein after referred to as '**Hon'ble CERC**' or '**Central Commission**') for the FY 2014-19 period for the respective generating station, transmission & distribution (herein after referred to as the '**T&D**') network of DVC.

The Petition has been filed by DVC in terms of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 notified dated 10.11.2015 (herein after referred to as '**Tariff Regulations**').This Objections Report presents the objections/comments of **Association of DVC HT Consumers of Jharkhand**, against the application of DVC in respect of APR for FY 2019-20, ARR and Tariff determination for FY 2020-21 for its distribution and retail supply of electricity for the part of the Damodar Valley area falling within the territory of State of Jharkhand.

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1. Summary of Points of Objections

Table 1: Revenue Gap as per Objector's Assessment v/s Petitioner's claim for the FY 2019-20

(in Rs. Crore)

S. No.	Particulars	As per Tariff Order dated 28.05.2019	APR claimed by the Petitioner	As per Objector's Assessment	Disallowance proposed by the Objector
1	Own Generation Cost	6,995.75	7,242.23	5,968.04	1,274.18
2	Power Purchase Cost (incl. Transmission charges, excl. RPO)	696.89	869.98	842.59	27.38
3	**Gross ARR (1+2)**	**7,692.64**	**8,112.20**	**6,810.64**	**1,301.56**
4	Non-Tariff Income	48.53	48.53	432.09	(383.56)
5	Add: Tariff filing and Publication Expenses for CERC	5.22	4.81	4.81	-
6	Add: Water & Pollution Cess	0.25	0.20	0.20	-
7	**Net ARR DVC (3-4+5+6)**	**7,649.58**	**8,068.68**	**6,383.56**	**1,685.12**
8	**Net ARR allocated in the State of Jharkhand (At the ratio of Sales)**	**3,425.48**	**3,492.92**	**2,763.29**	**729.63**
9	Cost of RPO	114.27	169.66	169.66	-
10	Add: Tariff filing fees & Publication fees expenses in Jharkhand	0.76	0.57	0.57	-
11	Add: Interest on Security Deposit in Jharkhand	0.45	3.83	3.85	(0.02)
12	Add: Interest On Working Capital (IWC) Jharkhand	4.45	67.49	3.68	63.81
13	LESS: Disallowance due to excessive power purchase (as per normative T&D Losses)	-	-	-5.21	5.21
14	**Total ARR of DVC in Jharkhand area (8+9+10+11+12-13)**	**3,545.41**	**3,734.47**	**2,935.84**	**798.63**
15	MUs Sold in Jharkhand	7,188.05	6,848.32	6,848.32	
16	**Average Rate (Rs./Kwh)**	**4.93**	**5.45**	**4.29**	

Table 2: Revenue Gap for as per Objector's Assessment v/s Petitioner's claim for the FY 2020-21

(in Rs. Crore)

S. No.	Particulars	As per MYT Order dated 18.05.2018	ARR claimed by the Petitioner	As per Objector's Assessment	Disallowance proposed by the Objector
1	Own Generation Cost	11,198.09	7,868.73	6,282.48	1,586.25
2	Power Purchase Cost (incl. Transmission charges, excl. RPO)	345.61	774.79	766.93	7.86
3	**Gross ARR (1+2)**	**11,543.70**	**8,643.51**	**7,049.41**	**1,594.10**
4	Non-Tariff Income	62.63	50.96	432.09	(381.13)
5	Add: Tariff filing and Publication Expenses for CERC	5.34	4.74	4.74	-
6	Add: Water & Pollution Cess	4.13	0.25	0.25	-
7	**Net ARR DVC (3-4+5+6)**	**11,490.54**	**8,597.55**	**6,622.31**	**1,975.24**
8	**Net ARR allocated in the State of Jharkhand (At the ratio of Sales)**	**6,009.55**	**3,791.28**	**2,920.10**	**871.18**
9	Cost of RPO	196.33	182.51	182.51	-
10	Add: Tariff filing fees & Publication fees expenses in Jharkhand	0.48	0.64	0.64	-
11	Add: Interest on Security Deposit in Jharkhand	0.48	3.93	3.93	-
12	Add: Interest On Working Capital (IWC) Jharkhand	8.49	73.80	3.89	69.91
13	LESS: Disallowance due to excessive power purchase (as per normative T&D Losses)	-	-	(9.27)	9.27
14	**Total ARR of DVC in Jharkhand area (8+9+10+11+12-13)**	**6,215.33**	**4,052.15**	**3,101.80**	**950.35**
15	MU Sold in Jharkhand	11,495.09	7,269.13	7,269.13	
16	**Average Rate (Rs./Kwh)**	**5.41**	**5.57**	**4.27**	

Table 3: Total Disallowance proposed by the Objector for FY 2019-20

(in Rs. Crore)

S. NO.	Particulars	FY 2019-20
1	ARR as per Petitioner's submission	3,734.47
2	ARR as per Objector's Assessment	2,935.84
3	**Disallowance proposed in the ARR (1-2)**	**798.63**

Table 4: Total Disallowance proposed by the Objector for the FY 2020-21

(in Rs. Crore)

S. NO.	Particulars	FY 2020-21
1	ARR as per Petitioner's submission	4,052.15
2	ARR as per Objector's Assessment	3,101.80
3	**Disallowance proposed in the ARR (1-2)**	**950.35**

2. Points of Objections

The point-wise objections against the Petition towards APR for FY 2019-20 and ARR for FY 2020-21 of DVC are herein mentioned below:

2.1 Loss Levels

The Petitioner has estimated the T&D loss of 3.34% and 3.30% for FY 2019-20 and FY 2020-21 respectively as against 3.23% as approved by the Hon'ble Commission for the FY 2019-20 in the Tariff Order dated 28.05.2019.

Objections:

2.1.1 It is respectfully submitted that the Distribution Loss has been classified as a controllable parameter under Clause 5.30 of the Tariff Regulations, 2015. In view thereof, the distribution & retail tariff has to be framed strictly in line with the provisions of the Tariff Regulations framed by the Hon'ble Commission; thereby the normative T&D loss of 3.23% has to be considered instead of 3.34% and 3.30% for the FY 2019-20 and FY 2020-21 as claimed by the Petitioner.

2.1.2 It is also pointed out that the Petitioner has achieved T&D Loss levels of 3.23% in FY 2016-17. It was on this ground that the Hon'ble Commission had approved the Loss levels of 3.23% for the FY 2017-18, FY 2018-19 and FY 2019-20. The Hon'ble Commission in the MYT Order dated 18.05.2018 had also defined reducing Loss Levels trajectory for the Control Period. Allowing a higher T&D Loss level than that what is achieved in the preceding years would tantamount to passing the inefficiency of DVC on to the consumers.

2.1.3 It is respectfully submitted that the Hon'ble Commission had disallowed the actual Loss levels claimed by the Petitioner for the period FY 2012-13 to FY 2015-16 vide Order dated 18.05.2018. The relevant extracts of such order are reproduced below:

> *"4.15 The Commission, in the MYT Order dated 4th September 2014, had set a T&D loss target of 3.00% for the Period from FY 2012-13 to FY 2015-16. The Commission observes that the Petitioner has failed to achieve the loss target in the year FY 2015-16. Accordingly, the Commission finds it prudent to adopt the T&D loss of 3.00% for FY 2015-16 and thus power procured in excess of normative loss level has been disallowed."*

2.1.4 The excessive energy on account of the difference between the T&D loss claimed and allowable is around 18.8 MUs and 30.9 MUs for the FY 2019-20 and FY 2020-21 which is demonstrated in the table below. The financial impact of the same is to the tune of Rs. 5.21 and 9.27 Crore respectively, which is explained in the subsequent section titled 'Power purchase costs'.

Table 5: Excessive Power Purchase due to Higher T&D Losses for FY 2019-20

Particulars	As per Tariff Order dated 28.05.2019	As per Petitioner	As per Objector's Assessment	Disallowance (MUs)
Energy sales within the state of Jharkhand	7,188.05	6,848.3	6,848.3	18.8
Energy sales within the state of West Bengal	8,863.9	8,972.2	8,972.2	
Total energy sales in DVC Area	16,052.0	15,820.5	15,820.5	
Energy wheeled	968.3	840.7	840.7	
Overall Utilization	17,020.25	16,661.2	16,661.2	
T&D loss (MU)	568.1	575.0	556.1	
T&D loss (%)	**3.23%**	**3.34%**	**3.23%**	
Total Energy Requirement for DVC	17,588.4	17,236.2	17,217.4	

Table 6: Excessive Power Purchase due to Higher T&D Losses for FY 2020-21

Particulars	As per Petitioner	As per Objector's Assessment	Disallowance (Mus)
Energy sales within the state of Jharkhand	7,269.1	7,269.1	30.9
Energy sales within the state of West Bengal	9,216.0	9,216.0	
Total energy sales in DVC Area	16,485.2	16,485.2	
Energy wheeled	855.0	855.0	
Overall Utilization	17,340.2	17,340.2	
T&D loss (MU)	591.0	560.1	
T&D loss (%)	**3.30%**	**3.23%**	
Total Energy Requirement for DVC	17,931.2	17,900.3	

2.2 OWN GENERATION COST

The Petitioner has projected the cost of own generation for FY 2019-20 by applying an Escalation rate of 2.5% over the input cost (both fixed and energy charges) for FY 2018-19 as approved in the Tariff Orders issued by the Hon'ble CERC for the period FY 2014-19 and for T&D system based on True-up order for FY 2009-14.

Furthermore, an additional 2.5% Escalation rate over FY 2019-20 projected costs is being considered by the Petitioner for estimating Input costs for FY 2020-21.

Additionally, the Petitioner has computed APR for FY 2019-20 and ARR for FY 2020-21 considering the entire pension, gratuity and sinking fund contribution as determined by the CERC for its stations without applying the actual Plant availability factor on the same.

Objections:

2.2.1 The Petitioner for the computation of own generation cost has considered the following:

- Considered an escalation of 2.50% in fixed charges over the fixed charges approved in CERC order for FY 2018-19
- Considered an escalation of 2.50% in energy charges over the actual energy charges for FY 2018-19 (which has also been claimed in true-up for FY 2018-19)

The above mentioned approach is contrary to the provisions of Clause 10(4) of the CERC (Terms and Conditions of Tariff) Regulations 2019 ("CERC Regulations 2019"). It is settled in law that the DVC is bound to consider the input cost for its generating stations and T&D system as per CERC Orders. The CERC Regulations 2019 expressly provides that the generating companies are bound to bill the same fixed charges as applicable as on 31.3.2019 for the period starting from 1.4.2019 till approval of final capacity charges by the Hon'ble CERC. Further, in respect of energy charges, the proviso to Clause 10(4) provides that the energy charges w.e.f 1.4.2019 shall be as per the operational norms specified in the CERC Regulations 2019. Thus, it is evidently clear that there is neither any provision to consider 2.5% escalation in case of fixed charges nor in case of energy charges. The relevant extracts of Clause 10(4) of the CERC Regulations 2019 are reproduced below:

> *"(4) In case of the existing projects, the generating company or the transmission licensee, as the case may be, shall continue to bill the beneficiaries or the long term customers at the capacity charges or the transmission charges respectively as approved by the Commission and applicable as on 31.3.2019 for the period starting from 1.4.2019 till approval of final capacity charges or transmission charges by the Commission in accordance with these regulations:*
>
> *Provided that the billing for energy charges w.e.f. 1.4.2019 shall be as per the operational norms specified in these regulations."*

Thus, the approach of the Petitioner to consider an ad hoc escalation of 2.50% for computing the energy charges and fixed charges for FY 2019-20 and 2020-21 is arbitrary and ought to be rejected. The financial impact of the same is around Rs. 510.34 and 665.90 Crore for the FY 2019-20 and FY 2020-21.

2.2.2 The Petitioner has considered the ARR for T&D system based on the True up Order for FY 2009-14. It is pointed out that the Hon'ble CERC has issued the ARR for T&D system as per the following Orders:

- Orders dated 09.08.2019 in Petition No. 150-TT-2018 in the matter of "Approval of tariff for Transmission & Distribution system activities of the network in respect of DVC for the tariff period 2014-19".

- Order dated 05.02.2020 in Petition No. 335-TT-2018 in the matter of "Approval of transmission tariff for new transmission element and combining with the existing system of transmission and distribution system activities of the network in respect of DVC for the tariff period 2014-19".

It is respectfully submitted that the Hon'ble Commission is bound to consider the input cost for T&D system from the most recent and relevant Orders issued by the Hon'ble CERC which are Order dated 09.08.2019 and 05.02.2020. It is pointed out that the ARR allowed for FY 2018-19 in such CERC orders is Rs. 371.82 Crore as against Rs. 541.60 and Rs. 554.45 Crore as claimed by the Petitioner for the FY 2019-20 and FY 2020-21 respectively. Thus, the disallowance is Rs. 169.78 Crore and Rs. 182.62 Crore for the FY 2019-20 and FY 2020-21 respectively.

2.2.3 The Petitioner has claimed Pension and Gratuity and Sinking Fund as "pass thru" amounting to Rs. 2.14 Crore for the FY 2019-20. Such an approach is contrary to the CERC Regulations as well as past Orders issued by Hon'ble APTEL and Hon'ble JSERC/ WBERC. The Objections on this account are summarized below:

i. JSERC Order dated 04.09.2014 in the matter of "Multi Year Order for Determination of ARR from FY 2013-14 to FY 2015-16 and Retail Supply Tariff for DVC Command area of Jharkhand" with regard to Pension and Gratuity observed as follows:

> *"Commission's Analysis 6.72 The Commission is of the view that the contribution to Pension and Gratuity and Sinking fund has already been considered by CERC in the Annual Fixed Charges of the DVC's generating stations and as per Section 21 of the CERC Regulations, the fixed costs of the generating stations shall be computed on annual basis based on actual plant availability factor as well as the normative plant availability factor. Hence, the claim of the Petitioner finds no merit and accordingly the Commission has disallowed the cost claimed by the Petitioner under this head."*

ii. APTEL judgment dated 23.03.2016 in Appeal No. 255 of 2014 with regard to treatment of Pension and Gratuity costs. The relevant extract of the said judgment is reproduced below:

> *"(k) As regards the another issue of pension & gratuity and sinking fund contribution, the State Commission in its Impugned Order dated 04.09.2014 vide para 6.72 states as follows:*
>
> *"6.72 The Commission is of the view that the contribution to Pension and Gratuity and Sinking fund has already been considered by CERC in the Annual Fixed Charges of the DVC's generating stations and as per Section 21 of the CERC Regulations, the fixed costs of the generating stations shall be computed on annual basis based on actual plant availability factor as well as the normative plant availability factor. Hence, the claim of the Petitioner finds no merit and accordingly the*

Commission has disallowed the cost claimed by the Petitioner under this head.

The State Commission has stated that the pension & gratuity and sinking fund has been appropriately considered by the Central Commission while determining tariff of generating stations of the Appellant and hence the State Commission has not undertaken any determination/re-determination on the same and this cost has in fact been allowed as input cost as part of the power procurement cost from the Appellant's generating stations and as such no part of it is required to be re-determined by the State Commission. ***We are in agreement with the State Commission's findings as above****." (****Emphasis Supplied****)*

2.2.4 As is evident from the above findings of Hon'ble APTEL, the issue of adjustment of contribution to P&G and sinking fund based on the actual availability has already been settled by the Hon'ble APTEL as well as by both Hon'ble JSERC & WBERC in plethora of Orders. The Petitioner, despite being fully aware of this fact is trying to rake up the same issue every time before Hon'ble Commission. The Petitioner has continued to do the same in the current petition, intentionally mentioning selective portions of various orders out of context, so as to mislead the Hon'ble Commission. The Objector humbly requests the Hon'ble Commission to reprimand the Petitioner for such conduct and issue strict directions for not raising the same issue repeatedly before the Hon'ble Commission.

2.2.5 The Petitioner has submitted the Plant Availability Factor (PAF) for own generating stations and subsequently computed the Net-Ex Bus Energy. On a closer scrutiny of the computations submitted by the Petitioner, it can be observed that there is a significant difference between the Actual Net Ex-Bus Energy and that of Petitioner's Submission of Net Ex-bus Energy. In view of the recovery of Annual Fixed Charges, the Petitioner is trying to consider maximum PAF for the recovery of AFC while not making available the ex-bus energy to the extent of obliged PAF. Such practice adopted by the Petitioner to recover the Capacity Charges is an unnecessary burden to the consumers and is against the Tariff Principles/Regulations. The tables below show the computation of PAF as per the Objector's assessment considering the same Net-Ex Bus Energy as declared by the Petitioner for the respective years:

Table 7: Plant Availability Factor as per Objector for FY 2019-20

S. No.	Name of the generating Station	Plant Capacity (MW)	Normative Plant Availability	Allocation to Firm Consumers (MU)	Auxiliary Consumption	% share of generation for firm consumers	Plant Availability Factor (PAF) as per Objector
			(%)	(MU)	(%)	(%)	(%)
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]=[5]/[3]*[1-[6]%]*[7]*8.76
1	BTPS Unit III	210	75.00	377.56	10.25	100.00	**22.87**
3	DTPS Unit IV	210	74.00	495.37	10.50	100.00	**30.09**
4	MTPS Unit I to III	630	85.00	2,776.76	9.00	100.00	**55.29**
5	MTPS Unit IV	210	85.00	1,086.35	9.00	100.00	**64.89**
6	Hydel (PHS, THS, MHS)	147	80.00	198.00	-	100.00	**15.36**
8	MTPS Unit V, VI	500	85.00	1,555.34	9.00	52.18	**74.78**
9	MTPS PH II Unit VII, VIII	1000	85.00	1,727.73	5.25	30.86	**67.46**
10	CTPS Unit VII, VIII	500	85.00	496.34	9.00	16.20	**76.85**
11	DSTPS (New) Unit I, II	1000	85.00	3,122.84	5.25	51.28	**73.36**
12	KTPS Unit I, II	1000	85.00	0.00	5.25	0.00	**0.00**
14	BTPS A	500	85.00	1,110.00	5.25	37.35	**71.60**
13	RTPS Unit I, II	1200	85.00	1,435.84	5.25	27.12	**53.16**

Table 8: Plant Availability Factor as per Objector for FY 2020-21

S. No.	Name of the generating Station	Plant Capacity (MW)	Normative Plant Availability (NAPAF)	Allocation to Firm Consumers (MU)	Auxiliary Consumption	Percentage share of generation for firm consumers	Plant Availability Factor (PAF) as per Objector
			(%)	(MUs)	(%)	(%)	(%)
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]=[5]/[3]*[1-[6]%]*[7]*8.76
1	BTPS Unit III	210	75.00	660.42	10.25	100.00	**40.00**
3	DTPS Unit IV	210	74.00	731.84	10.50	100.00	**44.45**
4	MTPS Unit I to III	630	85.00	2829.71	9.00	100.00	**56.35**
5	MTPS Unit IV	210	85.00	871.71	9.00	100.00	**5207**
6	Hydel	147	80.00	227.70	-	100.00	**17.66**
8	MTPS Unit V, VI	500	85.00	1462.56	9.00	55.16	**66.52**
9	MTPS PH II Unit VII, VIII	1000	85.00	993.30	5.25	16.71	**71.62**
10	CTPS Unit VII, VIII	500	85.00	105.62	9.00	3.56	**74.34**
11	DSTPS (New) Unit I, II	1000	85.00	3279.06	5.25	55.16	**71.62**
12	KTPS Unit I, II	1000	85.00	297.23	5.25	5.00	**71.62**
14	BTPS A	500	85.00	1405.33	5.25	47.28	**71.62**
13	RTPS Unit I, II	1200	85.00	2380.03	5.25	35.86	**66.64**

2.2.6 The Petitioner has not followed the methodology for the Computation of Capacity charge and Energy Charge for Hydro Generating Stations (MHS, PHS and THS) as envisaged under Section 31 of CERC Tariff Regulations 2014. The Objector prays that the Hon'ble Commission may direct the Petitioner to strictly adhere to the methodology specified in the relevant Section of the CERC Regulations.

2.2.7 Based on the aforesaid submissions on the Input Cost, the Objector requests to the Hon'ble Commission to

- Allow Rs. 5,968.04 Crore against the Petitioner's submission of Rs. 7,242.23 Crore for the FY 2019-20.
- Allow Rs. 6,282.48 Crore against the Petitioner's submission of Rs. 7,868.73 Crore for the FY 2020-21.

The disallowances on the part of the own generation cost for the FY 2019-20 and FY 2020-21 is surmised in the table below:

Table 9: Disallowances in Own Generation Costs proposed by the Objector

(in Rs. Crore)

Particulars	Disallowance	
	FY 2019-20	FY 2020-21
Impact due to escalation in AFC and ECR	510.34	665.90
Impact due to Higher T&D Cost	169.78	182.62
Impact due to P&G and Sinking Fund	2.14	0
Impact due to PAF	591.92	737.73
Capacity and Energy Charges for Hydel Stations	0	0
Disallowance in Power Purchase Cost	**1,274.18**	**1,586.25**
Disallowance proposed for JH	**551.59**	**699.38**

2.2.8 The detailed computation for the cost of own generation for FY 2019-20 and FY 2020-21 are as below:

Table 10: Detailed Computation of the cost of own generation for FY 2019-20

S. No.	Name of the generating Station	Normative Availability (NAPAF)	Actual Plant Availability (PAF) as per Objector	Ex- bus Energy	% share of generation for firm consumers	Share of Energy for sale to consumers of DVC	Annual Fixed cost as considered by the Objector	Allowable Fixed cost as per PAF	Total fixed cost applicable for the Distribution activity	Energy charge Rate	Energy charge	Total Cost of Generation
		(%)	(%)	(MU)	(%)	(MU)	Rs. Crore	Rs. Crore	Rs. Crore	Paise/ kWh	Rs. Crore	Rs. Crore
[1]	[2]	[3]	[4]	[5]	[6]	[(7)= (5) x (6)/100]	[10]	[9]	[(10)=(9)x(6)]	[11]	[12]	[(13)=(10) +(12)]
1	BTPS U 3	75.00	22.87%	377.56	100.00%	377.56	95.37	29.08	29.08	210.24	79.38	108.46
2	DTPS U 4	74.00	30.09%	495.37	100.00%	495.37	112.50	45.74	45.74	328.89	162.92	208.66
3	MTPS 1 to 3	85.00	55.29%	2,776.7	100.00%	2,776.76	362.06	235.52	235.52	287.14	797.32	1,032.83
4	MTPS 4	85.00	64.89%	1,086.3	100.00%	1,086.35	118.93	90.80	90.80	286.40	311.13	401.93
5	Hydel	80.00	15.36%	198.00	100.00%	198.00	70.52	6.77	6.77	34.18	6.77	13.54
6	T&D System	98.00			0.00%	-	371.82	371.82	371.82	-	-	371.82
7	MTPS U 5 & 6	85.00	74.78%	2,980.4	52.18%	1,555.34	473.78	416.79	217.50	290.25	451.44	668.94
8	MTPS U 7 & 8	85.00	67.46%	5,599.2	30.86%	1,727.73	1,019.21	808.89	249.59	266.13	459.80	709.39
9	CTPS U 7 & 8	85.00	76.85%	3,063.2	16.20%	496.34	530.60	479.75	77.73	188.31	93.47	171.20
10	DSTPS U 1 & 2	85.00	73.36%	6,089.3	51.28%	3,122.84	1,104.17	953.03	488.74	252.70	789.14	1277.88
11	KTPS U 1 & 2	85.00	0.00%	0.00	0.00%	-	1,175.74	-	-	205.72	0.0	0.00
12	BTPS A	85.00	71.60%	2,971.6	37.35%	1,110.00	771.89	650.24	242.89	165.29	183.47	426.36
13	RTPS U 1 & 2	85.00	53.16%	5,294.7	27.12%	1,435.84	1,395.55	872.79	236.68	237.03	340.34	577.02
	Total					**14,382.12**	**7,602.1**	**4,961.21**	**2,292.87**		**3,675.17**	**5,968.04**

Table 11: Detailed Computation of the cost of own generation for FY 2020-21

S. No.	Name of the generating Station	Normative Availability (NAPAF)	Actual Plant Availability (PAF) as per Objector	Ex- bus Energy	% share of generation for firm consumers	Share of Energy for sale to consumers of DVC	Annual Fixed cost as considered by the Objector	Annual Fixed Charges as per PAF	Total fixed cost applicable for the Distribution activity	Energy charge Rate	Energy charge	Total Cost of Generation
		(%)	(%)	(MU)	(%)	(MU)	Rs. Crore	Rs. Crore	Rs. Crore	Paise/ kWh	Rs. Crore	Rs. Crore
[1]	[2]	[3]	[4]	[5]	[6]	[(7)= (5) x (6)/100]	[10]	[9]	[(10)=(9)x(6)]	[11]	[(12)=(7) x(11)/10	[(13)=(10) +(12)]
1	BTPS U 3	75.00	40.00	660.42	100.00	660.42	95.37	50.86	50.86	210.24	138.85	189.71
2	DTPS U 4	74.00	44.45	731.84	100.00	731.84	112.50	67.57	67.57	328.89	240.69	308.27
3	MTPS 1 to 3	85.00	56.35	2,829.7	100.00	2,829.71	362.06	240.01	240.01	287.14	812.52	1,052.53
4	MTPS 4	85.00	52.07	871.71	100.00	871.71	118.93	72.86	72.86	286.40	249.66	322.52
5	Hydel	80.00	17.66	227.7	100.00	227.70	70.52	15.57	7.78	34.18	7.78	15.57
6	T&D System	98.00			100.00	-	371.82	-	371.82	-	-	371.82
7	MTPS Unit V, VI	85.00	66.52	2,651.4	55.16	1,462.56	473.78	370.78	204.53	290.25	424.51	629.04
8	MTPS U 5 & 6	85.00	71.62	5,944.5	16.71	993.30	1,019.21	858.77	143.50	266.13	264.35	407.84
9	MTPS U 7 & 8	85.00	74.34	2,963.2	3.56	105.62	530.60	464.06	16.54	188.31	19.89	36.43
10	CTPS U 7 & 8	85.00	71.62	5,944.5	55.16	3,279.06	1,104.17	930.34	513.19	252.70	828.62	1,341.81
11	KTPS U 1 & 2	85.00	71.62	5,944.4	5.00	297.23	1,175.74	990.66	49.53	205.72	61.15	110.68
12	BTPS A	85.00	71.62	2,972.3	47.28	1,405.33	771.89	650.39	307.51	165.29	232.29	539.80
13	RTPS U 1 & 2	85.00	66.64	6,637.9	35.86	2,380.03	1,395.55	1,094.19	392.32	237.03	564.14	956.46
	Total					**15,244.5**	**7,602.1**	**5,806.06**	**2,438.04**		**3,844.44**	**6,282.48**

2.3 POWER PURCHASE COST

The Petitioner has estimated Power Purchase of 2,025.4 MUs during FY 2019-20 and 1,750 MUs for FY 2020-21. This excludes the solar power purchase quantum towards fulfilment of its Renewable Purchase Obligation (RPO) during the aforesaid years.

Objections:

2.3.1 It is pointed out that the Petitioner has estimated 372.2 MUs and 150 MUs for the FY 2019-20 and FY 2020-21 respectively as energy from Power Exchange at an average cost of 350 paisa/ kWh. Most of the proposed purchase from Power Exchange is in the months of September to November. It is respectfully submitted that the average price of the power from IEX during the period September 2019 - November 2019 during which the Petitioner procures maximum amount of contingency power was around 276.4 paisa/ kWh which has been considered for the FY 2019-20, while for the FY 2020-21 period, the rates considered is the average price of FY 2019-20 period which as per the IEX stood at 299.7 paisa/ kWh. This is significantly lower to the Petitioner's submission of 350 paisa/ kWh. In view of this, the Hon'ble Commission is respectfully submitted to kindly approve the power purchase from exchange at 276.4 and 299.7 paisa/ kWh for the FY 2019-20 and FY 2020-21 respectively and the disallowance on the same is Rs. 27.38 and Rs. 7.86 Crore respectively.

2.3.2 The Hon'ble Commission in the Order dated 18.05.2018 for the True up for FY 2015-16 has prescribed the approach towards disallowance of power procured in excess of normative loss levels. The relevant extract of the same is reproduced below:

> *"In order to disallow power procured in excess of normative loss level, the Commission has, first, disallowed the power procured through the UI mechanism to the extent of difference in power procured based on actual and normative T&D loss since purchase through UI indicates inefficiency in forecasting and scheduling on behalf of the Licensee and such inefficiency cannot be passed on to the consumer. After such disallowance of power procured through UI mechanism, the Commission has then adopted the Merit Order Dispatch principle and the Commission has disallowed the purchase of energy from generating stations (except hydro) having the highest variable cost per unit among all the CSGS and other sources from where DVC procures power."*

2.3.3 The Objector in its assessment has followed the same approach as defined by the Hon'ble Commission and has disallowed the purchase of 18.8 and 30.9 MUs (*ref.* Table 3 above) for the FY 2019-20 and FY 2020-21 respectively from Power purchased through exchange having the highest cost per unit. The financial impact of the same is Rs. 5.20 and 9.27 Crore which is ought to be disallowed to the Petitioner for the FY 2019-20 and FY 2020-21 respectively.

2.3.4 Accordingly, the Hon'ble Commission is humbly submitted to allow power purchase cost of Rs. 837.39 Crore as against the Petitioner's claim of Rs. 869.98 Crore for FY 2019-20. Similarly, the allowable power purchase expense as per Objector's assessment is Rs. 757.67 Crore in FY 2020-21 as against the Petitioner's claim of Rs. 774.79 Crore. The disallowance on both the accounts is as per the table below:

Table 12: Disallowance in Power Purchase Cost for FY 2019-20

(in Rs. Crore)

Particulars	Disallowance
Impact of higher Exchange prices	27.38
Impact of excess energy due to higher T&D Loss	5.21
Total impact	**32.59**

Table 13: Disallowance in Power Purchase Cost for FY 2020-21

(in Rs. Crore)

Particulars	Disallowance
Impact of higher Exchange prices	7.86
Impact of excess energy due to higher T&D Loss	9.27
Total impact	**17.12**

2.4 NON- TARIFF INCOME

The Petitioner has estimated the non-tariff income in its Petition for APR for FY 2019-20 and ARR for FY 2020-21 as Rs. 48.93 Crore and Rs. 50.96 Crore respectively.

Objections:

2.4.1 Non-Tariff Income has been defined under the Tariff Regulations framed by the Hon'ble JSERC as under:

"n) "Non-Tariff Income" means income relating to the Licensed business other than from tariff (Wheeling and Retail Supply), and excluding any income from Other Business, cross-subsidy surcharge and additional surcharge;

6.50 All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Licensee shall constitute non-tariff income of the Licensee;

6.51 The amount received by the Licensee on account of non-tariff income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee."

2.4.2 Evidently, the above definition of Non-tariff Income itself provides for items to be excluded from Non-tariff income. Any other income earned by the Petitioner has to be treated as Non-Tariff Income in terms of the aforesaid Regulations and applied as a reduction from the ARR.

2.4.3 A detailed analysis of the audited accounts of DVC available up to FY 2018-19, reveals that the actual incomes earned by the Petitioner are far in excess of what it has been claiming for reduction in the yearly APR submitted in the current petition. The table below exhibits the actual non-tariff incomes as per audited accounts up to FY 2018-19.

Table 14: Previous Years Non Tariff Income (As per Audited Accounts)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Incomes attributable to Power Business:						
Rental Charges	3.01	4.43	1.71	7.30	5.02	4.88
Recovery of old dues						
DPS						
Miscellaneous	49.01	89.41	72.97	164.16	46.76	91.57
Dividend Income from PTC and BPSCL	2.35	2.35	2.35	2.35	2.55	2.85
Interest on Bonds	134.13	120.37	106.62	92.86	79.11	65.35
Interest on short term deposit & others	117.57	248.78	187.53	60.48	1.37	0.20
Share of dams	0.21	0.21	0.21	0.28	0.28	0.10
Share of subsidiary activities	0.08	0.08	0.09	1.41	0.23	0.25
Total	**306.35**	**465.63**	**371.47**	**328.85**	**135.33**	**165.20**

Table 15: Previous Years Non Tariff Income (contd.) (As per Audited Accounts)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
a) Interest							
from Employee loans & advances	0.63	0.79	0.5	0.47	0.75	0.59	0.45
from Noncurrent investment	51.74	38.25	25.72	12.54	1.4	1.36	1.7
on IT Refund	4.63		7.28	2.41	75.17	123.87	0.61
Int. On Security Deposit- other than Power Purchase							
Int. On Security Deposit- Power Purchase		0.43	0.04	0.06	0.23	0.19	
on adv. to contractors & Suppliers		0.05		0.6	0.02		
on Short term Deposit	1.43	33.55	0.23	0.09	5.36	0.04	0.67
b) Dividend							
Dividend- Non current investment	2.85	2.98	4.71	29.19	45.14	27.28	54.14

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
c) Other Non operating income							
Delayed Payment Surcharge	231.60	20.79	71.57	28.27	621.42	616.96	324.08
Income from service charge		74.65				0.04	0.05
Profit on disposal of fixed assets	0.12	0.25	3.02	4.91	0.87	0.79	3.90
Provisional written back - doubtful debts		121.81	49.24	61.86		58.86	
Provisional income tax written back	5.64				117.27	228.75	
Other misc. Income	46.82	47.61	29.96	46.58	40.75	54.76	34.07
Sub -Total Direct	**352.5**	**341.2**	**192.3**	**187**		**1113.5**	**419.7**
Sh of Revenue Income							
Hd 6	0.66	4.89	6.06	12.84	9.71	8.62	
Hd 5	0.19	0.14	0.18	0.81	0.2	0.18	
Inter Head Transfer							13.72
Common Service	-0.01	-0.01	-0.02	-0.05	-0.06	-0.05	-0.10
Capitalized	-5.79	-3.57	-5.78	-33.98	-0.66	-0.11	-1.20
Hd 1	-0.27	0.04	-0.01	-0.01	-0.01	-	
Hd 4	0.23	0.59	0.26	0.68	0.52	1.11	
Total Share	**-4.99**	**2.08**	0.69	**-19.71**	**9.7**	9.75	**12.42**
Total Direct & Share	**347.5**	**343.3**	**193.0**	**167.3**	**919.0**	**1123.2***	**432.1***

* Objector's claim for true-up of FY 2017-18 and FY 2018-19

2.4.4 It is pertinent to state that the Hon'ble Commission has made following observations in the Order dated 19.04.2017 while dealing with the issue of non-tariff income:

"Non-Tariff Income (NTI)

Commission's Analysis:

5.51 The Commission observed that the Petitioner has claimed non-tariff income only to the extent of the Delayed Payment Surcharge (DPS). Further, ***the NTI, as reflected in the audited annual accounts, was in excess of the non-tariff income as claimed by the Petitioner.*** *The Commission also notes that DVC, being a vertically integrated organisation, also carries out the business of generation and transmission of electricity besides distribution.* ***Accordingly, the Commission directed the Petitioner to submit information on non-tariff income, as per audited accounts, segregated into generation, transmission and distribution business.***

....

....

5.53 The Commission has taken note of the fact that entire capital expenditure of the Petitioner is attributable to the generation and transmission business as the Petitioner does not claim any capital expenditure for the distribution business. ***Accordingly, the non-tariff***

income, other than the Delayed Payment Surcharge, may be attributable to the generation and transmission business.

5.54 However, the Commission also notes that non-tariff income attributable to the generation and transmission business ultimately impacts the end-use consumer as the costs (net of any revenue) for generation and transmission business become the input costs for distribution business which drive the retail tariffs applicable for the end-consumer. ***Hence, the Commission directs the Petitioner to submit, within one month of notification of this Order, whether such non-tariff income has been accounted for in costs for the generation and transmission business of the Petitioner. Based on the justification provided by the Petitioner, the Commission may take an appropriate view on the same and pass suitable Orders to the effect."*** ***(Emphasis Supplied)***

It is further submitted that in response to the directive of Commission, DVC filed its submissions before the Hon'ble Commission on dated 17.05.2017 submitting that the other items on non-tariff income have not been adjusted anywhere else viz. in generation or transmission charges.

2.4.5 Thereafter, on a contempt Petition filed by the Objector (CONTEMPT PETITION (C) NO. 1197 OF 2018), the Supreme Court issued the following directions vide Order dated 26.10.2018–

"However, we request the APTEL to expedite the hearing of Appeal Nos. 163 of 2017 and 198 of 2017 expeditiously."

With the issue of non-tariff income still pending before the Hon'ble Commission even when there is no stay of any higher forum and even when all the relevant details are available before the Hon'ble Commission, the delay in implementing the effect of same in tariff and passing on the benefits to consumers is keeping them devoid of their rightful dues.

2.4.6 It is respectfully submitted before the Hon'ble Commission to kindly allow the Non-Tariff Income for the FY 2019-20 and FY 2020-21 based upon the actuals *i.e.* Rs. 432.09 Crore as reflected in the Annual Audited Accounts for the FY 2018-19 against the Petitioner's submission of Rs. 48.53 and Rs. 50.96 Crore for the FY 2019-20 and FY 2020-21 respectively. The table below surmises the claim of the Petitioner and Objector on Non tariff Income.

Table 16: Non-Tariff Income for FY 2019-20 and FY 2020-21

(in Rs. Crore)

Non- Tariff Income	FY 2019-20	FY 2020-21
Petitioner's claim	48.53	50.96
As per Objector's Assessment	432.09	432.09
Total Disallowance proposed	**383.56**	**381.13**
Disallowance proposed for JH	**166.03**	**168.06**

2.5 Interest on Working Capital

The Petitioner has claimed Interest on Working Capital to the tune of Rs. 67.49 Crore and Rs. 73.80 Crore during FY 2019-20 and FY 2020-21 respectively without providing any computation for the same.

Objections:

2.5.1 The Hon'ble State Commission in the Tariff Order for FY 2012-13 dated 22.11.2012 has made the following observations with respect to the GFA and O&M cost of the Petitioner as below:

> *"7.40 However, the Commission noticed that the GFA and O&M cost of the Petitioner cannot be segregated into that of pertaining to generation and transmission business and that for distribution and retail business at present. Hence, applying the aforementioned methodology for computation of IWC is not possible. Therefore, the Commission decided to continue with the methodology as applied by the Commission for truing up the ARR for FY 2006-07 to FY 2011-12 in this Order."*

2.5.2 Further, the Interest on working capital has been worked out by Hon'ble Commission in the order dated 18.05.2018 & 28.05.2019 also consistent with its approach in the Order dated 19.04.2017, wherein its observations are as below:

> *"6.55 However, since the O&M cost and other expenses of the Petitioner are included in the cost of generation of power from its own stations, applying the aforementioned methodology as per the 'Distribution Tariff Regulations, 2010' is not possible.*
>
> *6.56 Hence, the Commission has adopted the same methodology as described in the Tariff Order for FY 2012-13 dated 22nd November, 2012."*

2.5.3 Thus, the Hon'ble Commission has followed a consistent approach in the Petitioner's case to allow Interest on Working Capital for the previous years by considering the working capital requirements to be 1% of the projected revenue from sale of power in Jharkhand area and the rate of interest as SBI PLR as on 1st April of the respective year.

2.5.4 In view of the above, the Hon'ble Commission is humbly requested to allow Rs. 3.68 Crore and Rs. 3.89 Crore against the Petitioner's claim of Rs. 67.49 Crore and Rs. 73.80 Crore for the FY 2019-20 and FY 2020-21 respectively computed in line with the Hon'ble Commission's approach in previous orders and the same is computed in the table below:

Table 17: Allowable Interest on Working Capital for FY 2019-20

Particulars	Approved in Tariff Order dated 28.05.2019	Petitioner's Claim	Objector's Assessment
Revenue from sale in JH @existing tariff (Rs. Crore)	3,545.77	-	2935.84

Particulars	Approved in Tariff Order dated 28.05.2019	Petitioner's Claim	Objector's Assessment
WC required in JH (@1% of the Revenue from sale in jh) (As per JSERC order dated 22.11.2012) (Rs. Crore)	35.46	-	29.36
Interest Rate (%)	12.55	-	12.55
Interest on working capital (Rs. Crore)	**4.45**	**67.49**	**3.68**

Table 18: Allowable Interest on Working Capital for FY 2020-21

Particulars	Petitioner's Claim	Objector's Assessment
Revenue from sale in JH @existing tariff (Rs. Crore)	-	3101.80
WC required in JH (@1% of the Revenue from sale in jh) (As per JSERC order dated 22.11.2012) (Rs. Crore)	-	31.02
Interest Rate (%)	-	12.55
Interest on working capital (Rs. Crore)	**73.80**	**3.89**

2.6 SURPLUS/ DEFICIT

The Petitioner has estimated Net ARR for the APR for FY 2019-20 to be Rs. 3,734.47 Crore and the Net ARR for FY 2020-21 to be Rs. 4,052.15 Crore.

Objections:

2.6.1 Clause 5.23 of the JSERC Tariff Regulations 2015 stipulate collection efficiency target of 100% for all the distribution licensees operating in the state of Jharkhand.

2.6.2 Net Disallowance for the APR for FY 2019-20 proposed by the Objector against the Petitioner's submission is shown below:

Table 19: Net Disallowance proposed for the FY 2019-20

Particulars	Petitioner's Submission	Objector's Assessment	Disallowance
ARR/ Revenue for JH (Rs. Cr.)	3,734.47	2,935.84	**798.63**
Sales in JH (MU)	6848.32	6848.32	
Per unit rate (Rs./kWh)	**5.45**	**4.29**	

2.6.3 Net Disallowance for the ARR for FY 2020-21 proposed by the Objector against the Petitioner's submission is shown below:

Table 20: Net Disallowance proposed for the FY 2020-21

Particulars	Petitioner's Submission	Objector's Assessment	Disallowance
ARR/ Revenue for JH (Rs. Cr.)	4052.15	3,101.80	**950.35**
Sales in JH (MU)	7269.13	7269.13	
Per unit rate (Rs./kWh)	**5.57**	**4.27**	

2.6.4 Based on the aforesaid submissions, the Objector is of the view that the Petitioner has overstated the APR for FY 2019-20 by Rs. 798.63 Crore and the Annual Revenue Requirement (ARR) for FY 2020-21 by Rs. 950.35 Crore. It is humbly requested to the Hon'ble Commission to disallow the excessive claim of the Petitioner and pass on the benefit to the customers of Jharkhand through tariff reduction.

2.7 Comments On The Tariff Proposal

A. *Disproportionate Tariff Hike Proposed By The Petitioner:*

The Tariff Schedule proposed by the Petitioner for the FY 2020-21 is shown in the table below:

Table 21: Tariff Schedule Proposed by the Petitioner for FY 2020-21

Consumer Category	Name of Tariff Scheme	Consumption Slab	Existing Tariff as per JSERC Tariff Order dated 28.05.2019		Proposed Component of Tariff (2020-21)		Hike in Energy Charges (%)	Hike in Fixed Charges (%)
			Energy Charges	Fixed Charges	Energy Charges	Fixed Charges		
LT (Domestic)	Non ToD	All Units	Ps./kWh	Rs./Connection/Month	Ps/kWh	Rs./Connection/Month	2%	7%
			425.00	75.00	435.00	80.00		
LT (Commercial)	Non ToD	All Units	Ps./kWh	Rs./kW/Month	Ps/kWh	Rs./kW/Month	2%	7%
			420.00	150.00	430.00	160.00		
Industries (11 kV)	Non ToD	All Units	Ps./kVAh	Rs./kVA/Month	Ps/kVAh	Rs./kVA/Month	24%	39%
			295.00	600.00	365.00	833.00		
Industries (33 kV)	Non ToD	All Units	289.10	600.00	357.00	833.00	23%	39%
	ToD	Normal (06:00 to 17:00)	289.10	600.00	350.00	833.00	21%	39%
		Peak (17:00 to 23:00)	289.10	600.00	418.00	833.00	45%	39%
		Off Peak (23:00 to 06:00)	289.10	600.00	297.00	833.00	3%	39%
Industries (132 kV)	Non ToD	All Units	286.15	600.00	354.00	833.00	24%	39%
	ToD	Normal (06:00 to 17:00)	286.15	600.00	347.00	833.00	21%	39%
		Peak (17:00 to 23:00)	286.15	600.00	414.00	833.00	45%	39%
		Off Peak (23:00 to 06:00)	286.15	600.00	294.00	833.00	3%	39%
Traction (132 kV)	Non ToD	All Units	286.15	600.00	354.00	833.00	24%	39%
Industries (220 kV)	Non ToD	All Units	283.20	600.00	350.00	833.00	24%	39%
	ToD	Normal (06:00 to 17:00)	283.20	600.00	343.00	833.00	21%	39%
		Peak (17:00 to 23:00)	283.20	600.00	410.00	833.00	45%	39%
		Off Peak (23:00 to 06:00)	283.20	600.00	292.00	833.00	3%	39%

*Note: ToD was not implemented in the Tariff Schedule of FY 2019-20. Except for the Columns for Tariff Hikes, the above table has been replicated as per the Petitioner's Submissions.

Objections:

2.7.1 As can be observed from the table, the Petitioner has claimed significant tariff hikes in the present petition – a 39% hike in Fixed Charges and 21%~45% hike in Energy Charges for most industrial category consumers for the FY 2020-21. The disproportionate hike in fixed charges belies the concept of recovery of ARR through a balanced framework of fixed and energy charges. A higher fixed charge burden, to recover the complete ARR as proposed by the Petitioner, on the consumers would rule out the possibility and opportunity of implementation of any energy efficiency/conservation measures since the reduction in energy consumption will not result in any financial gain to the consumers. Such tariff proposals involving disproportionate framework of fixed and energy charge hikes have been rejected by numerous State Commissions.

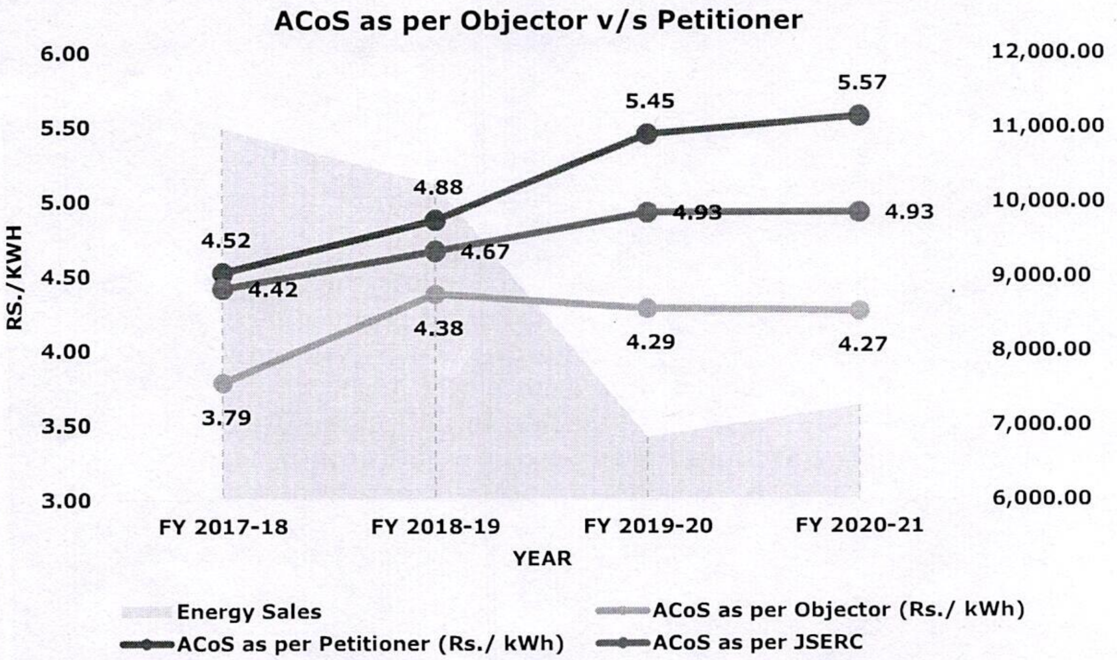
2.7.2 It is further submitted that owing to likely revenue surplus which would accrue to the consumers on account of (i) true-up for FY 2017-18 (ii) true-up for FY 2018-19 (iii) APR for FY 2019-20 and (iv) ARR for FY 2020-21 as per the Statement of Objections submitted by the Objector herein along with the revenue surplus of earlier years (FY 2006-07 to FY 20214-15; and then for FY 2015-16 and 2016-17) which has been determined but yet to be passed to the consumers by the Hon'ble Commission; there is no requirement for any Tariff Revision. In fact, it is a fit case for tariff reduction.

2.7.3 Based on the Petitioner's submissions, the Average Cost of Supply (ACOS) for FY 2020-21 works out to be Rs. 5.57/kWh. Further, based on the proposed tariff revision, the Average Billing Rate has been worked out at Rs. 5.61/kWh for FY 2020-21.

As against the above, the Objector's Assessment of the ACOS for FY 2020-21 works out to be Rs. 4.27/kWh.

2.7.4 It is respectfully submitted that the ACOS determined by the Hon'ble Commission in FY 2019-20 tariff order was Rs. 4.93/kWh and the tariff was framed considering the same. However, as per Objector's Assessment the allowable ACOS for FY 2020-21 is significantly lower at Rs. 4.27/kWh. Thus, there is no occasion to increase the existing tariff. Rather, there is every reason for a massive reduction in tariff for the consumers.

2.7.5 The graph below shows the ACoS as per the Objector's assessment, the Petitioner's submission and the ACoS as approved by the Hon'ble JSERC in the Order dated 28.05.2019 for the period FY 2017-18 to FY 2020-21.



B. Time Of Day Tariff Structure:

2.7.6 The Commission had issued the following directives to DVC in the Tariff order dated 18.05.2018 regarding Time of Day (ToD) rebate:

> ***"Submission of impact analysis and requisite data along with proposal for introduction of ToD Tariff***
> *11.32 The Commission directs the Petitioner that proposal for introduction of Time of the Day (TOD) based tariff must include a detailed analysis on the impact of ToD tariff on the consumer categories that it is proposed to be levied on. The proposal may contain:*
> *(a) Identification of system peak period and off-peak period, through the analysis of the system load curve to devise the TOD structure (time bands);*
> *(b) Proper load profiling of the consumer categories for which TOD is slated to be introduced, through installation of proper meters;*
> *(c) Estimation of the load shifting through the use of different tariff differentials through a study on sample consumers;"*

2.7.7 Pursuant to the above directions, DVC had analysed the impact of ToD tariffs on the consumer categories. It had then submitted the following exercise conducted in this regard:

> *"A. Identification of system peak period and off--peak period, through the analysis of the system load curve.*
> *B. Proper load profiling of the consumer categories for which TOD is slated to be introduced through installation of proper meters:*
> *...*
> *6. Based on the study following inferences have been drawn excluding a few exceptions;*
> *Peak Period- 17:00 hrs. to 23:00 hrs.*
> *Off- Peak Period - 23:00 hrs. to 06:00 hrs.*

Rest of the day i.e. from 06:00 hrs. to 23:00 hrs. as Normal Period"

2.7.8 Subsequently, the Commission had issued the following directives to DVC in the tariff order dated 28.05.2019 regarding ToD rebate:

"The Commission has gone through the submission made by the Petitioner. The Commission is of the view that ToD mechanism is desirable as the same has a considerable impact on Demand Side Management of Load. However, the Commission is of the view that ToD if levied, should be levied for all consumers after looking into various implications for the same.

The Commission directs the Petitioner to study the commercial and load impact of implementation of ToD mechanism on all consumers including Distribution Licensees in its area and submit the same to the Commission within 2 months of issue of this Order. The above impact should be assessed considering that the same is either optional or mandatory for all consumers. The Commission has therefore not considered the implementation of the same at this point of time, however, the same shall be considered once the above study is carried out."

In compliance to the above directive, the Petitioner has provided the impact analysis of the ToD mechanism vide No. Coml/Tariff/JSERC/Addl info-19-20-21/146 dated 17.03.2020 in the present petition. And it has proposed ToD tariff for all category of consumers (including Licensee who receive power in bulk mode). The DVC has submitted that time zones in respect of time of the day (TOD) are proposed to be from 06:00 hrs to 17:00 hrs for Normal Period, from 17:00 hrs to 23:00 hrs for Peak Period and from 23:00 hrs to 06:00 hrs for Off Peak Period based on the analysis as directed by this Hon'ble Commission in the Tariff order dated 28.05.2019.

2.7.9 The Petitioner has stated that the aforesaid time zones for TOD tariff have been proposed based on the analysis of the drawal pattern of the consumers. It has further mentioned that for uniformity in the load pattern, economic use of resources, good performance and optimal investment throughout the day, energy charge has been proposed for the consumers during off-peak and normal period compared to the peak period.

2.7.10 It is to be noted that the Petitioner has, however, proposed the ToD tariff on optional basis for all consumers intending to adopt it. Moreover, the Petitioner has requested the Hon'ble Commission to grant it reasonable time of at least 6 (six) weeks to implement the TOD time zones as per the above proposed time strata, on approval by the Commission, by programming the consumer meters.

Objections:

2.7.11 The Objector welcomes the proposals towards Time of Day tariff structure which would help the Petitioner towards demand side management. It is respectfully prayed that the Hon'ble Commission may provide targets to the Petitioner towards optimisation/reduction of power purchase cost and resultant reduction in ACOS which are likely to be obtained subsequent to the TOD tariff implementation.

C. Load Factor Rebate and Voltage Rebate

The Petitioner has proposed to continue with Load Factor Rebate and Voltage Rebate as had been earlier approved in the Tariff Order dated 28.05.2019:

Table 22: Existing Schedule of Load Factor and Voltage Rebate

Schedule of Load Factor Rebate in % on Energy Charge	
Load Factor (Range)	**All Voltage Level**
<65	0%
65-80	5%
80-100	10%
Schedule of Voltage Rebate in % on Energy Charge (Already embedded in ECR)	
Voltage Level	**Rebate**
33 kV	2%
132 kV	3%
132 kV Traction	3%
220 kV	4%

Objections:

2.7.12 The Hon'ble Commission had added a note to the Schedule of Load Factor and Voltage Rebates in its previous Tariff Order dt. 28.05.2019. The Objector requests the Hon'ble Commission may modify the said note as follows:

Table 23: Note in Existing Schedule of Load Factor and Voltage Rebates

Note as per Tariff Order dt. 28.05.2019	Modifications in Note, as suggested by Objector
The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebate. However, the applicable rebate shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.	The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebate. However, the applicable rebate shall be allowed to consumers with outstanding dues, wherein such dues have been stayed ***by a court of law, or by the Commission, or an authority appointed by the Commission, or facility has been granted by the Licensee for payment of arrears in instalments.***

(Modification has been highlighted in bold and italics)

2.7.13 The Objector submits that the benefit of the said modification is two-fold: a) the definition of 'appropriate authority' becomes more elaborate, and ii) consumers, who have been approved the facility by the Licensee to pay arrears in instalments (i.e. they are no longer recognized as arrears, but instead as instalments), may also avail the rebate.

2.7.14 The Objector prays that the Hon'ble Commission may approve the modification suggested in the Note in the Schedule of Load factor and Voltage Rebate.

2.8 TREATMENT OF PAST YEARS' REVENUE SURPLUS

2.8.1 While issuing the tariff order of DVC dated 28.05.2019, the Hon'ble Commission directed DVC as reproduced below:

"Roadmap for the treatment of Surplus till FY 2014-15

15.14 The Commission directs the Petitioner to propose a roadmap for the adjustment of the surplus till FY 2014-15 clearly stating the period of treatment and the manner in which it proposes to treat the said amount within 2 months of the issue of this Order."

2.8.2 The Petitioner in compliance to the aforesaid directive of the Hon'ble Commission in the tariff order dated 28.05.2019 has submitted a Road Map for adjustment of Revenue Gap/Surplus for the period FY 2006-07 to FY 2014-15 on dated 31.07.2019 in the instant Petition; DVC has made the following submissions with respect to treatment of revenue surplus determined by Hon'ble JSERC-

"

A. *Hon'ble Commission may be pleased to take a final decision towards settlement of the Revenue Surplus for the period FY 2006-07 to FY 2014-15 based on the final outcome in the Appeal No. 163 of 2017 and 281 of 2018 pending before the Hon'ble APTEL.*

B. *Determination of category wise retail tariff by this Hon'ble Commission for the period FY 2006-07 to 2011-12 and thereafter revision of the bills preferred earlier by DVC as per the said approved tariff.* ***Resulting differential amount i.e. the difference between the revised bills and actual payment realized, recovery from/refund to the individual consumers/licensees (except JBVNL) may be done along with 6% yearly simple interest in terms of the order of the Hon'ble APTEL in the judgment dated 10.05.2010 in the Appeal No. 146 of 2009.***

C. ***DVC and JBVNL has already settled the past dues accrued upto September 2015 as full and final settlement under the UDAY scheme of the Government of India.*** *Hence there remains no further scope of any settlement with JBVNL after determination of category wise tariff for the past period FY 2006-07 to FY 2011-12 as proposed by DVC*

D. *Submission of truing up of tariff so determined by the Commission for the period FY 2006-07 to FY 2011-12 after final settlement with the individual consumers/licensees. If there remains any unadjusted dues of any consumer for the said period, presently disconnected, DVC will approach the Hon'ble Commission to adjust such differential amount in the prospective tariff.*

E. *DVC started preferring the electricity bills as per the approved retail tariff by this Hon'ble Commission from November 2012 onwards. Therefore, for the period FY 2012-13 to FY 2014-15 the revenue gap/surplus as already determined by this Hon'ble Commission may be adjusted in the prospective tariff.*

F. *Hon'ble Commission may graciously be pleased to direct DVC to submit the ARR and category wise distribution/retail tariff for the period FY 2006-07 to FY 2011-12 for approval towards final settlement of dues of the individual consumers and licensees with retrospective effect after the final judgment is pronounced by the Hon'ble Tribunal in Appeal No. 163 of 2017 & 281 of 2018. "* ***(Emphasis supplied)***

2.8.3 The bold and underlined text in the above averments of DVC may kindly be taken note of. Apparently, what the Petitioner is trying to insinuate is that, since as part of a one-time settlement it had to waive off several items of its billed amount to JBVNL, the same may be duly taken into account by Hon'ble Commission while considering the revenue from sale of power for the previous years.

2.8.4 The above argument of DVC is completely flawed and is again made with the intent to burden the paying consumers with the defaulting cost of JBVNL. The Objector submits that in case DVC wants to treat JBVNL's revenue from sale of power as an item separate from other consumer's billed amount, the waiver given to JBVNL on account of OTS scheme be borne by DVC and ought not be loaded on the consumers.

2.8.5 Previously, DVC has also submitted that it could not collect its 100% dues from the consumers during 2009-10 and other years since there was stay granted by judicial forums on the same. DVC also submitted that being aggrieved of the tariff order dated 06.08.2009 passed by CERC for the periods FY 2006-07 to FY 2008-09 in respect of the generating stations and T&D system of DVC an appeal having Appeal No. 146 of 2009 was filed before APTEL. Hon'ble Tribunal pronounced the final judgement on dated 10.05.2010 on the said Appeal. It is submitted that since the said matters were under judicial proceedings, the Parties to matter were obliged to comply with the orders of such forums *viz.* Supreme Court/ High Court/ Appellate Tribunal/ Central Electricity Regulatory Commission/ State Electricity Regulatory Commissions. Had DVC won such cases, it would have charged the entire backlog of dues with carrying cost from all such parties to various matters. However, since the key matter i.e. Appeal No. 146/2009 for which the order was passed by Hon'ble APTEL on dated 10.05.2010 and upheld recently by the Hon'ble Supreme Court dated 03.12.2018 in Civil Appeal No. 4881/2010 has been held in the favour of consumers of DVC, it is raking such frivolous objections to the revenue surplus determined earlier by Hon'ble JSERC in the Tariff Order dated 19.04.2017 and 18.05.2018. Now, with all the earlier batch of appeals decided by the Hon'ble Supreme Court, no dispute remains on the various items of past years.

2.8.6 Despite the above clear implications of judgement passed by Hon'ble Supreme Court on dated 03.12.2018, 2.8.7 The Hon'ble JSERC has considered the Hon'ble Supreme Court's Order dated has omitted to consider the judgement and has recorded factually incorrect observations in the impugned order.

> *"2.7 Aggrieved by the said Order of the Hon'ble APTEL, DVC filed an appeal before the Hon'ble Supreme Court of India, being No. C.A. No. 4881/ 2010. The Hon'ble Supreme Court in its Order dated July 9, 2010, stayed refund.* ***The matter is still subjudice.*** *The relevant part of the said Order is reproduced below:*
>
> > *"In the meantime, parties will submit before us the various disputed items to be taken into account in Tariff Fixation as well as the relevant documents on which Damodar Valley Corporation would be relying upon at the final hearing...* ***Until further orders, there shall be stay on refund****." (****Emphasis added****)*
>
> *2.8 From the said Order, it is clear that the entire Order of the Hon'ble APTEL has not been stayed by the Hon'ble Supreme Court and the stay is related to only refund." (****Emphasis added****)*

2.8.8 Other relevant extracts from the impugned order dated 18.05.2018 are extracted herein below:

Commission's Analysis

> ***"......................8.10*** *In addition, since the I.A. no. 1188 of 2018 & DFR No. 2430 of 2018, filed on the Order of the Commission dated May 18, 2018 is sub-judice, the Commission has not proposed any recovery for the past gaps.*
>
> ***8.12*** *The Commission therefore, directs the Petitioner to propose a roadmap for adjustment of the abovementioned surplus clearly stating the period of treatment and the manner in which it proposes to do within two months of issue of this Order."*

Thus, the Hon'ble Commission has proceeded on incorrect facts and assumptions regarding stay on Orders and thus devoid the righteous benefits due to consumers.

2.8.9 The Objector strongly objects to the above proposal of DVC seeking retrospective revision of tariff. The resulting impact of the carrying cost of all the matters was already known to DVC beforehand. But it chose to challenge all the orders (and persistently does), findings, directives of Hon'ble CERC and SERC at higher forums. Now, in its attempt to evade the carrying cost burden, it is trying to mislead the Hon'ble Commission and escape from paying the rightful dues to its consumers.

2.9 TREATMENT OF REVENUE GAP/SURPLUS WITHHELD

2.9.1 The Hon'ble Commission, vide its Order dated 28.05.2019, directed DVC as under:

"Treatment of Gap/(Surplus) withheld for FY 2016-17, FY 2017-18 and FY 2018-19

15.15 The Commission directs the Petitioner to file a proposal for treatment of withheld Gap/Surplus for FY 2016-17, FY 2017-18 and FY 2018-19 along with truing up Petition for FY 2017-18."

2.9.2 DVC has prepared the proposal on treatment of withheld gap during FY 2016-17, FY 2017-18 and FY 2018-19 and included it in the present Petition. However, it is pertinent to note that a review has been filed against the said Order dated 28.05.2019, in which 'Treatment of Gap/(Surplus) withheld for FY 2016-17, FY 2017-18 and FY 2018-19', has been raised as an issue. While the review pertains a separate proceeding, as the same is a matter of extreme consequences, the Objector, would humbly like to bring to the notice of the Hon'ble Commission, important points on this issue.

2.9.3 The Hon'ble JSERC had allowed a revenue surplus of Rs. 1,428.01 Crore (excluding Non-Tariff Income) in the Tariff Order dated 19.04.2017. However, the Hon'ble Commission did not pass the impact on account of this revenue surplus to the consumers.

2.9.4 The Hon'ble JSERC, in its Order dated 19.01.2018 in Petition No. 07 of 2017, declined the request of consumers to pass on the impact of revenue surplus suggesting that during the pendency of Appeal No. 198 of 2017 filed by the petitioner in this case and Appeal No. 163 of 2017 filed by the respondent, DVC, before the Hon'ble Appellate Tribunal for Electricity, the order dated 19.04.2017 passed in Case (T) No. 02 of 2016 cannot be said to have attained its finality. It is respectfully submitted that neither there is any stay on passing the revenue surplus nor any final order by the Hon'ble APTEL till date.

2.9.5 Despite its clear statement in the Order dated 19.01.2018 in Petition No. 07 of 2017, the State Commission, in its Tariff Order dated 18.05.2018 revised the revenue surplus after taking into account the CERC Generation orders for DVC that were issued after issuance of the earlier Tariff order dated 19.04.2017. In view thereof, the Commission revised the revenue surplus amount from Rs. 1,428 Crore. to Rs. 1,287 Crore for the period FY 2006-07 to FY 2014-15.

2.9.6 **The aforesaid revision of revenue surplus amount did not include the carrying cost accrued during the intervening period of more than one year i.e. from dated 19.04.2017 to 18.05.2018, while the surplus amount was kept on hold.**

2.9.7 Here it is important to highlight the key aspect with respect to treatment of revenue surplus. It is pertinent to mention that the primary reason for the reduction in sales quantum of DVC in FY 2019-20 was the fact that JBVNL stopped taking power from DVC. It is also well known and on record that other than poor operational efficiency, the reason for poor financial health of DVC was the large out-standings from JBVNL.

2.9.8 The Hon'ble Commission in the order dated 28.5.2019 had stated that *"Consumers earlier drawing significant quantum of power from DVC till FY 2018-19 are no more consumers of DVC in FY 2019-20"*, and hence the revenue surplus equivalent to the sales quantum shall be reduced from the revenue surplus. The relevant extracts of the order dated 28.5.2019 are reproduced below:

> *"Commission's Analysis*
>
> *8.14 The Commission observes that the consumer profile of DVC has underwent major changes in FY 2019-20.* ***Consumers earlier drawing significant quantum of power from DVC till FY 2018-19 are no more consumers of DVC in FY 2019-20. It is estimated that such consumers share in Petitioner's sales was approximately 44.00% in FY 2016-17, 42.00% in FY 2017-18 and 33.00% in FY 2018-19. The Commission in this Order has provisionally allowed the gap/surplus to be passed on to other existing consumers based on their share in Petitioner's sales for the respective years i.e., 56% for FY 2016-17, 58% for FY 2017-18 and 67% for FY 2018-19.*** *The Commission directs the Petitioner to file a proposal for treatment of withheld gap/surplus along with truing up Petition for FY 2017-18."*

2.9.9 This approach of arbitrarily reducing the revenue surplus is contrary to the provisions of the Tariff Regulations and is also against the principles of natural justice. The Objectors vehemently oppose this approach. The revenue surpluses already approved for past years dating back from FY 2006-07 have still not been passed to the industrial consumers. As per the framework of the Tariff Regulations of this Hon'ble Commission as well as of other Regulatory Commissions in the country, the consistent approach is to pass on the revenue surplus in the succeeding years. The industrial consumers cannot be deprived of revenue surplus already approved for the past years by such arbitrary reduction of revenue surplus on the pretext of exit of some consumer(s) from DVC supply. The ARR and Tariff approved is not customer specific but is only customer category specific.

2.9.10 It may be noted that JSERC had passed a surplus amount of Rs. 771.42 Crore. (surplus determined in Table 85 of the Order dated 18.05.2018) for the FY 2016-17. In the Order dated 28.05.2019, the Commission had affected a downward revision of the surplus of FY 2016-17 by not considering the opening surplus of FY 2015-16 and had passed only some percentage of surplus/gap amounts worked out for FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20 in the said Tariff Order. This led to a tariff hike of 9.61% in the tariffs of FY 2019-20.

2.9.11 Even if the approved surplus determined by Hon'ble JSERC is considered (which the Objector is contesting to be higher), no tariff hike was required in FY 2019-20.

2.9.12 Based on the above submissions and the infirmities pointed out by the Objector, the revenue gap/(surplus) to be passed on as per Objector's assessment is depicted below: (In the workings below, 100% of gap/(surplus) during FY 2016-17, FY 2017-18 & FY 2018-19 has been passed to consumers)

Table 24: Past Year's Revenue Gap/ (Surplus) to be Passed on as per Objector's Assessment

(in Rs. Crore)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
ARR Approved	-	4,705.79	4,158.44	4,491.08
Revenue Realized	-	5,017.09	5,285.19	4,202.83
Gap/Surplus Created	**-484.28**	**-311.30**	**-1,126.75**	**288.25**
Opening Gap	-1,287.39	-1,997.28	-2,584.15	-4,107.49
Add: Revenue Gap/ (Surplus) passed for the year	-484.28	-311.30	-1,126.75	288.25
Closing Gap / (Surplus)	-1,771.67	-2,308.58	-3,710.90	-3,819.24
SBI PLR	14.75%	12.80%	12.60%	12.20%
Carrying Cost on Opening Gap	-189.89	-255.65	-325.60	-501.11
Interest on Additions	-35.72	-19.92	-70.99	17.58
Total Carrying Cost	-225.61	-275.57	-396.59	-483.53
Closing Gap / (surplus) including carrying cost	**-1,997.28**	**-2,584.15**	**-4,107.49**	**-4,302.77**

Therefore, as per Objector's assessment, the Petitioner has a revenue surplus of around Rs. 4,302.77 Crore at the end of FY 2018-19, the benefit of which needs to be passed on to the consumers through tariff reduction in FY 2020-21.

2.10 COMPLIANCE TO DIRECTIVES AS PER TARIFF ORDER DATED 28.05.2019

Table 25: Compliance to Directives as assessed by the Petitioner

S. N.	Directive	Petitioner Submission	Compliance/Non-Compliance
1.	**Power Supply below 33 kV**	Petitioner has submitted that it had published advertisements in newspapers to find out the interested consumers desiring to draw power at voltage levels below 33 KV including LT consumers. ***However, no favourable response received.*** The Petitioner has claimed that creation of parallel infrastructure in advance for supplying electricity to all categories of consumers including supply at low and medium voltage consumers ***may not be economically viable*** without proper assessment of demand quantum and its locations within the operational area of Petitioner. Petitioner has stated that if applications from prospective consumers located within the operational area are received, DVC will take up all measures necessary to address the issue on case to case basis.	**Non-Compliance.** The Hon'ble Commission has itself observed in its Tariff Order that the Petitioner has consistently disobeyed the directive to supply power below 33 kV. The Petitioner is obligated under Section 43 of the Electricity Act, 2003 to provide electricity to all consumers within its supply area who requests such supply and it cannot cherry-pick between "favourable responses" and "unfavourable responses"
2.	**Facilitation of applications for new connection**	The Petitioner has submitted that it has published a general notice in in several newspapers regarding submission of application for new connection at Grid Sub-stations. The Petitioner states that intending consumers will be facilitated at the Grid Sub-stations for submission of application for new power supply connection.	**Compliance.** However, subject to verification through follow up.
3.	**Submission of impact analysis and requisite data along with proposal for introduction of ToD Tariff**	Petitioner has submitted the data as requested.	**Compliance.**
4.	**Compliance to RPO**	Petitioner has failed to meet its RPO Target.	**Non-Compliance.**
5.	**Quality of power/ Reliability Indices and Standard of Performance (SOP)**	Petitioner has stated that it has submitted quarterly reports for the same.	**Compliance.** However, subject to verification through follow up.
6.	**Strengthening/Increasing effectiveness of consumer grievance redressal**	Petitioner has stated that it has submitted quarterly reports for the same. It has also stated that there is no pending case before the Consumer Grievance Redressal Forum	**Compliance.** However, subject to verification through follow up.

S. N.	Directive	Petitioner Submission	Compliance/Non-Compliance
	mechanism	(CGRF) as of the time of filing the present petition.	
7.	**Bank Guarantee for security deposit above Rs 10 Lakh**	The Petitioner has submitted that it is strictly adhering to this directive.	**Compliance.** However, subject to verification through follow up.
8.	**Optimisation of Power Purchase Cost**	The Commission is of the view that the Petitioner should increase its consumer base to utilise its surplus power and reduce the loading of its fixed charges to the consumers. The Petitioner has submitted that it has taken steps towards Optimisation of Power Purchase Cost.	**Non-Compliance.** It is observed from the past years that the Petitioner has consistently procured power through Unscheduled Interchange as well from the Power exchanges. This quite plainly indicates a lack of efficiency on the part of the Petitioner in managing its power resources. The Objector posits that the Petitioner can optimize its power purchase portfolio and the Hon'ble Commission may propose a roadmap and provide an incentive/penalty framework to the Petitioner in this regard.
9.	**Consolidated tariff petition for FY 2019-20**	The Petitioner has prepared a consolidated tariff Petition.	**Compliance.** However, the Public Notice issued for Hearing on the Petitions does not include True Up Petition for FY 2017-18.
10.	**Quarterly Forecast for Short Term Power Purchase**	The Petitioner has provided an incomplete explanation.	**Non-Compliance.** Quarterly Forecast for Short Term Power Purchase not submitted by Petitioner.
11.	**Roadmap for the treatment of Surplus till FY 2014-15**	The Petitioner has submitted the Roadmap for the treatment of Surplus till FY 2014-15	**Compliance.** However, the Petitioner has requested that the surplus may be passed on only after the pending APTEL Appeals in this matter despite there being no stay on the surplus from any authoritative body.
12.	**Treatment of Gap/(Surplus) withheld for FY 2016-17, FY 2017-18 and FY 2018-19**		**Non-Compliance.** The Petitioner has not submitted anything in this regard.
13.	**Details of Voltage-wise Cost of Supply and Voltage-wise Losses**	The Petitioner has submitted that necessary metering arrangement for data acquisition in respect of voltage wise power transaction and loss assessment is under progress.	**Non-Compliance.** Data Acquisition is in progress.

2.10.1 The Objector prays that the Hon'ble Commission may take stringent action against the Petitioner wherever the Petitioner has failed to obey the directives of the Hon'ble Commission.

3. Summary of Objections

In view of the aforementioned discussions, the objections of the JCADVC on the present petition have been summarised below:

Table 26: Summary of Objections on APR for FY 2019-20

Objection	Rationale	Financial Impact (Rs Crore)
Loss Levels to be allowed at 3.23% instead of 3.34% claimed by the Petitioner	1. Distribution Loss is "Controllable Parameter" – Clause 5.30 of Tariff Regulation, 2015 2. Actual Loss in FY 2016-17 was 3.23% {*ref:* Para 5.13; Pg. 51 ; Order dated 28.05.2019} 3. Loss level allowed in FY 2012-13 to 2015-16 was 3.00% {*ref:* Para 4.15; Pg. 24; Order dated 18.05.2018}	5.21
Own Generation Cost of Rs. 5,968.04 Crore to be allowed instead of Rs. 7,242.23 Crore claimed by the Petitioner (for JH and WB combined)	1. Escalation on AFC and ECR not permissible {*ref.* Clause 10(4) CERC Regulations 2019} 2. AFC for T&D system considered as per latest CERC Orders {*ref.* Order dated 09.08.2019 in Petition No. 150-TT-2018 (Para 70, Pg. 47), Order dated 05.02.2020 in Petition No. 335-TT-2018(Para 78, Pg. 48-49)} 3. Plant Availability Factor (PAF) shall apply on actual AFC (included P&G and Sinking fund) – {*ref.* JSERC Order dated 04.09.2014 (Para 6.72 (Pg. 70), APTEL Judgment dated 23.03.2016 in Appeal No. 255 of 2014 (Para 13(k), Pg.56)} 4. PAF considered as per Net Ex Bus Energy declared by the Petitioner 5. Both Energy and Capacity charges shall form part of Hydel Generations Costs- CERC Regulations Clause 31	1,274.18
Power Purchase Cost of Rs. 837.39 Crore to be allowed instead of Rs. 869.98 Crore claimed by the Petitioner.	1. Energy from exchange considered at actual average price on IEX for the stated period 2. Energy purchased pertaining to higher T&D Losses disallowed {JSERC Order dated 18.05.2018 (*ref.* Para A22 Pg. 32)}	27.38
Non Tariff Income of Rs. 432.09 Crore to be allowed instead of Rs. 48.53 Crore claimed by the Petitioner.	1. Non Tariff Income as per Audited Accounts of preceding year (FY 2018-19)considered {*ref.* JSERC Regulations Clause 6.50, 6.51} 2. Income from Power Trading Businesses shall form part of NTI (Para 97 of the CERC Order wrt Petition No. 66/2005 dated 3.10.2006)	(383.56)

Objection	Rationale	Financial Impact (Rs Crore)
Interest on Working Capital of Rs. 3.68 Crore to be allowed instead of Rs. 67.49 Crore claimed by the Petitioner.	1. Allowed as per Hon'ble JSERC's defined methodology {*ref.* Para 5.54, Pg. 63 of the JSERC Order dated 28.05.2019}	63.81

Thus, the total financial impact of the disallowances proposed is to the tune of Rs. 1,754.14 Crore. The impact on the APR for Jharkhand business for FY 2019-20 amounts to Rs. 798.63 Crore.

Table 27: Summary of Objections on ARR for FY 2020-21

Objection	Rationale	Financial Impact (Rs Crore)
Loss Levels to be allowed at 3.23% instead of 3.30% claimed by the Petitioner	1. Distribution Loss is "Controllable Parameter" – Clause 5.30 of Tariff Regulation, 2015 2. Actual Loss in FY 2016-17 was 3.23% {*ref:* Para 5.13; Pg. 51 ; Order dated 28.05.2019} 3. Loss level allowed in FY 2012-13 to 2015-16 was 3.00% {*ref:* Para 4.15; Pg. 24; Order dated 18.05.2018}	9.27
Own Generation Cost of Rs. 6,282.48 Crore to be allowed instead of Rs. 7,868.73 Crore claimed by the Petitioner (for JH and WB combined)	1. Escalation on AFC and ECR not permissible {*ref.* Clause 10(4) CERC Regulations 2019} 2. AFC for T&D system considered as per latest CERC Orders {*ref.* Order dated 09.08.2019 in Petition No. 150-TT-2018 (Para 70, Pg. 47), Order dated 05.02.2020 in Petition No. 335-TT-2018(Para 78, Pg. 48-49)} 3. PAF shall apply on actual AFC (including P&G and Sinking Fund) – {*ref.* JSERC Order dated 04.09.2014 (Para 6.72 (Pg. 70), APTEL Judgment dated 23.03.2016 in Appeal No. 255 of 2014 (Para 13(k), Pg.56)} 4. PAF considered as per Net Ex Bus Energy declared by the Petitioner 5. Both Energy and Capacity charges shall form part of Hydel Generations Costs- CERC Regulations Clause 31	1,586.25
Power Purchase Cost of Rs. 757.67 Crore to be allowed instead of Rs. 774.79 Crore claimed by the Petitioner.	1. Energy from exchange considered at actual average price on IEX for the stated period 2. Energy purchased pertaining to higher T&D Losses disallowed {JSERC Order dated 18.05.2018 (*ref.* Para A22 Pg. 32)}	7.86

Objection	Rationale	Financial Impact (Rs Crore)
Non Tariff Income of Rs. 432.09 Crore to be allowed instead of Rs. 50.96 Crore claimed by the Petitioner.	1. Non Tariff Income as per Audited Accounts of preceding year (FY 2018-19) considered {*ref.* JSERC Regulations Clause 6.50, 6.51} 2. Income from Power Trading Businesses shall form part of NTI (Para 97 of the CERC Order w.r.t. Petition No. 66/2005 dated 3.10.2006)	(381.13)
Interest on Working Capital of Rs. 3.89 Crore to be allowed instead of Rs. 73.80 Crore claimed by the Petitioner.	1. To be allowed as per Hon'ble JSERC's defined methodology {*ref.* Para 5.54, Pg. 63 of the JSERC Order dated 28.05.2019}	69.91
Tariff Hike should not be allowed	1. Disproportionate increase in Fixed charges 2. Owing to Revenue surplus as per Objector's submission (True up for FY 2017-18 and FY 2018-19, APR for FY 2019-20 and ARR for FY 2020-21), there is a strong case of Tariff reduction {*ref.* Objector's submission on True up, APR and ARR} 3. Previous years revenue surplus due to be passed {Para 15.14 and 15.15, Pg. 152, Tariff Order dated 28.05.2019} 4. ACoS as per Objector is Rs. 4.27/ kWh is significantly lower against the Petitioner's submission of Rs. 5.57/ kWh 5. Objector's ACoS (Rs. 4.27/ kWh) is lower than the Hon'ble JSERC is Rs. 4.93/ kWh, implies Tariff reduction	-
Revenue Surplus of past years (FY 2006-07 to FY 2014-15 and FY 2015-16 to FY 2018-19) to be passed	1. No stay of any sort to pass the surplus up to FY 2014-15 from appropriate authority {Para 15.14 and 15.15, Pg. 152, Tariff Order dated 28.05.2019} 2. All consumers (including JBVNL) to be passed on with benefits of revenue surplus; DVC's methodology of settlement of surplus is devoid of righteousness 3. Carrying cost to the amount of Rs. 1,287 Crore for the period between 19.04.2017 and 18.05.2018 to be allowed. 4. Reduction of surplus on account of reduction in no. of consumers is against Tariff Regulations 5. Benefit of Revenue surplus for FY 2015-16 to FY 2018-19 to be passed on to the consumers 6. Withholding the benefit to consumers is injustice to the consumers	-

Thus, the total financial impact of the disallowances proposed is to the tune of Rs. 2,054.42 Crore. The impact on the ARR for Jharkhand business for the FY 2020-21 amounts to Rs. 950.35 Crore.

4. Prayers

Therefore, the Objector most respectfully prays that this Hon'ble Commission may be pleased to:

A. Consider the above Objection Statement filed by the Objector.

B. Disallow the overall excess Own generation cost on account of escalation in Input Costs for FY 2019-20 and FY 2020-21 as per relevant CERC provisions.

C. Disallow the overall excess own generation cost on account of the Petitioner understating Net Ex-bus energy and subsequently overstating PAF for FY 2019-20 and FY 2020-21.

D. Disallow the excess T&D losses over and above the trajectory approved by the Hon'ble Commission.

E. Disallow the excessive expenses towards Power purchase cost.

F. Allow the Non-tariff income in accordance with the provisions of the Tariff Regulations and on the basis of the FY 2018-19 Annual Audited Accounts of the Petitioner.

G. Allow Interest on working capital in line with the established methodology of Commission.

H. Determine the Tariffs which are reflective of the actual Average Cost of Supply.

I. Pass the benefit of Revenue Surplus of FY 2006-07 to FY 2014-15 withheld and FY 2015-16 to FY 2018-19 to the consumers through Tariff reduction.

J. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice

K. Permit the Objector to participate and make additional submission and produce additional details and documentations during the course of the Public Hearing, in the interest of justice and equity.

Pramod Kumar Agarwal.

Date: 30/05/20.

OBJECTOR

Joint Secretary.

Place: GIRIDIH.

Association of DVC HT Consumers of Jharkhand

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