

## **SECTION 8 : DIRECTIONS TO THE JSEB**

The Commission has observed through out the tariff petition that not only the operational performance but also the financial performance of the Board requires a considerable improvement. This becomes a necessity in the presence of high T&D losses and abysmally low level of own generation. Therefore, to make the Board improve on these issues, the Commission is issuing these directives to the Board. The Board is required to follow these directives on priority basis. The Board is required to submit quarterly compliance report on the progress made in implementation of these directives. These directives are grouped under the following heads.

### **Sales estimates and projections**

~~7.1~~8.1            The Commission in its previous tariff order highlighted the criticality of data inadequacy and inconsistency that hampers with the proper planning and estimation of the energy sales. Same inaccuracies have again been highlighted in this tariff order, which make the true estimation of the sales complicated and inaccurate. **For this purpose, the Commission directs the Board to undertake a detailed study for load research and demand forecast in order to correctly workout its short term and long term peak energy requirement.**

~~7.2~~8.2            To correctly estimate the energy demand, data related to the category wise actual consumption is must. **The Commission directs the Board to estimate circle wise consumption for different categories including unmetered category and to furnish circle wise number of hours of supply to various categories of consumers for the previous years in the next tariff petition.**

~~7.3~~8.3            During the pubic hearing consumers raised the issues of inadequate hours of supply. They highlighted their plight and the suffering they are undergoing in the scenario of prolonged power cuts. Under the above stated view **the Commission directs the Board to collect and submit data on the number of hours supplied per week to the HTS consumers on a quarterly basis. The Commission also directs the Board that in the next tariff petition, the Board should provide category-wise and slab-wise data on sales, number of consumers and connected load and detailed calculations of it revenue estimates with the petition itself. It should also ensure that these details are as per the tariff structure approved by the Commission in this tariff order.**

**T&D loss estimate, unmetered consumption and TOD metering**

7.48.4

The Board

proposed a much higher T&D loss level in this petition against the previously approved lower T&D loss level. This projects that the Board does not have a correct picture of its losses. **The Commission directs the Board to formulate a task force for supervising the T&D loss in the State.** The task force should report to the Commission quarterly about the various efforts that has been undertaken to reduce these losses with its results. **The Commission also directs the Board to carry out energy audit of its system and provide quarterly reports to the Commission regarding the progress of energy audit, action taken to reduce T&D loss and results achieved. The Board is directed to reduce its T&D loss by 4 % every year till normative T&D loss level is reached.**

7.58.5

One of the

reasons for high T&D loss level is presence of substantial unmetered supply in the state. Installation of meters for supply of electricity to consumers is essential for proper accounting of energy consumed by them and realizing energy dues and thereby reducing the distribution losses. **Hence, the Commission directs the Board to formulate and submit a metering plan within a period of three months from the date of issue of this order.**

7.68.6

In order to

increase the metering level in the State and to bring down the non-performing /defective meters, **the Commission directs the Board to report the number of non-performing /defective meters category-wise in the system and an action to replace all such meters with in a period of three months.**

7.78.7

Most of the States

are considering moving towards the TOD tariff as this helps in managing the demand curve. Moreover it also benefits the consumers (especially LT and Commercial) who gain in terms of lowered electricity bill by shifting their consumption to off-peak period. **For this purpose, the Commission directs the JSEB to conduct a study on the feasibility (including requirement of metering infrastructure) and potential savings that will accrue from the introduction of ToD tariffs for categories of LT industrial consumers.**

7.88.8

The details

regarding voltage wise losses and cost are necessary for the purpose of tariff

rationalization. Absence of this information can jeopardize the tariff rationalization process and tariff determination exercise. **The Commission therefore, directs the Board to carry out appropriate studies to determine category wise and voltage wise T&D losses and cost of supply and submit it to the Commission within a period of six months from this order.**

### **Performance of self owned power plants**

~~7.9~~8.9 The Commission observes that the efficiency level of the PTPS has further gone down with abysmally low PLF, high Station Heat Rate (SHR) and high auxiliary consumption. **The Commission directs the Board to undertake necessary measures for increasing the PLF to its optimal level and to reduce SHR from the existing level and appropriately benchmark the working units with plants of similar background and age.**

~~7.10~~8.10 Distance from pithead to siding is between 3-20 kilometres, for such a short distance the proposed transit losses are very high. **Under this backdrop the Commission directs the Board to step up its supervision to reduce this loss.**

~~7.11~~8.11 SHPS is enduring from low level of performance primarily due to silting which has resulted in low water level and correspondingly lesser generation. **Thus, the Commission directs the Board to look into the matter of silting immediately and resolve the conflicts, if any, on priority to improve generation from this plant.**

### **Power purchase and UI sale**

~~7.12~~8.12 The Commission for this tariff order has considered the power purchase against the UI sale. However, for all future transactions, **the Commission directs the Board to first meet the need of its consumers and resort to UI sale only in case of zero load shedding and zero power outage situations. The Commission also directs the Board to post the following information on its web site every month:**

- a. Month
- b. Total MU of energy purchased
- c. Electricity bill on account of energy purchase
- d. Self generation-thermal (MU)
- e. Self generation-hydel (MU)

- f. Total MU of energy sold
- g. Energy billed (Rs Crore)
- h. Collection (Rs Crore)
- i. MU sold under UI
- j. Amount received under UI (Rs. Crore).

**Division wise monthly detail of power supply, billing and collection as per the format to be provided on its website as per the given format:**

**Month: .....**

**Division .....**

CATEGORY OF CONSUMER	AVERAGE HOURS OF SUPPLY	ENERGY INPUT TO THE SYSTEM (MU)	ENERGY BILLED (MU)	ENERGY BILLED (Rs. Crore)	COLLECTION (Rs. Crore)

### **Actuarial studies**

**7.138.13** Terminal benefit and pension liabilities represent a commitment and cannot be treated as revenue requirement. The Board has mentioned several times that it has initiated the actuarial studies but has not provided details or findings of the same. This time again, the Commission directs the Board to provide details of actuarial studies being undertaken by the Board with the next tariff petition, as any revision in the terminal benefit liabilities would have to be based on the same. It may be noted that the honourable Supreme Court vide its order in Civil Appeal No. 5338 of 2006 arising out of Special Leave to Appeal (Civil) No(s). 8618/2006 gave the judgment that pension liability of all retiree before the reorganization of erstwhile combined Bihar would rest with Bihar and pension liability of Jharkhand would only be for those retirees who retire from JSEB. As such, the pension liability of Jharkhand would stand reduced.

### **Capitalization and Asset register**

**7.148.14** Details of Capital work in progress (CWIP) are important as they form the base for the capitalization on completion of capital work. However, even after repeated correspondence the Board provided no information regarding CWIP. The Commission therefore, directs the Board to declare its

capitalization policy and to provide the year wise details regarding CWIP with the next tariff petition. All capex plans must be submitted to the Commission for approval.

~~7.15~~8.15 The Commission observed that there exists no provision for maintaining the asset registers. Due to which the Commission could not appropriately judge the R&M cost, Depreciation and Statutory return. **The Commission therefore, directs the Board to provide data related to fixed assets and maintain an asset register classifying assets on the basis of appendix II of, JSERC (Terms and Conditions for Determination of Thermal Generation Tariff) Regulations, 2004.**

### **Audited Accounts**

~~7.16~~8.16 The annual accounts submitted by the Board for the previous years are all unaudited. A number of consumer organizations during the public hearings have raised the issue of filing of tariff petition without the latest audited accounts and absence of prudent GFA details. **For this purpose, the Commission directs the Board to submit the audited annual accounts and asset register for the previous years with detailed explanation and clarification. Both of these should be submitted with the next tariff petition. In case this is not done, the Commission may in view of data uncertainty not allow any return on equity in the next tariff order.**

### **Delayed payment charges**

~~7.17~~8.17 The onus of billing and collection lie with the Board, the inefficiencies pertaining to non-collection of the DPS should not be passed on to the consumers. **For this purpose the Commission directs the Board to make all efforts to collect the DPS promptly and also maintain complete records of the same, which should be submitted along with the next tariff petition.**

### **Standards of performance**

~~7.18~~8.18 The Commission observed that many consumers objected to the quality of supply and service of power. The reliability and quality of power being delivered are not up to the laid Standards of Performance. The Commission observes that all these factors are essential for the socio-economic development of the State. **The Commission directs the JSEB to implement the Standards of Performance Regulations by 1<sup>st</sup> January 2008 and submit the compliance report to the**

**Commission thereafter. If the Board fails to implement this, the energy charge for all categories may be reduced by 2.5% from that date.**

### **Rural consumers**

~~7.19~~8.19 The Commission observes that distinct rural tariff will provide correct signals to consumers and will enable specific subsidies to be targeted towards the rural consumers. This is important keeping in view the difference in present quality of power supply between urban and rural areas and the thrust of the Government on rural electrification to get all households electrified. **The Commission therefore, directs the JSEB to undertake a cost of service study specifically for rural consumers, in order to determine the level of specific subsidies and support needed for incentivizing the rural electrification program.**

### **Rural Electric Co-operative (Bulk Supply)**

~~7.20~~8.20 The Commission observes that no consumer is taking supply under this category. The Commission continued with this category to give an opportunity to the rural consumers to form such cooperatives and take supply under this category. However, no progress has been made on this front. **In order to propagate this further Commission directs the Board to send the details of this to all potential rural consumers especially Village Panchayats and then assess whether this category should be continued in future or not.**

### **High Tension Service and EHTS category**

~~7.21~~8.21 The Commission observed the discrepancies in the load factor of HTS and HTSS categories, which point towards data discrepancies and presence of inefficiencies in the Board. **The Commission directs the JSEB to provide details of number of consumers, connected/sanctioned load, number of hours of supply and revenue generated through minimum charges for this category in FY 2004-05, FY 2005-06, FY 2006-07 and FY 2007-08 (April-June 2007) for Extra High Tension Service (at 132 kV) within two months of the issue of this order. The Commission may revise the applicable minimum charge to this category thereafter.**

~~7.22~~8.22 The revenue implication of load factor rebate, power factor surcharge & rebate and time of day tariff should be considered while working out the tariff.

Absence of relevant information, on above state parameters, constraints the tariff determination process. **The Commission therefore, directs the Board to submit these details with the next petition.**

~~7.23~~8.23 As per the Information submitted by the Board the load factor for the Extra High Tension Service (at 132 kV) category consumers stood at a very low level of 6.65%. However as per the industry standards it has to be in the range of 75-80%. This proves the dichotomy of the information submitted by the Board. **The board is directed carry out a study considering the contract demand, the actual consumption, load factor, billing, collection, reasons for low load factor and submit it to the Commission within a period of six months from the date of tariff order.**

This order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this day the 31<sup>st</sup> August 2007

Place: Ranchi  
Date: 31<sup>st</sup> August 2007

Sd/-  
Member (Legal)

Sd/-  
Chairman