

**Jammu & Kashmir
State Electricity Regulatory Commission**



**Order
on
Petition for Annual Performance Review FY 2013-14
(including transmission tariff for FY 2014-15)
for
Power Development Department – Transmission,
Govt. of J&K**

Srinagar
June 2014

Jammu & Kashmir State Electricity Regulatory Commission

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Before
Jammu & Kashmir State Electricity Regulatory Commission
Petition No: 43 of 2014

In The Matter Of:

Petition for approval of Annual Performance Review (APR) FY 2013-14 of the 3-Year Multi Year Tariff (MYT) period from FY 2013-14 to FY 2015-16 and Tariff revision proposal for FY 2014-15 for Jammu and Kashmir Power Development Department – Transmission Business.

And

In The Matter Of:

Jammu and Kashmir Power Development Department - Transmission,
Srinagar/Jammu

ORDER

Order No. JKSERC/33 of 2014

(Passed on 20th June, 2014)

1. This Order relates to the petition for Annual Performance Review (APR) FY 2013-14 and Tariff revision for FY 2014-15 filed by the Jammu & Kashmir Power Development Department for its transmission business (hereinafter referred to as JKPDD-Transmission or JKPDD-T or the Petitioner or the licensee) before the Jammu & Kashmir State Electricity Regulatory Commission (hereinafter referred to as JKSERC or the Commission). The petition was filed as per the JKSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2012 as amended from time to time and in accordance with J&K Electricity Act, 2010.
2. As per the sub Regulation (3.7.1) of Regulation 3.7 of JKSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2012, the Petitioner was required to submit the Annual Performance Review (APR) for FY 2013-14 to assess the performance vis-à-vis the target approved by the Commission at the beginning of the Control by 30th November, 2013.
3. There was delay in filing of the APR petition by JKPDD-T. The Development Commissioner (Power) JKPDD filed a Petition No. JKSERC/38 of 2013 before the Commission on 27th November 2013 seeking an extension in date of filing of tariff petition upto 30th January, 2014 on the ground of inadequate response to the tenders floated by the Petitioner for engagement of consultants to assist the Utility in preparing and filing of the APR/Tariff Petition before the Commission.

4. On the assurance of the Petitioner that they are in the process of engaging a consultant in response to a fresh tender notice floated by them, the Commission, vide its Order No.: JKSERC/30 of 2013 dated: 6th December, 2013 granted extension of filing the Petition by or before 31st December 2013.
5. The Petitioner failed to submit the petition for APR for FY 2013-14 and tariff revision for FY 2014-15 by 31st December 2013. The Commission, vide its Letter No. JKSERC/ Secy/ 33/ 1294-95 dated 16th January 2014 reminded the Petitioner to take necessary action and file the APR Petition and thereafter issued a final notice to the Development Commissioner (Power), JKPDD vide its Letter No. JKSERC/ Secy/33/1437 dated 6th February 2014 for initiating suo-moto proceedings.
6. The Petitioner ultimately filed the Petition for APR FY 2013-14 and tariff revision for FY 2014-15 for its transmission business on 17th February 2014. On detailed analysis of the Petition, the Commission observed several information gaps and discrepancies in the Petition for which additional information was sought from the Petitioner vide Commission's Letter No. JKSERC/ Secy/ 33/ 1508-12 dated 21st February, 2014.
7. The Petitioner submitted the revised petition on 28th February 2014 and the Commission admitted the petition on the same day after the Petitioner made a presentation before the Commission.
8. The Commission vide its letter no. JKSERC/Secy/1567-68 dated 24th February, 2014 directed the Petitioner to publish the gist of the petition for APR FY 2013-14 as public notice and invite comments/ objections/suggestions from the stakeholders on the above mentioned petitions filed.
9. The approved gist of the petition filed by JKPDD-T was published by the Petitioner in several widely read newspapers on 1st March 2014.
10. The copy of the Petition was also available on the official websites of the Commission and the Petitioner.
11. The stakeholders were requested to submit their written comments/ suggestions/ objections latest by 29th March 2014.
12. The process of holding public proceedings as required under the relevant regulations could not move ahead in view of the 16th Lok Sabha Elections and imposition of Model Code of Conduct w.e.f. 5th March, 2014. In fact, the Commission was prevented to proceed ahead in the matter, vide Election Commission of India's (ECI) communication No: 437/6/MISC/2014-CC&BE/322 dated 17th February, 2014 in which interalia it was mentioned in unambiguous terms that once Model Code of Conduct is imposed for the forthcoming Lok Sabha Elections, it shall be applicable to the Electricity Regulatory Commissions also.

13. Central Electricity Regulatory Commission (CERC) and some State Electricity Regulatory Commissions (SERCs) including JKSERC approached Election Commission of India (ECI) for relaxation. Ultimately, ECI vide communication No: 437/6/1/2014-CC&BE dated 29th March, 2014 conveyed that the Commission has no objection to the continuance of the process required for the decision on the power tariff. However, tariff award shall be made only on the completion of polling in the relevant State i.e. after the poll date/dates in that State. JKSERC immediately on receipt of clarification notified a time schedule of Public hearings at Jammu and Srinagar, on the Annual Performance Review (APR) and Tariff Petitions for Distribution and Transmission Business of JKPDD for FY 2013-14 and FY 2014-15.

Meeting of the State Advisory Committee

14. The Commission convened a meeting with the Members of the State Advisory Committee (SAC) on 22nd April 2014 for the purpose of discussing the petition filed by the JKPDD-T.
15. The representatives from the JKPDD-T made a detailed presentation on the petition for Annual Performance Review (APR) for FY 2013-14 and Tariff revision for FY 2014-15 filed by it.

Public Hearings

16. In order to maintain transparency in the process for approval of the APR Petition for JKPDD-T, the Commission involved the stakeholders by initiating a public consultation process to understand their views on various aspects of the petition filed by JKPDD-T. Accordingly, the public hearings on the APR Petition filed by JKPDD-T were held at Jammu and Srinagar as per the details provided in the following table:

Table 1: Details of Public Hearings

Place/ city	Date	Location
Srinagar	24.05.2014	IMPA, Mulana Azad Road
Jammu	29.05.2014	PWD Guest House, Gandhi Nagar

17. The comments/objections/suggestions received during the SAC meeting and the public hearings have duly been considered while finalizing this Order on the petition for Annual Performance Review FY 2013-14 and Tariff revision for FY 2014-15.

Approved Aggregate Revenue Requirement (ARR) and Transmission Tariff

18. The Petitioner in its petition for APR FY 2013-14 has submitted revised Aggregate Revenue Requirement (ARR) for the entire Control Period

FY 2013-14 to FY 2015-16. However, in accordance with JKSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2012, the scope of this Order is limited to review the performance of FY 2013-14 and determination of revised ARR and tariff for FY 2014-15. The review of projections for FY 2015-16 will be carried out along with next tariff order.

19. The Commission has analyzed the cost for each of the items of the ARR in detail in this Order and has accordingly approved the revised ARR for FY 2013-14 and FY 2014-15. The approved Aggregate Revenue Requirement for FY 2013-14 and for FY 2014-15 is given in the table below.

Table 2: Approved ARR (revised) for FY 2013-14 and FY 2014-15

Particulars	FY 2013-14	FY 2014-15
O&M Expenses	97.56	107.87
Depreciation	0.00	0.00
Interest & Finance Charges	0.00	0.00
Interest on Working Capital	5.13	5.62
Return on Equity	0.00	0.00
Total Expenditure	102.69	113.49
Less: Non-Tariff Income	0.00	0.00
Approved Annual Revenue Requirement	102.69	113.49

20. Based on the approved Aggregate Revenue Requirement, the Commission has approved transmission charges of Rs 39.57/kW/Month for FY 2014-15 considering transmission capacity of 2390.23MW as submitted by the Petitioner.

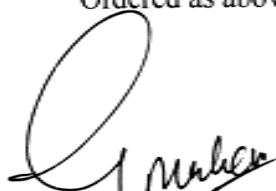
Implementation of the Order

21. The petition for approval of APR for FY 2013-14 and Tariff Revision for FY 2014-15 was submitted by JKPDD-T on 17th February, 2014. However the Commission noted several discrepancies in the initial petition. The Petitioner submitted the revised APR petition for FY 2013-14 and Tariff revision for FY 2014-15 on 28th February, 2014. The petition was admitted by the Commission on the same day.
22. In accordance with Sub-Regulations 3.6.2 and 3.6.3 of the JKSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2012, the Commission is passing this Order after thorough scrutiny and prudence check of the submissions made by the Petitioner. This order, inter alia, contains the approved revised ARR for FY 2013-14 and FY 2014-15 and the transmission charges (on kW/Month basis) for FY 2014-15.

Order on Petition for APR FY 2013-14 (including Transmission tariff for FY 2014-15)

23. This Order shall take effect from 1st July, 2014 and shall remain valid till 31st March 2015, unless amended or modified or extended by an order of the Commission.
24. Thus, the Commission directs that this Order be implemented along with directions given and conditions mentioned in the detailed Order.
25. In exercise of the powers vested in it under the Jammu & Kashmir Electricity Act, 2010 (Act XIII of 2010), the Commission hereby passes this Order for approval of petition for Annual Performance Review FY 2013-14 and ARR for FY 2014-15 today, the 20th June, 2014.

Ordered as above, read with attached detailed reasons, grounds and conditions


(G.M. Khan)
Member


(D.S. Pawar)
Member

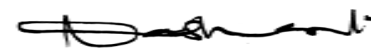

(B.A. Dhar)
Chairperson

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ABBREVIATIONS

Acronym	Definition
A&G Expenses	Administrative & General Expenses
ARR	Aggregate Revenue Requirement
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPI	Consumer Price Index
CWIP	Capital Works in Progress
Ckt-km	Circuit Kilometres
C&S (J&K)	Commercial & Survey
DCP	Development Commissioner (Power), Jammu & Kashmir
TTIC (J&K)	Training, Testing, Inspection and Commissioning, Jammu & Kashmir
EM & RE (J)	Electric Maintenance & Rural Electrification. Jammu
EM & RE (K)	Electric Maintenance & Rural Electrification. Kashmir
ERS	Emergency Restoration Systems
FAR	Fixed Asset Registers
Fin. Org	Financial Organization
GFA	Gross Fixed Assets
GoJK	Government of Jammu & Kashmir
GoI	Government of India
JKSERC/JKSERC	Jammu & Kashmir State Electricity Regulatory Commission
JKPDD	Jammu & Kashmir Power Development Department
JKPDD - D	Jammu & Kashmir Power Development Department – Distribution
JKPDD - T	Jammu & Kashmir Power Development Department – Transmission
MU	Million Units
MYT	Multi-Year Tariff
O&M	Operations and Maintenance
P&D (J&K)	Planning & Design, Jammu & Kashmir
PGCIL	Power Grid Corporation of India Limited
P&MM (J&K)	Procurement & Material Management, Jammu & Kashmir
PWD	Public Works Department
R&M Expenses	Repair & Maintenance Expenses
RoE	Return on equity
TCC	Total Contracted Capacity
T&D	Transmission and Distribution
TR	Transmission Rate
SAC	State Advisory Committee
SERC	State Electricity Regulatory Commission
S&O (J)	System& Operations, Jammu
S&O (K)	System& Operations, Kashmir
WPI	Wholesale Price Index

CHAPTER 1: INTRODUCTION

Jammu & Kashmir State Electricity Regulatory Commission

1.1 The Jammu and Kashmir State Electricity Regulatory Commission (hereinafter referred to as the Commission) is a statutory body setup under an Act of the State Legislature to regulate power sector in the State of Jammu and Kashmir.

1.2 Section 71 of the Jammu & Kashmir Electricity Act, 2010 has described the various functions required to be discharged by the Commission. These functions have been summarised below:

- (a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

Provided that where open access has been permitted to a category of consumers under section 36, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

- (b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c) facilitate intra-state transmission and wheeling of electricity;
- (d) issue license to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- (f) adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;
- (g) levy fee for the purposes of the Act;
- (h) specify State Grid Code consistent with the Grid Code specified under the Indian Electricity Act, 2003;
- (i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;

- (j) fix the trading margin in the intra-State trading of electricity, if considered, necessary; and
 - (k) discharge such other functions as may be assigned to it under this Act.
- 1.3 The Commission shall ensure transparency while exercising its powers and discharging its functions.
- 1.4 In discharge of its functions, the Commission shall be guided by the State Electricity Policy, State Electricity Plan, and Tariff Policy published under the provisions of the Act.

Jammu & Kashmir Power Development Department

- 1.5 JKPDD, viz. Power Development Department (PDD), Government of Jammu & Kashmir is the sole transmission and distribution utility in the State of Jammu and Kashmir.
- 1.6 The Government of Jammu & Kashmir, vide Order No. 264 PDD of 2012 dated 5thSeptember 2012, has ordered for unbundling of JKPDD and setting up of one transmission company, two distribution companies (one each for Jammu and Kashmir divisions) and one trading company with the function of a holding company. In line with the above order, GoJK has ordered for setting up of the following companies vide Order No. 285 PDD of 2012 dated 21stSeptember 2012:
- a) Jammu & Kashmir State Power Transmission Company Limited
 - b) Jammu & Kashmir State Power Trading Company Limited
 - c) Jammu Power Distribution Company Limited
 - d) Kashmir Power Distribution Company Limited
- 1.7 As the process of unbundling is still under progress, JKPDD-T has filed the petition for approval of Annual Performance Review for its transmission under the provisions of the JKSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2012 and JKSERC (Conduct of Business) Regulations, 2005.

Scope of the Present Order

- 1.8 The ambit of the present Order extends to approval of Annual Performance Review(APR) for FY 2013-14 and determination of Aggregate Revenue Requirement (ARR) and tariff for FY 2014-15 for the transmission business of the JKPDD (hereinafter referred to as JKPDD-T or the Petitioner).

- 1.9 The Petitioner has also submitted revised projections for FY 2015-16 as part of its APR petition. However, as scope of this Order pertains to approval of APR for FY 2013-14 and revision of tariffs for FY 2014-15, the Commission has analysed the impact on ARR for FY 2014-15 as part of this Order. The review of projections for FY 2015-16 will be carried out along with next tariff order.

Procedural History

- 1.10 As per sub Regulation (3.7.1) of Regulation 3.7 of the JKSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2012, the Petitioner was required to submit the Annual Performance Review (APR) for FY 2013-14 to assess its performance vis-à-vis the target approved by the Commission at the beginning of the Control Period by 30th November, 2013.
- 1.11 There was delay in filing of the APR petition by JKPDD-T. The Development Commissioner (Power) JKPDD filed a Petition No. JKSERC/38 of 2013 before the Commission on 27th November, 2013 seeking an extension in date of filing of tariff petition upto 30th January, 2014 on the ground of inadequate response to the tenders floated by the Petitioner for engagement of consultants to assist the Utility in preparing and filing of the APR/Tariff Petition before the Commission.
- 1.12 On the assurance of the Petitioner that they are in the process of engaging a consultant in response to a fresh tender notice floated by them, the Commission, vide its Order No.: JKSERC/30 of 2013 dated: 6th December, 2013 granted extension of filing the Petition by or before 31st December 2013.
- 1.13 The Petitioner failed to submit the petition for APR FY 2013-14 and Tariff revision for FY 2014-15 by the stipulated revised date as specified by the Commission's Order dated 6th December 2013. The Commission, vide its Letter No. JKSERC/ Secy/ 33/ 1294-95 dated 16th January 2014 again reminded the Petitioner to take necessary action and file the APR and tariff revision Petition and thereafter issued a final notice to the Development Commissioner (Power), JKPDD vide its Letter No. JKSERC/ Secy/33/1437 dated 6th February 2014 for initiating suo-moto proceedings.
- 1.14 The Petitioner submitted the revised petition on 28th February 2014 and the Commission admitted the petition on the same day after the Petitioners made a presentation before the Commission.
- 1.15 The Commission vide its letter no. JKSERC/Secy/1567-68 dated 28th February, 2014 directed the Petitioner to publish the gist of the petition for APR FY 2013-14 and Tariff Revision for FY 2014-15 as public notice and invite comments/ objections/suggestions from the stakeholders including consumers on the above mentioned petitions filed.

- 1.16 The approved gist of the petition was published by the Petitioner in several widely read newspapers on 1st March, 2014. The stakeholders were requested to submit their written comments/ suggestions/ objections latest by 29th March 2014.

Meeting of the State Advisory Committee

- 1.17 The Commission convened a meeting of the State Advisory Committee (SAC) on 22nd April, 2014 to discuss the petition submitted by JKPDD-T.
- 1.18 The issues and concerns raised and the suggestions and recommendations offered by the SAC members have been considered by the Commission while preparing this order. The participants of the SAC meeting are listed in Annexure 1.

Inviting Public Comments

- 1.19 JKPDD-T published a public notice indicating the salient features of its petition and inviting objections and suggestions from the consumers and other stakeholders. The public notice appeared in the following newspapers:

Table 3: List of Newspapers

Sl No	Newspaper	Date of Publication
1	Greater Kashmir (S)	01.03.2014
2	Daily Excelsior	01.03.2014
3	State Times	01.03.2014
4	Greater Kashmir (J)	01.03.2014

- 1.20 The copy of the Petition was also available on the official websites of the Commission and the Petitioner.
- 1.21 The copies of the petitions were made available for purchase on any working day by the consumers from the Utility's offices in Jammu, Srinagar and Leh. The last date for submitting the comments/ objections on APR petition was 29th March, 2014.
- 1.22 The public notice advised respondents to submit (in person or by post or by fax) their objections in English, Hindi or Urdu to the Commission with two copies to JKPDD-T. Respondents were also given the option to be heard in person during the public hearings conducted by the Commission. The list of stakeholders who attended the public hearing is enclosed as Annexure 3.
- 1.23 The Commission held public hearings in Srinagar on 24th May, 2014 and in Jammu on 29th May, 2014, to discuss the issues related to the petition filed by JKPDD-T for approval of APR for FY 2013-14 and Tariff revision for FY 2014-15. The public hearings enabled the utility to present its case and to respond to the objections raised by various respondents.

CHAPTER 2: SUMMARY OF THE PETITION FILED BY JKPPD-T

2.1 The summary of the petition for APR for FY 2013-14 and Tariff revision for FY 2014-15 as submitted by JKPPD-T is as under.

Capital Expenditure Plan

2.2 The revised capital investment plan for FY 2013-14 and the projected plan for FY 2014-15 and FY 2015-16 have been summarised in the following table:

Table 4: Revised Capital Expenditure Plan for FY 2013-14 and Projected plan for FY 2014-15 and FY 2015-16 (Rs Cr)

S.No	Particulars	FY 2013-14 (Revised Est.)	FY 2014-15 (Projected)	FY 2015-16 (Projected)
1	220 KV Transmission lines	10.00	145.09	63.13
2	132 KV Transmission lines	6.00	83.73	75.47
3	220/132 KV Sub Station (Construction)	22.50	145.03	75.00
4	220/132 KV Sub Station (Augmentation)	0.00	27.63	37.38
5	132/33 KV Sub Station (Construction)	9.67	151.44	230.67
6	132/33 KV Sub Station (Augmentation)	0.70	52.17	20.68
7	Construction of additional bays 132/33 kV	0.00	3.63	4.66
8	SLDC/Fiber Optic Communication works.	0.00	30.00	37.53
9	Others	5.46	13.08	48.90
	Total Capital Expenditure plan	54.33	651.80	593.42

Transmission Losses

2.3 The following table summarizes the trajectory for transmission losses as submitted by JKPPD-T for the MYT Control Period (FY 2013-14 to FY 2015-16)

Table 5: Transmission Loss Trajectory (%) from FY 2013-14 to FY 2015-16

Particulars	FY 2013-14 (Revised Est.)	FY 2014-15 (Projected)	FY 2015-16 (Projected)
Total Loss in the system (%)	4.02	4.00	4.00

Aggregate Revenue Requirement (ARR) for the MYT Control Period (FY 2013-14 to FY 2015-16)

2.4 JKPPD-T has estimated its ARR for the 3 year MYT Control Period from FY 2013-14 to FY 2015-16 as Rs 180.45 Cr, Rs 225.31 Cr and Rs 278.68 Cr for FY 2013-14, FY 2014-15 and FY 2015-16 respectively, as shown in Table 6.

Table 6: Aggregate Revenue Requirement (ARR) from FY 2013-14 to FY 2015-16 (Rs Cr)

Particulars	FY 2013-14			FY 2014-15	FY 2015-16
	Proj. in MYT Petition	App. By JKSERC in MYT Order	Revised Estimates now	Proj. submitted now	Proj. submitted now
O&M Expenses	122.67	100.02	107.37	127.09	150.46
Depreciation	71.17	0.00	66.40	89.86	118.59
Interest & Finance Charges	9.30	0.00	0.00	0.00	0.00
Interest on Working Capital		5.31	6.68	7.55	9.63
Annual Revenue Requirement	203.14	105.33	180.45	225.31	278.68

Proposal of Transmission Tariff

2.5 JKPDD-T has determined tariff in terms of Rs /kW /Month based on the revised (FY 2013-14) and projected (FY 2014-15 and FY 2015-16) contracted capacity of the transmission system as follows.

Table 7: Transmission Tariff for FY 2013-14 to FY 2015-16

Particulars	FY 2013-14 (RE)	FY 2014-15 (Proj)	FY 2015-16 (Proj)
Aggregate Revenue Requirement (Rs Cr)	180.45	225.31	278.68
Transmission Capacity (kW)	2390230	2390230	2390230
Transmission Charges (Rs/kW/Month)	62.93	78.55	97.15

CHAPTER 3: ANNUAL PERFORMANCE REVIEW OF FY 2013-14

- 3.1 This section contains the details regarding the APRFY 2013-14 petition of JKPDD-T and the approach adopted by the Commission in assessing the same.
- 3.2 As per Regulation 3.7 of the JKSERC (Multi Year Transmission Tariff) Regulations, 2012 and amended from time to time, the Licensee shall submit the Annual Performance Review Report as part of annual review on actual performance as per the timelines specified to assess the reasons and extent of any variation in performance from the approved forecast. The relevant provision has been reproduced below:
- “3.7.1 The Transmission Licensee shall be subjected to an annual performance review during the Control Period. The Licensee shall make an application for annual performance review not less than 120 days before the close of each financial year in the Control Period. The Licensee shall provide such information as may be stipulated by the Commission from time to time to assess the reasons and extent of any variation in the performance from the approved forecast.”*
- 3.3 Based on above, the Petitioner submitted the Petition for APR for FY 2013-14 based on actual for FY 2013-14 for first nine (9) months and projections for remaining period.
- 3.4 As the FY 2013-14 is already over, the Commission directed the Petitioner to submit details of actual capital investment carried out and actual costs incurred during FY 2013-14. However, the Petitioner failed to do so informing that the actual data will be submitted at time of ‘True up’.
- 3.5 Thus, the Commission provisionally approves the APR for FY 2013-14 in this Tariff Order. However, it has not allowed any incentive/ penalty for gains/ losses on over/under achievement of targets for uncontrollable parameters as the review is based on provisional data. The sharing of gains/ losses will be determined at the time of ‘True up’ based on audited annual accounts for the year.
- 3.6 This section summarizes the projections for annual performance review for FY 2013-14 as submitted by Petitioner and as approved by the Commission.

Capital Expenditure Plan

Petitioner’s Submission

- 3.7 The Petitioner has submitted that it undertakes the capital expenditure for the following purpose:
- (a) Laying of new transmission lines

(b) Construction of new substations

(c) Strengthening of the existing transmission network to cope up with the growing demand and connectivity to the new areas under development

3.8 The physical targets of the capital investment schemes for FY 2013-14, as submitted are presented as under:

Table 8: Physical Target achieved for various schemes

S.No	Particulars	Unit	2013-14 (RE)
1	220 KV Transmission lines	ckt km	85.00
2	132 KV Transmission lines	ckt km	28.50
3	220/132 KV Sub Station (Construction)	MVA	160.00
4	220/132 KV Sub Station (Augmentation)	MVA	0.00
5	132/33 KV Sub Station (Construction)	MVA	100.00
6	132/33 KV Sub Station (Augmentation)	MVA	0.00
7	Construction of additional bays 132/33 kV	No	0.00

3.9 The Petitioner submitted that the new assets/schemes will be capitalized in line with the completion of capital works for the respective schemes. The summary of the capital expenditure and the capitalisation plan for FY 2013-14 is given as under:

Table 9: Summary of Capital Expenditure Plan for FY 2013-14 (Rs Cr)

S.No	Particulars	2013-14 (RE)
1	220 KV Transmission lines	10.00
2	132 KV Transmission lines	6.00
3	220/132 KV Sub Station (Construction)	22.50
4	220/132 KV Sub Station (Augmentation)	0.00
5	132/33 KV Sub Station (Construction)	9.67
6	132/33 KV Sub Station (Augmentation)	0.70
7	Construction of additional bays 132/33 kV	0.00
8	SLDC/Fiber Optic Communication works.	0.00
9	Others	5.46
	Total Capital Expenditure plan	54.33

Commission's Analysis

- 3.10 As against the approved capital investment of Rs 590.97 Cr for FY 2013-14, the Petitioner has actually undertaken capital investments of Rs 54.33 Cr as per the revised estimates submitted by the Petitioner. It is a matter of great concern that the actual capital investment incurred by the Petitioner is not even ten percent of the capital investment approved for FY 2013-14.
- 3.11 The capital investments schemes in the transmission sector are essential towards evacuation of power from the various sources of power generation that the PDD (Distribution) has tied up with and for wheeling of that power up to the input points of the distribution network. It is a fact that adequate planning and timely execution of capital investment schemes of the transmission sector is essential for the viability of the state power sector as a whole. Therefore, it is essential that the Petitioner monitors the progress of the schemes planned and ensures timely completion of these schemes without any time / cost over runs.
- 3.12 The Commission had directed the Petitioner to submit the quarterly progress of each of the schemes along with requisite Detailed Project Report and load flow study of the schemes to facilitate monitoring of the capital investment schemes being undertaken by the Petitioner. The Petitioner has failed to submit the quarterly reports and also the DPRs of the schemes being undertaken.
- 3.13 The details of the capital investments approved in the MYT Order for the Control Period FY 2013-14 to FY 2015-16, revised estimates submitted by the Petitioner and provisionally approved by the Commission are summarized in the following table:

Table 10: Provisionally approved capital investment for FY 2013-14 (Rs. Cr)

Particular	Approved in MYT Order	Submitted now	Provisionally approved in APR
Total Capital Expenditure	590.97	54.33	54.33

- 3.14 The true up of actual capital expenditure and capitalization shall only be done on the submission of audited accounts for the transmission function for FY 2013-14 along with the true up petition for FY 2013-14.
- 3.15 The Commission took serious note of the delays and in view of importance of the issue also initiated Suo-moto proceeding vide Petition No: JKSERC/39/SM of 2013 seeking the details of plans of the Utility for capacity addition and augmentation of generation, construction of inter-state and intra-state transmission system for evacuation, transmission and utilization of the generation capacity expansion planned in the State in 12th and 13th Five Year Plan and also the plan for augmentation and construction of adequate distribution system for delivering power to consumers across the State as per the demand projections for the 12th & 13th Plan periods.

3.16 The Commission in its Suo-moto Order dated 10th March, 2014, directed the Petitioner as under:

- a) JKPDD has the responsibility of planning and construction / augmentation of its T&D system not only to match the unrestricted peak demand of the state in future but also to allow wheeling and transmission of power generated from a large number of generating stations which are envisaged to come up through various agencies. The Utility is directed to complete the system study without further loss of time, taking help from CEA or any other agency equipped with modern tools. The detailed proposals supported by system studies should indicate year wise phasing for implementation, financial estimates and financing plans along with location wise details matching the load growth.
- b) JKPDD is directed to take immediate steps with regard to the implementation of R-APDRP (Part B) as its implementation has been inordinately delayed to the disadvantage of the State.
- c) The Commission noted with concern that the Task Force and the Technical Committee, as per the decision taken by Board of Directors (BOD) of JKSPDC in its 68th meeting on 20th February, 2013 have not been constituted so far. The Commission strongly feels that constitution of the Task Force/committee is critical for ensuring coordination amongst various agencies in preparation of the action plan, prioritizing the requirements, identifying resources for funding the action plan and to monitor the implementation of the plans/project as per the stipulated time lines. Accordingly, the Commission directs that the Principal Secretary, JKPDD should take immediate action towards constitution of the Task force & Technical Committee for the purpose of assessment of requirements of power infrastructure in the state during 12th & 13th plan period based on demand projections and requirement on account of evacuation & utilization of power from various ongoing/upcoming projects. The Principal Secretary, JKPDD shall also coordinate the implementation of plans of all the agencies responsible for development of generation, transmission & distribution systems in the state. The progress report shall be submitted to the Commission on a quarterly basis. Latest status in the matter be submitted by the end of June 2014.

Operation and Maintenance Expenses

Petitioner's Submission

3.17 The Petitioner has submitted that the operation and maintenance expenses comprising of employee cost, repair & maintenance expenses and administrative & general expenses have now been revised at Rs.107.37 Cr for FY 2013-14. The revision has been based on the revised estimates adopted by the State Finance Department in budget estimates.

3.18 The revised O&M expenses for the period under review are as under:

Table 11: O&M Expenses proposed by JKPDD-T FY 2013-14 (Rs Cr)

Particulars	Proposed in MYT	Proposed Now
O&M Expenses	122.67	107.37

3.19 The Petitioner has also submitted the component wise break-up of the O&M expenses which are as follows:

Table 12: Employee Expenses proposed by JKPDD-T (Rs Cr)

Particulars	Proposed Now
Salaries	90.34
Wages	0.08
Medical Reimbursement	0.17
Total	90.59

Table 13: Repair and Maintenance Expenses (Rs Cr)

Particulars	Proposed Now
Maintenance & Repair	9.70
R & M - Machinery & Equipment	0.52
Other R & M Expenses	3.28
Total	13.50

Table 14: Administrative and General Expenses (Rs Cr)

Particulars	Proposed Now
Electricity Charges	1.40
Travelling Expenses	0.28
Office Expenses	0.31
Professional Charges	0.39
Telephone Expenses	0.20
Other A&G Expenses	0.70
Total	3.28

Commission's Analysis

3.20 The operation and maintenance expenses for the MYT Control Period (FY 2013-14 to FY 2015-16) are approved by the Commission in accordance with Regulation 4.11 of Transmission MYT Regulations, 2012. The regulation reads:-

“4.11.1 In the case of existing Transmission Licensee, the Licensee in its filings shall submit the consolidated O&M expenses for the Base Year of the Control Period and for the two years preceding the Base Year. The O&M expenses for the Base Year shall be determined based on the latest audited accounts, best estimates of Licensee of the actual O&M expenses for relevant years and other factors considered relevant. The O&M expenses for the Base Year, if required, will be used for projecting the expenses for each year of the Control Period. The Licensee shall also propose determination of the admissible O&M expenses on the basis of per ckt-km of lines and per bay of substation for the base year and appropriate Inflation Factor Norms for operation and maintenance expenses for the first Control Period.

4.11.2 The O&M cost per ckt-km of lines and per substation bay for the Base Year of second and subsequent Control Periods shall be determined on the basis of actual O&M cost of lines and substations to be filed separately by the Licensee.”

- 3.21 The Commission in the MYT Order for the Control Period FY 2013-14 to FY 2015-16 had approved norms for O&M expenses per sub-station and O&M expenses per ckt-km of transmission lines for the entire Control Period based on the O&M expenses of the base year (FY 2012-13) and the actual number of sub-stations and ckt-km of transmission lines.
- 3.22 On detailed scrutiny of the APR Petition for FY 2013-14 it was found that the data on network infrastructure (number of sub-stations and ckt-km of transmission lines) for FY 2012-13 has been revised by the Petitioner as per the data contained in the Year Book for FY 2011-12 and FY 2012-13, therefore the Commission has re-determined the per unit norms for determination of O&M expenses for the Control Period on the basis of the data on network infrastructure made available now.
- 3.23 In accordance with Transmission MYT Regulations, 2012, the escalation factor for determination of norm for O&M expenses has been taken at 8.99% on the basis of the weighted average of Consumer Price Index (CPI) and Wholesale Price Index (WPI) in the ratio of 55% and 45% respectively for past 5 years.

Table 15: Calculation of Escalation Factor

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
CPI	162.75	179.75	194.83	215.17	236.00
WPI	130.82	143.33	156.13	167.62	177.60
Weighted Average Combined Index (CPI-55%, WPI-45%)	148.38	163.36	177.42	193.77	209.72
Increase in Combined Index	8.81%	10.09%	8.61%	9.22%	8.23%
Average increase/Escalation Factor	8.99%				

Source: CPI data - www.labourbureau.nic.in, WPI data - www.eaindustry.nic.in (Office of the Economic Advisor website)

Order on Petition for APR FY 2013-14 (including Transmission tariff for FY 2014-15)

3.24 The O&M expenses per ckt-km and per substation in FY 2012-13 (base year) have been escalated by 8.99% per annum to arrive at O&M expenses per ckt-km and per substation for FY 2013-14, FY 2014-15 and FY 2015-16. In spite of the repeated directions to the Petitioner to submit the data on the number of bays of substations for the control period FY 2013-14 to FY 2015-16, the Petitioner failed to submit reliable data of such network infrastructure. Therefore, the Commission is constrained to derive the norms for O&M expenses on a per sub-station basis as approved in the MYT Order. The summary of per unit O&M expense norms approved now by the Commission is given in the table below:

Table 16: Revised Norm for Operation & Maintenance Expenses approved by the Commission

Per unit cost	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
O&M Expenses (Rs Cr)/ckt-km	0.010	0.011	0.012	0.013
O&M Expenses (Rs Cr) /substation	0.92	1.00	1.09	1.19

3.25 The Commission scrutinized the data on network infrastructure available in the year book for FY 2012-13 and derived the O&M expense norms (for substations) on the basis of opening balance of the transformation capacity in the system. Given the number of substations at 220/132 KV and 132/66/33 KV levels as 63 with an aggregate transformation capacity of 7643 MVA, the O&M expenses for FY 2013-14 work out to Rs 0.008 Cr/MVA.

3.26 In addition to the O&M expenses for the current year, JKPDD-T also has a statutory obligation towards payment of arrears on account of 6th Pay Commission recommendations to its employees. The Commission in its MYT Order for FY 2013-14 to FY 2015-16 approved an amount of Rs 5.43 Cr as arrears for 6th Pay Commission for FY 2013-14. Accordingly the amount towards arrears has been provisionally allowed subject to true up based on the actual pay-out during the year.

3.27 The summary of O&M expenses approved by the Commission for FY 2013-14 is given in the following table.

Table 17: Operation & Maintenance expenses Approved by the Commission (Rs Cr)

Particulars	Approved by JKSERC in MYT Order	Projected in APR by JKPDD-T	Approved now by JKSERC
O&M Expenses	94.49	-	92.13
Arrears of 6th Pay Commission for JKPDD (T&D Combined)	42.81	-	42.81
Arrears Allocated to JKPDD-T	5.43	-	5.43
Total O&M Expenses (including arrears) for JKPDD-T	100.02	107.37	97.56

Depreciation

Petitioner's Submission

- 3.28 Depreciation charges submitted by JKPDD-T for FY 2013-14 are Rs 66.40 Cr.
- 3.29 The Petitioner has submitted that depreciation has been computed separately on opening GFA of FY 2013-14 and the additions from FY 2013-14. Depreciation on the opening block of assets has been calculated at a rate of 3.60%, as approved by the Commission in the retail tariff order for JKPDD (T&D combined) for FY 2012-13. Details of opening GFA, closing GFA & depreciation submitted by JKPDD-T are given in the table below.

Table 18: Depreciation claimed by JKPDD-T(Rs Cr)

Particulars	Proposed in MYT	Proposed Now
Opening GFA	1790.07	1790.07
Addition in GFA	373.85	54.33
Closing GFA	2163.93	1844.4
Depreciation	71.17	66.40

Commission's Analysis

- 3.30 The Commission observes that as per the submission of the Petitioner, all the fixed assets of JKPDD-T have been funded through grants from the Central or State Govt. The Regulation 4.9.1 of the Transmission MYT Regulations, 2012 as amended from time to time specifies that:

“Provided depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants.”

- 3.31 Accordingly the Commission is of the view that no depreciation can be allowed to a licensee on assets created through grants/consumer contribution. Therefore, the Commission has not approved any amount on account of depreciation to the Petitioner as shown in the table below. This is in line with the approach adopted by the Commission in approving depreciation for distribution business of JKPDD.

Table 19: Depreciation Approved by the Commission (Rs Cr)

Particulars	Approved by JKSERC in MYT Order	Projected in APR by JKPDD-T	Approved now by JKSERC
Opening GFA	953.1	1790.07	953.10*
Addition in GFA	251.59	54.33	68.84
Closing GFA	1204.69	1844.4	1021.95
Depreciation	0	66.4	0.00

*As approved by the Commission in MYT Order

Interest on Working Capital

Petitioner's Submission

- 3.32 Interest on working capital claimed by JKPDD-T in its APR Petition for FY 2013-14 is Rs 6.68 Cr
- 3.33 JKPDD-T has estimated working capital requirement on a normative basis, according to the Transmission MYT Regulations, 2012.
- 3.34 Working capital comprises of the following components calculated as mentioned below:
- a) Expenses : 1 month's proposed O&M expenditure
 - b) Maintenance spares : 1% of proposed opening GFA
 - c) Receivables : 2 months of projected income
- 3.35 The interest on working capital taken by JKPDD-T is at the normative interest rate of 15%, J&K Bank's existing Prime Lending Rate.
- 3.36 Interest on working capital claimed by JKPDD-T is given in the table below.

Table 20: Interest on Working Capital proposed by JKPDD-T (Rs Cr)

Particulars	Proposed in MYT	Proposed Now
Expenses (1 month's proposed O&M Exp)	10.22	8.94
Maintenance Spares (1% proposed opening GFA)	17.9	17.9
Receivables (1/6 of projected income)	33.86	17.7
Working Capital Requirement	61.98	44.54
Normative interest on working capital	9.3	6.68

Commission's Analysis

- 3.37 The Commission has adopted the normative approach to estimate interest on working capital, in accordance with Regulation 4.12 of the Transmission MYT Regulations, 2012 which specifies:

"4.12.1 Working capital shall cover:

Operation and maintenance expenses for one month;

Maintenance spares at 1% of the historical cost of assets at the beginning of the year and

Receivables equivalent to two months of transmission charges calculated on target availability level.

4.12.2 Rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of Jammu & Kashmir Bank as on 1st April of the year. The interest on working capital shall be payable on normative basis notwithstanding that the Transmission Licensee has not taken working capital loan from any outside agency.”

- 3.38 For calculating normative working capital requirement, the Commission has considered approved O&M expenses, approved opening GFA and receivables for the respective years.
- 3.39 Interest rate on working capital has been considered at 14.75%, which was the prevailing lending rate of Jammu & Kashmir Bank as on 1st April 2013.
- 3.40 The summary of the interest on working capital approved by the Commission has been provided in the table below.

Table 21: Interest on Working Capital Approved by the Commission (Rs Cr)

Particulars	Approved by JKSERC in MYT Order	Projected in APR by JKPDD-T	Approved now by JKSERC
Expenses (1 month's proposed O&M Exp)	8.33	8.94	8.13
Maintenance Spares (1% proposed opening GFA)	9.53	17.9	9.53
Receivables (1/6 of projected income)	17.55	17.7	17.11
Working Capital Requirement	34.59	44.54	34.78
Interest On Working Capital	15%	15%	14.75%
Normative interest on working capital	5.31	6.68	5.13

Interest on Loans

Petitioner's Submission

- 3.41 JKPDD-T has submitted that it does not have any outstanding term loans. The entire capital expenditure was funded by way of Grants from State / Central Government. Hence, it has not claimed any interest on term loan.

Commission's Analysis

- 3.42 The Commission accepts the submission of JKPDD-T and has not approved any interest on loans.

Return on Equity

Petitioner's Submission

3.43 JKPDD-T does not have any normative equity as the entire capital expenditure has been funded by way of grants. The capital expenditure proposed in the MYT period is expected to be entirely funded by grants from Government of Jammu & Kashmir (GoJK) or Government of India (GoI). Therefore, JKPDD-T has not claimed any return on equity.

Commission's Analysis

3.44 The Commission accepts the submission of JKPDD-T and has not approved any return on equity.

Non-Tariff Income

Petitioner's Submission

3.45 JKPDD-T has submitted in its APR Petition for FY 2013-14 that it does not expect to have any non-tariff income.

Commission's Analysis

3.46 The Commission accepts the submission of JKPDD-T and has not approved any NTI.

Tax Provisions

Petitioner's submission

3.47 JKPDD-T has not accounted for tax since it has not claimed any return on equity.

Commission's Analysis

3.48 The Commission accepts the submission of JKPDD-T and has not approved any tax for the Petitioner.

Transmission Loss

Petitioner's submission

3.49 JKPDD-T in its APR petition proposed the following trajectory for transmission loss.

Table 22: Transmission Loss Trajectory (%) proposed by JKPDD-T

Descriptions	Projected in MYT	Submitted now
Total Loss in the system (%)	4.25	4.02

Commission’s Analysis

- 3.50 As per Regulation 3.4.1 of the JKSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2012, the MYT filing of the transmission licensee (JKPDD-Transmission) must contain *“Range of Transmission losses (upper and lower) for each year of the Control Period for the purpose of incentive / penalties. The Licensee shall file a trajectory of the loss levels in respect of losses for each of the years of the Control Period, backed up by proper studies to justify the loss levels indicated”*.
- 3.51 The Commission in the MYT Order for FY 2013-14 to FY 2015-16 had directed the Petitioner to carry out system studies for determination of transmission loss in the system through scientific methods and energy audit for estimating the actual transmission loss level. The Commission directed the Petitioner to submit the report along-with Annual Performance Review/ tariff petition for FY 2014-15. However the Petitioner has failed to carry out any system study for determination of transmission loss level.
- 3.52 In the absence of any system study conducted by the JKPDD-T for estimation of actual transmission losses in the system, the Commission maintains the approved intra-state transmission loss at 4.0% on provisional basis as approved in the MYT Order for the Control Period. Hence, transmission loss approved by the Commission is as follows.

Table 23: Transmission Loss (%) Approved by the Commission

Descriptions	Approved by JKSERC in MYT Order	Approved now by JKSERC
Total Loss in the system (%)	4.00	4.00

Aggregate Revenue Requirement for FY 2013-14

3.53 Based on the various cost components allowed in the foregoing sections, the ARR for JKPDD-T for FY 2013-14 is approved as follows.

Table 24: ARR for FY 2013-14 approved by the Commission (Rs Cr)

Particulars	Approved by JKSERC in MYT Order	Projected in APR by JKPDD-T	Approved now by JKSERC
O&M Expenses	100.02	107.37	97.56
Depreciation	0.00	66.40	0.00
Interest & Finance Charges	0.00	0.00	0.00
Interest on Working Capital	5.31	6.68	5.13
Return on Equity	0.00	0.00	0.00
Total Expenditure	105.33	180.45	102.69
Less: Non-Tariff Income	0.00	0.00	0.00
Approved ARR	105.33	180.45	102.69

CHAPTER 4: DETERMINATION OF ARR FOR FY 2014-15

- 4.1 This section contains the details regarding the revised ARR for FY 2014-15 for JKPDD-T and the approach adopted by the Commission in assessing the same.

Capital Expenditure Plan

Petitioner's Submission

- 4.2 The physical targets of the capital investment schemes for FY 2014-15 are presented as under:

Table 25: Physical Target to be achieved for various schemes

S.No	Particulars	Unit	FY 2014-15 Projected
1	220 KV Transmission lines	ckt km	459.85
2	132 KV Transmission lines	ckt km	156.30
3	220/132 KV Sub Station (Construction)	MVA	320.00
4	220/132 KV Sub Station (Augmentation)	MVA	0.00
5	132/33 KV Sub Station (Construction)	MVA	150.00
6	132/33 KV Sub Station (Augmentation)	MVA	160.00
7	Construction of additional bays 132/33 kV	No	0.00

- 4.3 The summary of the capital expenditure and the capitalisation plan projected for FY 2014-15 is given as under:

Table 26: Summary of Capital Expenditure Plan for FY 2014-15(Rs Cr)

S.No	Particulars	FY 2014-15 Projected
1	220 KV Transmission lines	145.09
2	132 KV Transmission lines	83.73
3	220/132 KV Sub Station (Construction)	145.03
4	220/132 KV Sub Station (Augmentation)	27.63
5	132/33 KV Sub Station (Construction)	151.44
6	132/33 KV Sub Station (Augmentation)	52.17
7	Construction of additional bays 132/33 kV	3.63
8	SLDC/Fiber Optic Communication works.	30.00
9	Others	13.08
	Total Capital Expenditure plan	651.80

Commission's Analysis

4.4 The Commission has scrutinized the submission of the Petitioner and undertaken a detailed analysis of the scheme wise capital investments for FY 2014-15 submitted now as against the submission made by the Petitioner in the MYT Petition for FY 2013-14 to FY 2015-16. The detailed analysis of the envisaged progress of the schemes is as follows:

I. Construction of Grid Substations

a) Construction of 220/132 kV Grid Substations

4.5 The analysis of the envisaged progress of schemes for construction of 220/132 kV GSS is as shown below:

Table 27: Capital investment on construction of 220/132 kV G/Ss (Rs Lakhs)

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
A	Construction of 220/132 kV G/Ss.				
1	320 MVA Lassipora	11020	3000	1157	-1843
2	160 MVA Wahipora.	9261	5279	972	-4307
3	160 MVA BatporaTelbal	10744		1128	1128
4	320 MVA Rajouri	6000	1500	1500	0
5	320 MVA Ghatti	6000	1500	1500	0
6	160 MVA Kathua, (220/66 kV)	5500	1500	1500	0
7	160 MVA Samba, (220/66 kV)	2500	500	400	-100
8	160 MVA Chowadi	2500	500	400	-100
9	160 MVA Muthi	2500	500	400	-100
10	160 MVA Ahknoor	2500	500	400	-100
11	120 MVA Ramnagar	2500	500	500	0
12	160 MVA Bari Brahmna-II	2500	500	400	-100

4.6 The Commission is concerned with the fact that for most of the substations, there is a substantial lag in progress as compared to the submissions made by the Petitioner in the MYT Petition for Control Period FY 2013-14 to FY 2015-16.

b) Augmentation of 220/132 kV Grid Substations

4.7 The analysis of the envisaged progress of schemes for augmentation of 220/132 kV GSS is as shown below:

Table 28: Capital investment on augmentation of 220/132 kV G/Ss (Rs. Lakhs)

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
B	Augmentation of 220/132 kV G/Ss.				

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
1	Delina 160 MVA to 320 MVA	2816	0	1774	1774
2	Budgam 320 MVA to 480 MVA	2672	0	281	281
3	Mirbazar 320 MVA to 480 MVA	2129	1000	224	-776
4	Barn 320 MVA to 480 MVA	2200	500	600	100
5	Ramban 120 MVA to 240 MVA	2200	500	0	-500
6	Udhampur 240 MVA to 320 MVA	2000	500	600	100

4.8 The Petitioner has not provided the details of augmentation works on the following substations:

Table 29: Details of augmentation of 220/132kV GSS whose progress has not been submitted (Rs. Lakhs)

S.No	Name of the power project	Scheme Provision for FY14 to FY16	MYT Sub
1	Delina 320-480 MVA	2007.00	1007.00
2	Alusteng 480-620 MVA	2007.00	1000.00

c) Construction of 132/33 kV Grid Substations

4.9 The analysis of the envisaged progress of schemes for construction of 132/33 kV GSS is as shown below:

Table 30: Capital investment on construction of 132/33 kV G/Ss (Rs Lakhs)

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
C	Construction of 132/33 kV G/Ss.				
1	50 MVA Rafiabad	5860		2461	2461
2	50 MVA Hajan	3556		373	373
3	50 MVA Beeraw	6082	0	639	639
4	50 MVA Tral	3775		396	396
5	50 MVA Sallar	6576	500	2762	2262
6	50 MVA Qazigund	3178	0	1335	1335
7	100 MVA Tengpora (GIS)	4029	1500	423	-1077
8	50 MVA Pulwama.	4124		433	433
9	100 MVA Khanyar (GIS)	9789		1028	1028
10	100 MVA Chatha	3500	1000	0	-1000
11	100 MVA Chowadi	3500	1000	1000	0
12	100 MVA Muthi	3500	1250	0	-1250
13	100 MVA RS Pora	3500	1250	0	-1250
14	100 MVA Jammu East(GIS)	5000	1000	1000	0

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
15	50 MVA Rajinder Singh Pura (Samba)	3000	1000	600	-400
16	50 MVA Nagrota	3000	1000	800	-200
17	50 MVA Akhnoor-II	3000	1000	0	-1000
18	50 MVA Udhampur-II	3000	1000	0	-1000
19	50 MVA Reasi	1000	0	600	600
20	50 MVA Ramnagar	3000	1000	500	-500
21	50 MVA Rajouri-II	3000	1000	0	-1000
22	50 MVA Siot	1800	300	600	300
23	40 MVA Basoli	2500	500	0	-500
24	40 MVA Bhaderwah	2500	500	600	100
25	20 MVA Basantgrah	2200	500	0	-500
26	20 MVA Sangaldhan	2200	800	600	-200
27	20MVA Sawalakote	2200	500	400	-100
28	20 MVA Nowshera	2200	500	0	-500
29	20 MVA Mendhar	2200	500	500	0
30	20 MVA Gurah Kalyal	2200	500	500	0

4.10 The Petitioner has not provided the details of construction works on the following substations:

Table 31: Details of construction of 132/ 33 kV GSS whose progress has not been submitted (Rs. Lakhs)

S.No	Name of the power project	Scheme Provision	MYT Sub
1.	Khayam Srinagar (GIS)	6534.00	2534.00
2.	Safopora	2516.00	800.00
3.	Batpora	2219.00	700.00

d) Augmentation of 132/33 kV Grid Substations

4.11 The analysis of the envisaged progress of schemes for augmentation of 132/33 kV GSS is as shown below:

Table 32: Capital investment on augmentation of 132/33 kV G/Ss (Rs Lakhs)

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
D	Augmentation of 132/33 kV G/Ss.				
1	Zainakote 75 MVA to 125 MVA	687	0	722	722
2	Chadoora 50 MVA to 100 MVA	687		0	0
3	Lassipora 75 MVA to 125 MVA	687	0	0	0

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
4	Mattan 50 MVA to 100 MVA	879	100	0	-100
5	Shree 50 MVA to 100 MVA	687		0	0
6	Amargrah 95 MVA to 150 MVA	688	200	0	-200
7	Kangan 40 MVA to 70 MVA	374	0	0	0
8	Barn 40 MVA to 90 MVA	500	200	400	200
9	Udhampur 70 MVA to 120 MVA	500	0	400	400
10	Kalakote 20 MVA to 50 MVA	500	200	100	-100
11	Miran Sahib 90 MVA to 120 MVA	500	200	100	-100
12	Hiranagar 72.5 MVA to 122.5 MVA	500	0	400	400
13	Gangyal 50 MVA to 100 MVA	500	0	400	400
14	Khellani 40 MVA to 70MVA	500	100	0	-100
15	Jourian 20 MVA to 40 MVA	300	0	0	0
16	Draba 20 MVA to 40 MVA	300	0	0	0
17	Ramban 20 MVA to 40 MVA	300	0	722	722

4.12 The Petitioner has not provided the details of augmentation works on the following sub-stations:

Table 33: Details of augmentation of 132/ 33 kV GSS whose progress has not been submitted (Rs. Lakhs)

S.No	Name of the power project	Scheme Provision	MYT Sub
1.	Bandipora from 50 to 100 MVA	788.50	388.50
2.	chesmahahi from 105 to 140 MVA	788.50	300.00
3.	magam from 50 to 100 MVA	788.50	300.00
4.	Badampora from 66 to 100 MVA	788.50	100.00
5.	Delina from 50 to 100 MVA	788.50	100.00
6.	Qazigund from 50 to 100 MVA	788.50	100.00

e) Construction of Additional Bays at 132/33 kV Grid Substations

4.13 The analysis of the envisaged progress of schemes for additional bays at 132/33 kV GSS is as shown below:

Table 34: Capital investment on construction of Additional Bays of 132/33 kV G/Ss (Rs Lakhs)

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now
E	Construction of Additional Bays at 132/33 kV G/Ss.			

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now
1	132 kV Line Bays at Vilgam for Rafiababd & 2 nd Circuit of Arampora Vilgam	383		161
2	132 kV Line bays at Arampora for 2 nd Circuit of Arampora-Vilgam	192		81
3	Line Bays at Shree for Rafiababd.	192		121
4	Line Bays at Bandipora for Wahipora.	383		0
5	Line Bays at Magam for Beerah	383		0
6	Line Bays at Habak for Khanayar	383		0
7	132 kV Line Bays at Awantipora for Tral	192		0
8	132 kV Line Bays at Shopian for Kulgam	383		0
9	132 kV Line Bays at Kulgam for Shopian	383		0

- 4.14 The Commission observes with concern that these schemes had not been submitted for prior approval by the Petitioner in the MYT Petition for FY 2013-14 to FY 2015-16. The Petitioner is directed to submit the Detailed Project Report (DPR) for each scheme at the time of implementation.

II. Construction of Transmission Lines

a) 220 kV Transmission lines

- 4.15 The analysis of the envisaged progress of schemes for construction of 220 kV transmission lines is as shown below:

Table 35: Capital investment on construction of 22kV Transmission lines (Rs Lakhs)

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
A	220 kV Transmission lines				
1	New Wanpoh-Mir Bazar	638		268	268
2	Termination of 220 kV Mir Bazar –Alusteng at New Wanpoh	761		480	480
3	S/C Udhampur Gladni TL to be rooted through Barn G/S.	1605	205	321	116
4	S/C tapping from Sarna-Udhampur for Ramnagar G/S.	770	200	192	-8
5	D/C Barn-Bishnah (U/C)	2417	417	1000	583
6	D/C Jatwal-Kathua-II/Hiranagr	2247	247	449	202
7	D/C tapping from Thein-Hiranagar TL-LILO D/C for Ghatti G/S.	1412	212	0	-212
8	D/C tapping from Jatwal-Bishnah/BB II	642	142	321	179
9	D/C tapping from Hiranagar- Gladni for Chowadi G/S.	513	0	192	192

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
10	D/C Akhnoor-Rajouri	7960	2500	0	-2500
11	S/C Akhnoor-Mutti	963	0	0	0
12	S/C Akhnoor -	642	300	0	-300
13	GIS at Ramban for D/C LILO	500	200	200	0
14	Jatwal-BB II	3000	1000	1500	500

4.16 The Petitioner has not provided the details of construction works on the following transmission lines:

Table 36: Details of construction of 220 kV Lines whose progress has not been submitted (Rs. Lakhs)

S.No	Name of the power project	Scheme Provision	MYT Sub
1.	Delina-wahipora D/C	4262.00	2262.00
2.	LILO of 220 kv WMTL	591.00	291.00

b) 132 kV Transmission Lines

4.17 The analysis of the envisaged progress of schemes for construction of 132 kV transmission lines is as shown below:

Table 37: Capital investment on construction of 132kV Transmission lines (Rs Lakhs)

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
B	132 kV Transmission lines				
1	Wahipora-Bandipora D/C transmission line	1965		206	206
2	LILO of Arampora Vilgam TL at Wahipora	447		47	47
3	LILO of Chesmashahi Habak line at BatporaTelbal	268		28	28
4	Laying of 2 nd Ckt on Mirbazar Kulgam line	125		13	13
5	Shopian Kulgam Transmission line	1965		206	206
6	D/C LILO tapping from Canal-Miransahib for G/S Chatta	90	0.00	0	0
7	220/132 kV TL built in for G/S Chawadhi	45		45	45
8	D/C LILO tapping from 132 kV BB-II Samba TL for G/S Rajinder Singh Pora	269	100.00	134	34
9	S/C LILO tapping from Barn-Janipur TL for G/S Nagrota	987	287.80	224	-64
10	220/132 kV TL built in Station for G/S Muthi	45	0.00	0	0
11	220/132 kV TL built in Station for G/S Akhnoor-II	45	0.00	0	0

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S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now	Difference
12	D/C LILO tapping from Bishnah-Miran Sahib TL for G/S R S Pora	1122	122.50	0	-123
13	220/66 kV TL built in Station for G/S Samba-II	45	0.00	0	0
14	220/66 kV TL built in Station for G/S Kathua-II	45	0.00	0	0
15	220/132 kV TL built in Station for G/S Udhampur-II(Ramnagar)	45	0.00	45	45
16	S/C (D/C) Ramnagar –Basantgrah TL for G/S Basantgrah	1571	500.00	0	-500
17	S/C (D/C) Ramban-Sangaldhan TL for G/S Sangaldhan	1357	347.00	0	-347
18	S/C (D/C) Sangaldhan-Sawalakote TL for G/S Sawalakot	1347	500.00	0	-500
19	S/C (D/C) Khelani-Baderwah TL for G/S Baderwah	1436	500.00	538	38
20	220/132 kV TL built in Station for G/S Rajouri-II	45	0.00	0	0
21	S/C (D/C) Siot-Nowshera TL for G/S Nowshera	987	200.00	0	-200
22	S/C (D/C) tapping from Draba-Chandak TL G/S Mendhar	1122	200.00	224	24
23	S/C (D/C) tapping from Mahanpur-Sewa TL G/S Basoli	673	200.00	0	-200
24	S/C (D/C) tapping from Mahanpur-Kathua TL G/S Gurah Kalyal	1347	300.00	224	-76
25	D/C Katra to Reasi G/S.	900	300.00	450	150
26	Tap line at BB-II/Satwari Chatha.	400	100.00	0	-100
27	GIS at Pouni Chak for D/C LILO.	400	200.00	0	-200

4.18 The Petitioner has not provided the details of construction works on the following transmission lines:

Table 38: Details of construction of 132 kV Lines whose progress has not been submitted (Rs. Lakhs)

S.No	Name of the power project	Scheme Provision	MYT Sub
1.	Badampora-Safapora	1319.00	319.00
2.	LILO of Rawalpora-budgam line	541.00	200.00
3.	Reconductoring of 132 kv ring around srinagar city (Pampore-cheshmashahi-habak-Wanganpora-Bemina-Rwalpora-Pampore) bemina-Zainakote (80 kms)	2300.00	600.00

f) Construction of 33 kV line feeders

4.19 The Petitioner has submitted the envisaged progress of schemes for construction of 33 kV line feeders as part of the capital investment plan for the transmission business. The Commission observes that these schemes should be part of the capital investment plan of the distribution function and directs the Petitioner to act accordingly.

III. Other Works

4.20 The scheme wise details of other works is as shown below:

Table 39: Capital investment on construction on other works (Rs Lakhs)

S.No	Name of Power Project	Scheme Provision for FY14 to FY16	MYT Submission	Submitted Now
	Other Works			
1	Training institute	300	Nil	0
2	Diagnostic lab	300		50
3	Mobile Van for testing	100		100
4	Filtration Plant for testing	100		50
5	Creation of Energy Exchange	200		50
6	Quarters for officers	1000		200
7	SLDC/Fiber Optic Works	6753		3000

4.21 The Commission observes with concern that these schemes had not been submitted for prior approval by the Petitioner in the MYT Petition for FY 2013-14 to FY 2015-16. The Petitioner is directed to submit the Detailed Project Report (DPR) for each scheme at the time of implementation.

Approval of Capital Expenditure for FY 2014-15

4.22 The Petitioner has proposed to incur a capital expenditure of Rs 651.80 Cr in FY 2014-15 as against the approved capital expenditure of Rs 593.32 Cr. Considering the fact that the Petitioner undertook capital investments worth just Rs 54.33 Cr in FY 2013-14, it shall have to improve its efficiency and performance considerably to even achieve the physical and financial targets fixed under the approved capital investment plan. Further it is observed that the sum of individual schemes proposed by the Petitioner for FY 2014-15 amounts to Rs 458.20 Cr only.

4.23 Accordingly, the Commission finds it reasonable to allow the capital investment of Rs 458.20 Cr for FY 2014-15.

- 4.24 The details of the capital investments approved in the MYT Order for the Control Period FY 2013-14 to FY 2015-16, revised estimates submitted by the Petitioner and provisional approval by the Commission are summarized in the following table:

Table 40: Approved capital investment for FY 2014-15 (Rs. Cr)

Particular	Approved in MYT Order	Submitted now by Petitioner	Approved now by JKSERC
Total Capital Expenditure	593.32	651.80	458.20

- 4.25 The approval of capital expenditure of Rs 458.20 Cr is provisional and subject to true up based on audited accounts, availability of budgetary allocation, approval from the competent authority for implementation of the capital schemes and on submission of relevant documents including DPRs, load flow studies and cost benefit analysis.

Operation and Maintenance Expenses

Petitioner's Submission

- 4.26 The Petitioner has submitted that the operation and maintenance expenses comprising employee cost, repair & maintenance expenses and administrative & general expenses have been projected at Rs.127.09 Cr for FY 2014-15. The projections have been based on the revised estimates adopted by the State Finance Department in budget estimates.
- 4.27 The total O&M expenses for FY 2014-15 have been summarised as given below:

Table 41: O&M Expenses projected by JKPDD-T for FY 2014-15 (Rs Cr)

Particulars	Proposed in MYT	Proposed Now
O&M Expenses	144.63	127.09

Commission's Analysis

- 4.28 The operation and maintenance expenses for the MYT Control Period (FY 2013-14 to FY 2015-16) are approved by the Commission in accordance with Regulation 4.11 of Transmission MYT Regulations, 2012, the methodology of which has been described in detail at paragraph 3.20 to paragraph 3.25 of this Order.
- 4.29 The summary of per unit O&M expenses approved by the Commission is given in the table below:

Table 42: Norm for Operation & Maintenance Expenses Approved by the Commission

Per unit cost	FY 2014-15
O&M Expenses (Rs Cr)/ckt-km	0.012
O&M Expenses (Rs Cr) /substation	1.09

- 4.30 The Commission scrutinized the data on network infrastructure submitted by the Petitioner and derived the O&M expense norms (for substations) on the basis of opening balance of the transformation capacity in the system. Given the number of substations at 220/132 KV and 132/66/33 KV levels as 64 with an aggregate transformation capacity of 7861 MVA, the O&M expenses for FY 2014-15 is Rs 0.009 Cr/MVA.
- 4.31 The summary of O&M expenses approved by the Commission for FY 2014-15 is given in the following table:

Table 43: Operation & Maintenance expenses approved by the Commission for FY 2014-15 (Rs Cr)

Particulars	Approved by JKSERC in MYT Order	Projected now by JKPDD-T	Approved now by JKSERC
O&M Expenses	116.15	-	102.44
Arrears of 6th Pay Commission for JKPDD (T&D Combined)	42.81	-	42.81
Arrears Allocated to JKPDD-T	5.43	-	5.43
Total O&M Expenses (including arrears) for JKPDD-T	121.58	127.09	107.87

Depreciation

Petitioner's Submission

- 4.32 The Petitioner has projected depreciation charges of Rs 89.86 Cr for FY 2014-15.
- 4.33 The Petitioner has submitted that depreciation has been computed separately on opening GFA of FY 2014-15 and the additions from FY 2014-15 onwards. Depreciation on the opening block of assets has been calculated at a rate of 3.60%, as approved by the Commission in the retail tariff order for JKPDD (T&D combined) for FY 2012-13. Details of opening GFA, closing GFA & depreciation submitted by JKPDD-T are given in the table below.

Table 44: Depreciation claimed by JKPDD-T (Rs Cr)

Particulars	Proposed in MYT	Proposed Now
Opening GFA	2163.93	1844.40
Addition in GFA	566.66	651.80
Closing GFA	2730.58	2496.20
Depreciation	88.10	89.86

Commission's Analysis

- 4.34 The Commission observes that as per the submission of the Petitioner, all the fixed assets of JKPDD-T have been funded through grants from the Central or State Govt. The Regulation 4.9.1 of the JKSERC (Multi Year Transmission Tariff) Regulations, 2012 as amended from time to time specifies that:

“Provided depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants.”

- 4.35 Accordingly the Commission is of the view that no depreciation can be allowed to a licensee on assets created through grants/consumer contribution. Therefore, the Commission has not approved any amount on account of depreciation to the Petitioner as shown in the table below. This is in line with the approach adopted by the Commission in approving depreciation for distribution business of JKPDD.

Table 45: Depreciation Approved by the Commission for FY 2014-15 (Rs Cr)

Particulars	Approved by JKSERC in MYT Order	Projected now by JKPDD-T	Approved now by JKSERC
Opening GFA	1204.69	1844.40	1021.95*
Addition in GFA	456.00	651.80	240.58
Closing GFA	1660.70	2496.20	1262.53
Depreciation	0.00	89.86	0.00

*Refer Table 19

Interest on Working Capital

Petitioner's Submission

- 4.36 Interest on working capital projected by JKPDD-T for FY 2014-15 is Rs 7.55 Cr as summarised below:

Table 46: Interest on Working Capital proposed by JKPDD-T (Rs Cr)

Particulars	Proposed in MYT	Proposed Now
Expenses (1 month's proposed O&M Exp)	12.05	10.59
Maintenance Spares (1% proposed opening GFA)	21.64	18.44
Receivables (1/6 of projected income)	40.65	21.35
Working Capital Requirement	74.34	50.38
Normative interest on working capital	11.15	7.55

Commission's Analysis

4.37 The Commission has adopted the normative approach to estimate interest on working capital, in accordance with Regulation 4.12 of the Transmission MYT Regulations, 2012 which specifies:

“4.12.1 Working capital shall cover:

Operation and maintenance expenses for one month;

Maintenance spares at 1% of the historical cost of assets at the beginning of the year and

Receivables equivalent to two months of transmission charges calculated on target availability level.

4.12.2 Rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of Jammu & Kashmir Bank as on 1st April of the year. The interest on working capital shall be payable on normative basis notwithstanding that the Transmission Licensee has not taken working capital loan from any outside agency.”

4.38 For calculating normative working capital requirement, the Commission has considered approved O&M expenses, approved opening GFA and receivables for the respective years.

4.39 Interest rate on working capital has been considered at 14.75%, which is the prevailing lending rate of Jammu & Kashmir Bank.

4.40 The summary of the interest on working capital approved by the Commission has been provided in the table below.

Table 47: Interest on Working Capital Approved by the Commission (Rs Cr)

Particulars	Approved by JKSERC in MYT Order	Projected now by JKPDD-T	Approved now by JKSERC
Expenses (1 month's proposed O&M Exp)	10.13	10.59	8.99
Maintenance Spares (1% proposed opening GFA)	12.05	18.44	10.22
Receivables (1/6 of projected income)	21.35	21.35	18.91
Working Capital Requirement	42.70	50.38	38.12
Interest On Working Capital	15%	15%	14.75%
Normative interest on working capital	6.53	7.55	5.62

Interest on Loans

Petitioner's Submission

4.41 JKPDD-T has submitted that it does not have any outstanding term loans. The entire capital expenditure was funded by way of Grants from State / Central government. Hence, it has not claimed any interest on term loan.

Commission's Analysis

4.42 The Commission accepts the submission of JKPDD-T and has not approved any interest on loans.

Return on Equity

Petitioner's Submission

4.43 JKPDD-T does not have any normative equity as the entire capital expenditure has been funded by way of grants. The capital expenditure proposed in the MYT period is expected to be entirely funded by grants from Government of Jammu & Kashmir (GoJK) or Government of India (GoI). Therefore, JKPDD-T has not claimed any return on equity.

Commission's Analysis

4.44 The Commission accepts the submission of JKPDD-T and has not approved any return on equity.

Non-Tariff Income

Petitioner's Submission

4.45 JKPDD-T has submitted in the Petition that it does not expect to have any non-tariff income.

Commission's Analysis

4.46 The Commission accepts the submission of JKPDD-T and has not approved any NTI.

Tax Provisions

Petitioner's submission

4.47 JKPDD-T has not accounted for tax since it has not claimed any return on equity.

Commission's Analysis

4.48 The Commission accepts the submission of JKPDD-T and has not approved any tax for the Petitioner.

Transmission Loss

Petitioner's submission

4.49 JKPDD-T in its petition has proposed that it aims to bring down the loss levels to 4% by FY 2014-15.

Table 48: Transmission Loss Trajectory (%) Proposed by JKPDD-T

Descriptions	Projected in MYT	Submitted now
Transmission Loss %	4.20	4.00

Commission's Analysis

4.50 In the absence of any system study conducted by the JKPDD-T for estimation of actual transmission losses in the system, the Commission maintains the approved intra-state transmission loss at 4.0% on provisional basis as approved in the MYT Order for the Control Period. Hence, transmission loss approved by the Commission is as follows.

Table 49: Transmission Loss (%) Approved by the Commission for FY 2014-15

Descriptions	Approved by JKSERC in MYT Order	Projected now by JKPDD-T	Approved now by JKSERC
Transmission Loss %	4.00	4.02	4.00

Aggregate Revenue Requirement for FY 2014-15

4.51 Based on the various cost components allowed in the foregoing sections, the ARR for JKPDD-T for FY 2014-15 is approved as follows.

Table 50: ARR for FY 2014-15 approved by the Commission (Rs Cr)

Particulars	Approved by JKSERC in MYT Order	Projected now by JKPDD-T	Approved now by JKSERC
O&M Expenses	121.58	127.09	107.87
Depreciation	0.00	89.86	0.00
Interest & Finance Charges	0.00	0.00	0.00
Interest on Working Capital	6.53	7.55	5.62
Return on Equity	0.00	0.00	0.00
Total Expenditure	128.11	224.50	113.49
Less: Non-Tariff Income	0.00	0.00	0.00
Approved ARR	128.11	224.50	113.49

Transmission Tariff

Petitioner's Submission

4.52 The Petitioner has proposed the transmission charges for FY 2014-15 as follows:

Table 51: Transmission Charges proposed by JKPDD-T for FY 2014-15

Particulars	Proposed in MYT	Proposed Now
Aggregate Revenue Requirement (Rs. Cr.)	243.88	225.31
Transmission Capacity (KW)	2369800	2390230
Transmission Charges (Rs. / KW / Month)	85.76	78.55

Commission's Analysis

4.53 The Commission has calculated transmission tariff/charges on Rs/kW/month basis as per Sub-Regulation 4.15.1 of the MYT Transmission Regulations, 2012, which reads as under:

“The transmission tariff payable by the open access customers of the Transmission system shall be determined in accordance with the following formula:

$$TR = \text{Net ARR} / (12 * TCC)$$

Where,

TR: Transmission Rate in Rs./kW/month

Net ARR: Net ARR, as determined.

TCC: Total Contracted Capacity in kW of the Transmission system by all Long-Term open access customers.”

4.54 The Petitioner has considered the transmission capacity at 2,390,230 kW for FY 2014-15. The approved transmission tariff/charges (in Rs. /kW /Month) for FY 2014-15 are given in the table below.

Table 52: Transmission charges for FY 2014-15 approved by the Commission

Particulars	Proposed now by JKPDD-T	Approved now by JKSERC
Aggregate Revenue Requirement (Rs. Cr.)	225.31	113.49
Transmission Capacity (KW)*	2390230	2390230
Transmission Charges (Rs. / KW / Month)	78.55	39.57

** As submitted by the Petitioner*



CHAPTER 5:DIRECTIVES

- 5.1 The Commission takes great objection to the non-compliance of its directives by the Petitioner and warns that the Commission shall be forced to take punitive measures against the Petitioner, under Sections 102 and 106 of the J&K Electricity Act, 2010, for its inaction and non-compliance. The Commission directs the Petitioner to comply with its directives in future.
- 5.2 The status of compliance and Commission's views on each of the directives given in previous Tariff Orders is tabulated below:

Directive/Issue	Summary
Status of compliance against directives issued in MYT Order for FY 2013-14 to FY 2015-16	
Segregation of Accounts	Summary of Directive issued:
	The Petitioner was directed to segregate costs between transmission and distribution functions and maintain separate accounts for both functionaries. The Petitioner was also directed to maintain separate Fixed Asset Registers (FAR) for transmission and distribution functions and was asked by the Commission to provide asset wise details of the GFA allocated to the transmission business.
	JKPDD's response:-
	It shall be submitted as part of Unbundling process
	Commission's views: <i>In absence of such details, the Commission is unable to accurately apportion the costs to transmission and distribution functions of JKPDD and also projections for MYT period cannot be reasonably accurate. Thus, the Commission directs the Petitioner to accelerate the process for unbundling and submit segregated details of costs along with next tariff petition. It is further clarified that no true up shall be allowed in the absence of segregated and audited accounts.</i>
Maintenance of Grid stations	Summary of Directive issued:
	The Petitioner was directed to submit a status report on proper up-keep and maintenance of transmission lines and grid stations. The Petitioner was also directed to maintain adequate spares and transformer capacities to prevent prolonged outage of the transmission system. The Petitioner was asked by the Commission to procure two Emergency Restoration Systems (ERS), one each for Jammu and Kashmir region.
	JKPDD's response:
	(No response)
	Commission's views: The Commission expresses displeasure for non-serious attitude towards ERS and directs the Petitioner to take the appropriate actions to comply with the Directive for establishing ERS in the State and file a compliance report to the Commission within two months from the date of notification of this Order, failing which punitive action as envisaged in the Act will be taken against the Petitioner.
Monitoring of Capital Expenditure	Summary of Directive issued:
	The Petitioner was directed to submit quarterly monitoring report regarding the capital expenditure schemes within the first week succeeding every quarter on cumulative basis, in the format laid down by the Commission in the MYT Order.
	JKPDD's response
	<i>JKPDD has submitted a Capital Investment plan along with its APR Petition.</i>
	Commission's views Even though the Petitioner has submitted a Capital Investment plan along with its APR Petition, but

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Directive/Issue	Summary
Status of compliance against directives issued in MYT Order for FY 2013-14 to FY 2015-16	
	<p>these are not as per the format specified by the Commission in the MYT Order for monitoring capital expenditure and therefore misses critical information required by the Commission to assess the progress made by the Petitioner.</p> <p>The Commission directs the Petitioner to submit quarterly monitoring reports in FY 2014-15 in compliance with the aforesaid directive, failing which punitive action may be undertaken against the Petitioner. Besides the scheme wise Capital expenditure in the MYT Order was approved in principle by the Commission subject to the availability of the budget and approval by the competent authority for the implementation of these schemes and on submission of relevant documents including DPRs, load flow studies and cost benefit analysis. These details have not been submitted. Hence, the Commission directs the requisite information should henceforth be submitted along with the quarterly progress report.</p>
Transmission Loss	Summary of Directive issued:
	The Commission also directed the Petitioner to carry out system studies for determination of transmission loss in the system through scientific methods and energy audit for estimating the actual transmission loss level for the base year. The report for the same was to be submitted along with Annual Performance Review/tariff petition for FY 2014-15.
	JKPDD's response: -
	(No response)
	Commission's Views:
The Commission directs the Petitioner to take the appropriate action to comply with the Directive and file a compliance report to the Commission within two months from the date of notification of this Order, failing which punitive action may be taken against the Petitioner for repeated non-compliance of the Commission's Directives.	
Power System Studies	Summary of Directive issued:
	The Commission had directed the Petitioner to submit a proposal for Power System studies to be undertaken during FY 2013-14 within 3 months of issue of the MYT Order and thereafter a detailed cost benefit analysis of each study to be submitted along with the Annual Performance Review. The Petitioner was also directed to submit a map of the transmission system showing accurately the spread of the existing transmission system in the State, transmission system under implementation and the proposed transmission corridors.
	JKPDD's response:
	(No response)
	Commission's Views:
The Commission directs the Petitioner to take the appropriate actions to comply with the Directive and file a compliance report to the Commission within two months from the date of notification of this Order, failing which punitive action may be taken against the Petitioner for repeated non compliance of the Commission's Directives.	
Monitoring of availability of transmission system	Summary of Directive issued:
	The Petitioner was directed to monitor and declare the availability of the transmission system. The availability should be certified by the State Load Dispatch Centre (SLDC).
	JKPDD's response:
	(No response)
	Commission's Views
The Commission directs the Petitioner to take the appropriate actions to comply with the Directive and file a compliance report to the Commission within two months from the date of notification of this Order, failing which punitive action may be taken against the Petitioner for repeated non-compliance of the Commission's Directives.	

New Directives Issued by the Commission

Capital Expenditure and Capacity Addition Plan

- 5.3 As per the Suo-moto Order dated 10th March, 2014 on the Utility's plan on capacity addition and augmentation of inter-state and intra-state transmission system for evacuation, transmission and utilisation of the capacity expected to come up during the 13th five-year Plan, the Commission directs as following:-
- (a) JKPDD-T has the responsibility of planning and construction/ augmentation of its T&D system not only to match the unrestricted peak demand of the state in future but also to allow wheeling and transmission of power generated from a large number of generating stations which are envisaged to come up through various agencies. The Utility is directed to complete the system study without further loss of time, taking help from CEA or any other agency equipped with modern tools. The detailed proposals supported by system studies should indicate year wise phasing for implementation, financial estimates and financing plans along with location wise details matching the load growth.
 - (b) JKPDD-T is directed to take immediate steps with regard to the implementation of R-APDRP (Part B) as its implementation has been inordinately delayed to the disadvantage of the State.
 - (c) The Commission noted with concern that the Task Force and the Technical Committee, as per the decision taken by BODs of JKSPDC in its 68th meeting on 20th February, 2013 have not been constituted so far. The Commission strongly feels that constitution of the Task Force/committee is critical for ensuring coordination amongst various agencies in preparation of the action plan, prioritizing the requirements, identifying resources for funding the action plan and to monitor the implementation of the plans/project as per the stipulated time lines. Accordingly, the Commission directs that the Principal Secretary, JKPDD should take immediate action towards constitution of the Task force & Technical Committee for the purpose of assessment of requirements of power infrastructure in the state during 12th& 13th plan period based on demand projections and requirement on account of evacuation & utilization of power from various ongoing/upcoming projects. He shall also coordinate the implementation of plans of all the agencies responsible for development of generation, transmission & distribution systems in the state. The progress report shall be submitted to the Commission on a quarterly basis. Latest status in the matter be submitted by the end of June 2014.

Maintenance of Grid Stations

- 5.4 JKPDD-T had to submit a status report on proper up-keep and maintenance of transmission lines and grid stations. This has never been forthcoming from the Utility. The Commission directs the Utility to go for third party audit on the maintenance and upkeep of all Grid Stations through CEA or Power Grid Corporation of India Ltd. (PGCIL) or any other authorised agency. The reports should be sent along with the next APR to the Commission.

Benchmarking of expenses

- 5.5 The Utility is directed to get the benchmarking studies conducted for determination of O&M expenses and all other expenses such as R&M expenses, A&G expenses, employees costs etc per kWh energy transmitted.

ANNEXURES

Annexure 1: List of participants of the State Advisory Committee

List of participants of 2nd meeting of 2014 of the State Advisory Committee held on 22nd April, 2014 in the meeting hall of JKSERC at Jammu under the chairmanship of Sh. Basharat Ahmad Dhar, Chairman JKSERC

S. No.	Name	Department/ Organization
	Hon'ble Members of JKSERC	
1	Sh. D.S.Pawar	Member (T)
2	Sh. G.M.Khan	Member (F)
	Members of the SAC	
3	Sh Baseer Khan I.A.S	Secretary, CAPD
4	Dr. S.S. Jamwal	Director, Agriculture, Jammu
5	Dr. Aijaz Ahmed	Professor, Elec. Engg Dept.
6	Sh M.L. Raina,KAS	Dy. Transport Commissioner (Representing Transport Commissioner)
7	Major General (Ret.) Goverdhan Singh Jamwal	President, J&K Ex-serviceman League
8	Sh. Sheikh Ashiq Ahmad	President, KCCI
9	Sh Y.V. Sharma	President, CCI, Jammu
10	Sh. Annil Suri	Chairman, Federation of Industries, Jammu, President, BBIA
11	Sh VikramGour	President, SCPC, Consumer Welfare Association
12	Sh Syed Afaq Qadri	Sr. Vice President, FCIK (representing Sh. Mohd. Ashraf Mir, President FCIK)
	Special Invitees	
13	Sh M.A. Kakroo I.A.S.	Managing Director, JKSPDC
14	Sh H.S. Gupta	Retd DC(P)/Ex-Consultant JKSERC
	Officers of JKSERC	
15	Sh. R K Seli	Technical Consultant, JKSERC
16	Sh Abdul Hamid	Secretary, JKSERC
17	Sh V.K Sarngal	Suptt. Engineer, JKSERC
18	Smt. Villy Kaul	Dy. Secretary(Law), JKSERC

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S. No.	Name	Department/ Organization
19	Sh Ram Krishan	Accounts Officer ,JKSERC
20	Sh Paavan Bhargava	Consultant (PwC)
	Officers of JKPDD	
21	Sh. Asghar Ali	Development Commissioner(Power),JKPDD
22	Sh. Ajay Gupta	C.E.,S&O. Jammu, JKPDD
23	Smt. Shehnaz Goni	C.E, M&RE, Jammu, JKPDD
24	Sh Khurshid Ahmed Badoo	C.E., Commercial and Survey Wing, JKPDD
25	Sh B.A. Khan	C.E., EM&RE wing, JKPDD
26	Sh Ravi Chanyal	C.E., P&D, JKPDD
27	Sh. B.A. Dar	Tech. Officer to DCP
28	Sh Umesh Parihar	Executive Engineer, SLDC, Jammu
29	Sh Rakesh Sharma	AEE, DCP Office
30	Sh Vaneet Gupta	AEE, ITC and Billing
31	Sh M. Ramzan	AE, DCP Office
32	Sh Azhar Vakil	AEE,DCP Office
	Officers of JKSPDC	
33	Sh Iftikar A Kakroo	General Manager (Civil)

Annexure 2: List of stakeholders who responded to the public notice

List of Objectors

S.No.	Objector
1	Annapurna Laminators Pvt. Ltd., Lane No.4, SIDCO Industrial Complex, Bari Brahmana, Jammu
2	Association of Industries ,ASSI Bhawan, 52-A, Phase-I, Industrial Area, Gangyal, Jammu
3	Anil Suri, Bari Brahmana Industries Association(Regd.)
4	Vikrant Kuthiala, Chairman, On behalf of PHD Chamber of Commerce, J&K Committee, Jammu.

Annexure 3: List of participants in Public Hearings

Participants at Srinagar Hearing held on 24th May 2014 at IMPA, Mulana Azad Road, Srinagar

S. No.	Name of officers/officials/Stakeholders	Department/ Organization
JKSERC		
1.	Sh. Basharat Ahmad Dhar	Hon'ble Chairman
2.	Sh. D.S.Pawar	Hon'ble Member (T)
3.	Sh. G.M.Khan	Hon'ble Member (F)
4.	Sh. Abdul Hamid	Secretary
5.	Sh. V.K.Sarngal	Supdt. Engineer
6.	Smt. Villy Kaul	Dy. Secretary Law
7.	Sh. Ram Krishan	Accounts Officer
8.	Sh. Abdul Hamid Baba	Pvt. Secretary to HCM
9.	Sh. Paavan Bhargava	Consultant
Public Representatives		
1.	Sh. Shakeel Qalander	Member, KCSDS
2.	Sh. Afaq Qadri	Sr. Vice President, FCIK
3.	Sh. Rasool Dar	Local
4.	Gh. Mohidin Paul	Local
5.	Sh. Mohd. Shafi Dar	Local
6.	Sh. Ali Mohd. Rangrez	Local
7.	Sh. Javeed Ahmad	Local
JKSPDC		
1.	Sh. M.A.Kakroo, IAS	Managing Director
2.	Sh. I.A.Kakroo	G.M.
JKPDD		
1.	Sh. Asgar Ali	Development Commissioner (Power)
2.	Sh. B.A.Khan	Chief Engineer
3.	Sh. Ajay Gupta	Chief Engineer
4.	Sh. Ravi Chanyal	Chief Engineer
5.	Sh. Showkat Banday	Supdt. Engineer
6.	Sh. S.K.Zutshi	Supdt. Engineer
7.	Sh. Nasib Singh	Supdt. Engineer
8.	Sh. Fayaz Andvab	Supdt. Engineer
9.	Sh. Mohd. Yousaf Baba	Executive Engineer
10.	Sh. Ajaz Ahmad Khan	Executive Engineer
11.	Sh. Arshad Hussain Reshi	Executive Engineer
12.	Er. Manzoor Ahmad Zargar	Executive Engineer
13.	Sh. B.S.Jaggi	Executive Engineer

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S. No.	Name of officers/officials/Stakeholders	Department/ Organization
14.	Sh. Javed Y.Dar	Executive Engineer
15.	Sh. Hashmat Qazi	Executive Engineer
16.	Er. Ali Mohd. Rather	Executive Engineer
17.	Sh. M.K.Akeny	Executive Engineer
18.	Sh. Bashir Ahmad Dar	TO to DCP
19.	Sh. S.Ghani	A.E.E
20.	Sh. Azhar Vakil	A.E.E
21.	Sh. Azhar Yasin	J.E

Participants at Jammu Hearing held on 29th May, 2014 at PWD Rest house, Gandhi Nagar Jammu

S. No.	Name of officers/officials/Stakeholders	Department/ Organization
	JKSERC	
1.	Sh. Basharat Ahmad Dhar	Hon'ble Chairman
2.	Sh. D.S.Pawar	Hon'ble Member (T)
3.	Sh. G.M.Khan	Hon'ble Member (F)
4.	Sh. Abdul Hamid	Secretary
5.	Sh. V.K.Sarngal	Supdt. Engineer
6.	Smt. Villy Kaul	Dy. Secretary (Law)
7.	Sh. R.K.Sharma	Accounts Officer
8.	Sh. Paavan Bhargava	Consultant
9.	Sh. Sunil Bakshi	Draftsman
	Public Representatives	
10.	Sh. R.K.Suryawanshi	Supdt. Engineer, MES (CEW)
11.	Sh. Lt. Col Rajesh Dwivedi	GE (Utilities) Udhampur
12.	Sh. Annil Suri	President, BBIA
13.	Sh. Lalit Mahajan	Gen. Secretary, BBIA
14.	Sh. Virendra Jain	General Secretary, AI Gangyal
15.	Sh. Devinder Mahajan	Managing Director, Annapurna Laminators
16.	Sh. Vikrant Kuthiala	Chairman, JKPHD CCI
17.	Sh. Ravi Mahajan	Representative, Hotel Bar & Restaurant Association, Jammu
18.	Sh. Sham Lal Langer	Sr. Vice President, CCI, Jammu
19.	Sh. Kuldip Wahi	President, Jammu Hotel & Restaurant Association
20.	Sh. Aditya Gupta	Advocate
21.	Sh. Chandu Vadan	Company Secretary, BBIA
22.	Sh. Inderjeet Khajuria	President, AJHLA
	JKPDD	
1.	Sh. Asgar Ali	Development Commissioner (Power)
2.	Sh. Ajay Gupta	Chief Engineer

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S. No.	Name of officers/officials/Stakeholders	Department/ Organization
3.	Smt. Shahnaz Goni	Chief Engineer
4.	Er. K.A. Badoo	Chief Engineer
5.	Sh. Mustafa Aga	Supdt. Engineer
6.	Sh. Nasib Singh	Supdt. Engineer
7.	Sh. K.K.Raina	Supdt. Engineer
8.	Sh. Ashwani Kumar Gupta	Supdt. Engineer
9.	Sh. Sudhir Gupta	Supdt. Engineer
10.	Sh. Sudhir Gupta	Executive Engineer
11.	Sh. Gurmeet Singh	Executive Engineer
12.	Sh. Shiv Dev Singh	Executive Engineer
13.	Sh. A.K.Chhibber	Executive Engineer
14.	Sh. Umesh Parihar	Executive Engineer
15.	Sh. B.A.Dar	TO to DCP
16.	Sh. Rohit Bhagotra	A.E.E
17.	Sh. Rakesh Sharma	A.E.E
18.	Sh. Azhar Vakil	A.E.E
19.	Sh. Anil Dhar	A.E
20.	Sh. Sanjeev Datta	J.E