IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT RANCHI

Case No. 36 of 2024 along with Miscellaneous Petition No.02 of 2026.

Damodar Valley Corporation (DVC) .... Petitioner

Versus

Association of the DVC HT Consumer of Jharkhand .... Respondent

CORAM: HON'BLE MR. JUSTICE NAVNEET KUMAR, CHAIRPERSON
HON'BLE MR. MAHENDRA PRASAD, MEMBER (LAW)

For the Petitioner : Mr. Nihal Bhardwaj and Ms. Surbhi Kapoor, Advocate

For the Respondent :Mr. Saket Upadhyay, Advocate

ORDER

Date – 31st July, 2026

1. Damodar Valley Corporation (DVC) had filed the instant petition under section 94(1)(f) of the Electricity Act, 2003 read with Regulation 41of JSERC (Conduct of Business) Regulations, 2016 for Review of Order dated 30.09.2024 passed in Case (T) no. 12 of 2023 and 01 of 2024 regarding True up of FY 2022-23, Annual Performance Review (APR) for FY 2023-24 and Aggregate Revenue Requirement & Tariff for FY 2024-25.

2. The Review Petition has been preferred, inter alia, on the following grounds as urged by the Petitioner::
   a) Erroneous computation of Non Tariff Income;
   b) Erroneous non-adjustment of past period AFC of FY 2014-15 to FY 2019-20 as determined by Hon'ble Central Electricity Regulatory Commission ("CERC") orders;
   c) Erroneous disallowance of Rebate on Sale of Power;
   d) Erroneous consideration of Interest on Working Capital ("IOWC")
   e) Erroneous disallowance of Interest on Temporary Financial Accommodation ("TFA")
   f) Erroneous consideration of Plant Availability Factor ("PAF") for FY 2022-23.

3. Accordingly, the Prayers of the Petitioner are as under: -
   a) To admit the present Review Petition and listed the matter in Case No. 36 of 2024;
   b) To review the Order dated 30.09.2024 passed by the Jharkhand State Electricity Regulatory Commission in Case (T) no. 12 of 2023 and 01 of 2024

in terms of the submission made in present Review petition.

The case was heard by the Commission, and both parties were given a full opportunity to present their arguments. The Commission reserved the Order on 05.05.2026 and again this matter was heard, inter alia, in case no 36 of 2024 along with Miscellaneous Petition No. 02 of 2026, along with other matters. Mr. Saket Upadhyay appeared on behalf of sole respondent DVC. Thereafter, the order was reserved on 07.07.2026 with direction to the parties to submit notes/objections/suggestions/counter affidavit within three days. However, no written objection/submissions/counter affidavit has been filed on behalf of the sole respondent DVC. After taking into consideration the above, today the Order is passed by this Commission.

4. The issues raised by the Petitioner and the reliefs sought in the Review Petition have been examined by the Commission and are dealt with hereunder: -

I. Computation of Non Tariff Income:

Petitioner's Submission

5. The petitioner has submitted that the Commission vide Order dated 30.09.2024, has computed Non-Tariff Income ("NTI") as follows:
   (a) FY 2022-23: considered NTI as Rs. 1,015.14 Crores and rejected DVC's submission of considering only Rs. 0.30 Crores towards DPS as NTI.
   (b) FY 2023-24 & FY 2024-25: rejected DVC's projected NTI of Rs. 0.29 Crores and Rs. 0.35 Crores for FY 2023-24 and 2024-25 as it was limited only to DPS, and instead projected NTI at the same level as the Trued-up NTI of FY 2022-23, subject to True-up later.

6. The Petitioner has assailed the findings recorded in the Order dated 30.09.2024 insofar as they relate to the treatment of Non-Tariff Income (NTI), contending that the same warrant review and reconsideration, inter alia, on the following grounds:
   (a) The issue of NTI for DVC's distribution business now stands conclusively settled by Judgments of the Hon'ble Tribunal, wherein it has been held that only such income which is incidental to the Distribution Business and derived from the use of distribution assets can be considered as NTI;
   (b) The findings in the 30.09.2024 Order are founded upon the Order dated 23.07.2024 passed in Case No. 09 of 2020, which has subsequently been set aside by the Hon'ble Tribunal vide Order dated 15.10.2024 in Appeal No. 332 of 2024;

(c) The applicable Tariff Regulations, 2020, which specifically contemplate only such incidental income being treated as NTI, do not appear to have been considered while passing the 30.09.2024 Order; and

(d) Multiple Judgments have been passed by the Hon'ble Tribunal and the Commission itself, wherein reconsideration of the findings on NTI in order to ensure consistency in application of the regulatory framework.

Re. Settled position of law that only such income which is incidental to the Distribution Business and derived from the use of distribution assets can be considered as NTI

7. In view of the aforesaid only such income which is incidental to the distribution business and derived from the use of distribution assets can be considered as NTI and, in the facts of the present case, the same is effectively limited to DPS.

8. Petitioner submitted that the 30.09.2024 Order fails to consider the provisions of the Tariff Regulations, 2020, while determining the NTI for DVC's distribution business. The Tariff Regulations, 2020 specifically contemplate only such income which is incidental to the distribution business being considered as NTI for the purposes of ARR and tariff determination. However, the 30.09.2024 Order, by considering the entire other income of DVC as NTI, has overlooked the said regulatory framework. In this regard, relevant extract of the Tariff Regulations, 2020 is reproduced herein below:

"*Non-Tariff Income*

10.53 The amount of Non-Tariff Income relating to the Distribution Business as approved by the Commission shall be deducted from the ARR in determining the Retail Supply Tariff and Wheeling Charges of the Distribution Business:

Provided that the Distribution Licensee shall submit full details of its forecast of Non- Tariff Income to the Commission in such form as may be stipulated by the Commission. …"

9. Further, Petitioner submitted that the issue of NTI has been conclusively settled by the Hon'ble Tribunal, in its Judgment dated 24.04.2026 in Appeal No. 227 of 2025 (for true-up of FY 2023-24), for DVC's distribution business. Upon a detailed component-wise examination of items sought to be included beyond DPS, Hon'ble Tribunal has unequivocally held that only DPS qualifies as NTI, while all other components fall outside the permissible ambit for ARR purposes. A brief summary is as follows:

(a) NTI can only include such income which is attributable to the distribution business, and not to generation or transmission;

(b) CERC's Tariff Regulations form a complete code on tariff related matters for generation and T&D of DVC;

(c) There may be other aspects of distribution business, which are beyond distribution system, and which may give rise to NTI. Only such NTI should be considered by the Commission in their ARR and true-up exercise;

(d) Hon'ble Tribunal after analysing items (j) to (y) of Table 63 of the Order therein, has categorically held that none of the said items qualify as NTI for the distribution business of DVC, as the same:

i) pertain to employees, contractors or vendors, the costs and revenues of which are already accounted for in tariff determined by Hon'ble CERC for generation and transmission business;

ii) emanate from fixed assets forming part of generation and transmission systems, the recovery of which is already built into capital cost and O&M framework under CERC tariff;

iii) represent accounting adjustments such as intra-head or inter-head transfers, which do not constitute real income; or

iv) relate to activities not forming part of the distribution business of DVC.

10. In view of the above, the issue of NTI determination, only such income which is incidental to the distribution business and derived from the use of distribution assets can be considered as NTI, which in the facts of the present case is effectively limited to DPS.

11. Accordingly, it is respectfully submitted that the findings on NTI deserve to be reviewed and reconsidered by limiting NTI only to DPS for the purposes of determination of ARR and tariff for DVC's distribution business in the State of Jharkhand.

Commission's Analysis

12. The Commission has duly considered and examined the submissions advanced by the Petitioner concerning the treatment of Non-Tariff Income (NTI), together with the judicial pronouncements subsequently brought on record for its consideration. Upon a careful appraisal of the pleadings, materials available on record, and the applicable legal position, the Commission observes that the Tariff Order dated 30.09.2024 was passed on the basis of the statutory framework, the applicable Regulations, and the judicial precedents holding the field as on the date of issuance of the said Order. The findings and determinations recorded therein were, therefore, rendered in accordance with the prevailing regulatory and legal position obtaining at the relevant point of time.

13. The Commission observes that, subsequent to the issuance of the Tariff Order dated 30.09.2024, the Hon'ble APTEL, vide its Order dated 24.04.2026 in Appeal No. 227, has clarified the legal position regarding the treatment of Non-Tariff Income (NTI). In light of the said judgment, the Commission considers it

appropriate to re-examine the treatment of NTI in the present Review Proceedings. Accordingly, to the extent warranted by the findings and directions contained in the Hon'ble APTEL's Order and subject to prudence check, the Commission deems it fit to revise the treatment of NTI adopted in the Tariff Order dated 30.09.2024 and allow consequential relief to the Petitioner in accordance with law.

14. The Commission further observes that the Hon'ble APTEL, vide its Order dated 24.04.2026 in Appeal No. 227, has examined the issue relating to the treatment of Non-Tariff Income (NTI) and issue the direction are as follows:

> *"78. As mentioned in the paragraph 13, we are only dealing with the issue of NTI in this judgement.*
>
> *79. Based on the issues emerging from the submission of the parties, we have divided our analysis and conclusions in three parts:*
>
> *(i) Part I: Essential requirement for an item to be considered as NTI under prevailing regulatory arrangement governing tariff for DVC's assets, and findings on specific items considered by JSERC as NTI in the Impugned Order*
>
> *(ii) Part-II: The Guiding Framework for segregation of network assets of DVC into distribution system and transmission system*
>
> *(iii) Part-III: Segregation of accounts*
>
> *....*
>
> *86. The issue of NTI has been brought to this Tribunal in several appeals earlier too. Some of the important interim or final judgements as noticed by us, and also relied upon by the parties, and the directions/findings contained therein are extracted below:*
>
> *(i) Judgement dated 05.02.2024 in Appeal No. 845 of 2023 ("DVC Judgement-2")*
>
> *"The 1st Respondent Commission's jurisdiction to determine the tariff is confined only to the retail supply business of the Appellant within the State of Jharkhand, and not beyond. Consequently, the 1st Respondent Commission lacked jurisdiction to include the non-tariff income of the Appellant arising from its generation, transmission and other businesses as its non-tariff income with respect of its distribution business. The tariff of the Appellant, with respect to its generation and transmission business, is determined by the CERC in terms of its Regulations; determination of the tariff for its distribution business in the State of West Bengal falls within the jurisdiction of WBERC, and in the State of Jharkhand within the jurisdiction of the 1st Respondent Commission. Even if the CERC had not taken into consideration the non-tariff income derived by the Appellant from its generation, transmission and other businesses, in determining its tariff, such an error could only have been corrected by the CERC; and the mere fact that it may have a bearing on the input cost, while determining the tariff of the Appellant's distribution business in the Sate of*

Jharkhand, would not confer jurisdiction on the 1st Respondent to reduce such non-tariff income from the annual revenue requirement of the Appellant for its distribution business in State of Jharkhand."

…

….

……

We consider it appropriate, in such circumstances, to set aside the impugned order and remand the matter to the 1st Respondent Commission to ascertain the break-up of the non-tariff income of the Appellant, as reflected in the audited accounts for FY 2006-07 to FY 2011-12, between its generation, transmission, distribution and other businesses; and treat only the non-tariff income, relating to the Appellant's distribution business in the State of Jharkhand, as its non-tariff income which is required to be reduced from its ARR for FY 2006-07 to FY 2011-12, and then pass an order afresh in accordance with law."

(Emphasis supplied)

(ii) Judgement dated 29.11.2024 in Appeal No 135 of 2024 ("DVC Judgement-3")

This Judgment referred to the DVC Judgement-2 and since herein also, JSERC was respondent, similar direction as extracted below was issued:

" the matter is remanded to the JSERC directing it to determine the Appellant's non tariff income only to the extent of its retail supply business in the State of Jharkhand, and not beyond….."

(Emphasis supplied)

(iii) Judgement dated 15.10.2024 in Appeal No 332 of 2024 ("DVC Judgement-4")

"44. JSERC vide remand order was directed to ascertain the component of NTI which is attributable to distribution business, there is no deliberation on this issue in the impugned order as well as whether some or all component of NTI shown under Generation and Transmission head by Appellant could be assigned to Distribution Business. The JSERC could also have undertaken the exercise of approximation on any rational basis which they choose not to do. Initially we contemplated remanding the matter again to the JSERC to undertake a rational exercise of approximation to determine the non-tariff income of the Appellant relating to its distribution business……"

(iv) Judgement dated 15.09.2025 in Appeal No 275 of 2015 & batch ("DVC Judgement-5")

"85. DVC is supplying power to its firm consumers in its command area through a system of wires and associated facilities; therefore, it does have a distribution system as defined under Section 2 (19). The capital cost of such a distribution system should have been accounted for and approved by the

WBERC while undertaking retail tariff determination, even if it falls under the total T&D system.

86. Therefore, it cannot be said that DVC does not have a distribution asset base, as also held by this Tribunal in judgment dated 23.11.2007 passed in Appeal No.271 of 2006 & batch ……"

…

….

99. Therefore, we set aside the impugned order on this count and direct WBERC to identify the distribution assets of DVC along with the corresponding costs within the T&D costs as determined by CERC.

100. Further, the State Commission shall determine the NTI of the distribution business after obtaining all the information from DVC in accordance with the relevant Regulation.

101. We also direct the State Commission to distribute the total NTI related to T&D assets between the distribution and transmission business in the ratio of the effective cost ratio of the distribution and transmission business. Till such time the actual NTI is determined, the total T&D NTI shall be distributed between the two businesses, as an approximation after obtaining the transmission and distribution assets ratio in similar States like Bihar, Tamil Nadu, or Chhattisgarh. The same will be subject to adjustment based on the actual determination."

87. It may be seen that the "DVC Judgement-2" holds that since tariff for generation and transmission is regulated by CERC, any omission by CERC in not considering any NTI from generation or transmission business for tariff reduction, cannot be corrected by the State Commission. The principle that emerges from this finding is that the authority which regulates the tariff for a particular segment or activity alone is competent to determine the cost and revenue elements including NTI pertaining to that segment or activity while arriving at the ARR. Similar is the finding in the "DVC Judgement-4". It was perhaps inadvertently missed out that CERC is not just regulating tariff for transmission, it is regulating tariff for Transmission & Distribution system (T&D). If this fact was also noticed, perhaps, the conclusion that JSERC can consider only NTI from distribution business, would have been slightly different.

88. The direction in "DVC Judgement-3" is almost similar, except the nomenclature; here the phrase used is "retail supply business" in place of "distribution business".

…..

91. We have noted that from this Tribunal's previous judgements (DVC Judgements- 2, 3 and 4) it emerged that an authority which regulates the tariff for a particular segment or activity alone is competent to determine the cost and revenue elements pertaining to that segment or activity.

92. We note that in the previous judgements of this Tribunal, the term used is "distribution business" or "retail supply business". At this stage, it is useful to distinguish between a "distribution business" and the "distribution system".

(i) The term "distribute" and "distribution" has not been defined in the Act. However, Section 12 mandates that no person shall inter-alia distribute electricity unless authorised by a licence under Section 14 or is exempt under Section 13.

(ii) Some of the relevant terms, which have been defined in Section 2 of the Act and relevant part of Section 42 are extracted below:

"(17) "distribution licensee" means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;

....

(19) "distribution system" means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers;

.....

...

..

"Section 42. (Duties of distribution licensee and open access): (1) It shall be the duty of a distribution licensee to develop and maintain an efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act.

...

....."

93. A careful reading of the provisions of the Act indicates that the essential objective of the distribution business (i.e. business of the distribution licensee) is the supply of electricity to consumers. The distribution system, on the other hand, constitutes the physical network through which electricity is conveyed to such consumers. Thus, distribution system is the infrastructure used by the distribution licensee (one who owns and operate distribution business) to perform the function of supplying electricity to the consumers. Accordingly, the distribution business encompasses elements beyond the fixed assets that constitutes the distribution system, including operational, commercial and service-related aspects necessary to effectuate electricity supply to the consumers.

94. In view of the analysis in the preceding paragraph, there is a need to build upon the operative part of the previous Judgments of this Tribunal that NTI from distribution business can be considered by JSERC, while remaining aligned with its core reasoning. It is clear that the tariff for distribution *system is also regulated by CERC as part of integrated T&D system. The costs related to fixed assets such as plants, machinery and buildings of DVC (generation, transmission & distribution together) are considered by CERC while fixing tariff for these systems. Similarly, the cost associated with human assets i.e. manpower related cost (as part of establishment expenses during construction of fixed assets and as O&M costs during operation of fixed assets) is also considered by CERC. Since CERC has treated distribution system in a similar way as transmission, the same regulations are applicable for even systems up to 33 kV. The CERC Tariff Regulations, 2019 have one specific Regulation dealing with non-tariff income which is reproduced below:*

> *"84. Sharing of Non-Tariff Income: The non-tariff net income in case of generating station and transmission system from rent of land or buildings, eco-tourism, sale of scrap, and advertisements shall be shared between the generating company or the transmission licensee and the beneficiaries or the long term customers, as the case may be, in the ratio of 1:1."*

95. Thus, CERC's Tariff Regulations form a complete code on tariff related matters for generation and T&D of DVC. It is clear, and rightly so, that JSERC adopts the generation tariff and T&D tariff as determined by CERC, without inquiring whether any cost element has not been considered by CERC. As a corollary, if any revenue is shown against any of individual items covered in generation and T&D tariff, it should not be used by JSERC to reduce the ARR, even if such revenue is not accounted for by CERC as NTI (Regulation 84) or not netted by CERC while formulating norms for O&M expenses. We, therefore, conclude that NTI emanating from "distribution system" should not be considered by JSERC.

96. Such a conclusion is necessitated by two reasons: first, to avoid duplicity of regulatory oversight; and second, because the regulatory philosophy of CERC and that of JSERC may differ on certain aspects, creating the possibility of the same head or sub-head being considered twice. If NTI emanating from distribution system is allowed to be determined by JSERC, in addition to that by CERC, it would lead to an anomalous situation; the annual fixed charges are determined by CERC by applying its own regulation, CERC also considers NTI as per its own regulations, but additionally JSERC will also determine its own version of NTI (which is only a limited aspect of tariff).

97. ***However, as mentioned earlier, there may be other aspects of distribution business, which are beyond distribution system, and which may give rise to NTI. Only such NTI should be considered by JSERC in their ARR and true-up exercise****. We make it clear that the aforesaid conclusion is applicable only till transitory arrangement of regulating tariff for distribution system by CERC continues. As and when*

JSERC starts regulating distribution business in its entirety, including tariff for distribution system after identifying the same, it will have complete jurisdiction over all the matter including NTI emanating from distribution system.

……

101. Based on the conclusion drawn by us earlier, we now proceed to analyse the items of NTI considered by JSERC in ARR {items j) to y) of table 63 of Impugned Order}. The justification against most of the items of NTI for 2023 as furnished by DVC is recorded in para 5.78 and 5.79 of the Impugned Order. We have taken the description of each item as furnished by DVC to be correct since the same has not been questioned in the Impugned Order. On the other hand, JSERC, in para 5.93 of the Impugned Order has not given specific reasons for considering these items, instead they have given reasons for not considering the other items.

(i) Certain items are related to employees. Since, costs and revenues related to all the employees of DVC are considered by CERC while determining tariff for generation and T&D, therefore JSERC should not be considering them again. Accordingly, following items should not have been considered by JSERC as NTI:

- *j): interest from Employee Loan and Advances*
- *n): Income from service charges*

(ii) Certain income heads pertain to the contractors/vendors which are employed for capital works or O&M. The relevant costs and revenues get covered in capital cost or O&M cost (as the case may be) in the tariff for generation and T&D determined by CERC. Therefore, following income heads should not have been considered by JSERC:

- *k) Interest from Non-current investments*
- *m) Profit on disposal of Fixed Assets*
- *q) LD recovery*
- *r) sale of scrape*
- *s) Sale of tenders/papers/forms*
- *w) Interest on short term deposits*
- *x) Forfeiture of SD/EMD*

(iii) Certain items are linked to fixed assets. It appears that all these items are covered under CERC tariff for generation and T&D (in the form of recovery of capital cost or O&M costs or both). However, if any of the items is not covered in CERC tariff, it is equally true that the same is not covered by JSERC also (as may be seen from table 65 of the Impugned order- which does not list any item regulated by JSERC pertaining to fixed assets). Therefore, following items, which emanate from the fixed assets should not have been considered by JSERC:

• o) Misc. Recovery from Employees and outsiders (this recovery is for use of certain assets such as Schools, Hospitals, Transport Services, Quarters, Marriage Ceremony halls, Guest house etc.)

• p) Rental

• l) Interest on CLTD

(iv) The item u) and v) are intra-head and inter-head transfers. They merely indicate reallocation of costs from one-sub head to another within same head or from one head to another. Similarly, item "t) capitalizd" just represents reallocation of expenditure from revenue to capital account. There is no additional income or expenditure and therefore, these should not have been considered as NTI.

(v) About item "y) Dividend non-current Investment", DVC has contended that this is revenue from JV of DVC with certain other companies. The business of this JV is not the core business of DVC i.e. distribution and therefore this item should not have been considered as NTI by JSERC.

102. Based on the analysis in the preceding paragraph we conclude that none of the items from j) to y) in the table 63 of the Impugned order, which were considered by JSERC qualifies to be the NTI. In our opinion, only item i) "Delayed Payment Surcharge", of this table qualifies as NTI.

ORDER

For the foregoing reasons as stated above, the captioned Appeal No. 227 of 2025 is allowed only to the limited extent of the issue relating to determination of Non-Tariff Income (NTI). Accordingly, we pass the following order:

(ii) ***The JSERC is directed to re-compute the tariff by considering Delayed Payment Surcharge (DPS) alone as NTI."***

15. The Commission further observes that the Hon'ble APTEL, in its Order dated 24.04.2026 in Appeal No. 227, has held that only such income as is incidental to the distribution business and arises from the utilization of distribution assets can be treated as Non-Tariff Income (NTI) for the purpose of determination of Aggregate Revenue Requirement (ARR). The Hon'ble APTEL has further emphasized that income attributable to generation, transmission or any other business activities distinct from the distribution function cannot be considered as NTI of the distribution business. Accordingly, the Commission has examined the nature and source of the income considered under NTI and, in compliance with the directions of the Hon'ble APTEL, has excluded those income streams which are not directly related to the distribution business while determining the ARR in the present Review Proceedings.

16. Accordingly, in exercise of its powers under the applicable provisions of the Tariff Regulations governing review of tariff orders and in order to align the tariff determination process with the legal position settled by the Hon'ble APTEL vide

its Order dated 24.04.2026 in Appeal No. 227, the Commission finds merit in the submissions of the Petitioner on this issue. The Commission, therefore, allows the Petitioner's prayer and holds that, for the purpose of ARR determination, Non-Tariff Income (NTI) shall be restricted only to Delayed Payment Surcharge (DPS) attributable to the distribution business and other income, if any, directly arising from and incidental to the distribution function, in accordance with the findings and directions of the Hon'ble APTEL. Consequently, income pertaining to generation, transmission or other non-distribution activities shall not be considered as NTI of the distribution business for the purpose of tariff determination in the present Review Proceedings.

Table 1: Summary of Delay Payment Surcharge as approved by the Commission for FY 2022-23

(in Rs. Crore)

S. No.	Particulars	Approved by the Commission in Order dated 30.09.2024	Petitioner filed in his Petition	Approved by the Commission in Present Review Petiton
1	Interest from Employees Loan and Advances	0.10		
2	Interest from Non-Current Investment	0.18		
3	Interest on IT Refund	1.06		
4	Interest on Security Deposit - Purchase of Power	0.02		
5	Interest on Short Term Deposit	0.23		
6	Interest on CLTD	0.13		
7	Interest from Others	0.92		
8	Dividend on Non-current Investment	236.57		
9	Government Grants PM KUSUM Grant	-0.49		
10	**Delay Payment Surcharge**	**519.95**	**0.30**	**0.30**
11	Income from Service Charges	19.70		
12	Profit on Disposal of Fixed Assets	19.20		
13	Provision Written back-Employee Benefit	5.00		
14	Provision Written back Fixed Assets	4.74		
15	Provision written back - Stock-Current Asset	0.19		
16	Other Misc. Income	187.58		
17	Inter head transfer	28.10		
18	Common Service	-0.87		
19	Capitalized	-7.17		
20	**Total Non-tariff Income**	**1015.14**	**0.30**	**0.30**

II. Non-Adjustment of past period AFC of FY 2014-15 to FY 2019-20 as determined by Hon'ble CERC orders

Petitioner's Submission

17. The Petitioner submitted that the Commission had erroneously disallowed the Differential Annual Fixed Cost (AFC) of Rs. 1205.73 crore arising from the true-up orders passed by the Hon'ble CERC for FY 2014-15 to FY 2018-19 and the applicable tariff orders for FY 2019-20, although the said costs form part of DVC's power procurement cost for retail tariff determination in Jharkhand.

18. Petitioner submitted that the Differential AFC claim merits reconsideration, inter alia, on account of the following:
    (a) The Commission had itself deferred consideration of such impact in the earlier MYT Tariff Order dated 30.01.2023 to a subsequent stage;
    (b) DVC in its tariff Petition had provided the complete details on AFC;
    (c) DVC in response to the queries dated 05.02.2024 had furnished detailed computations, methodology and supporting documents in support of the claim before the Commission by way of the Additional Submissions dated 13.02.2024;
    (d) It appears that the Commission has inadvertently not considered the Additional Submissions dated 13.03.2024 while deciding the issue of AFC.
    Re. DVC had furnished detailed computations, methodology and supporting documents before this Hon'ble Commission

19. The Petitioner contended that the additional submissions and revised computations furnished by DVC, including the allocation of Differential AFC to Jharkhand consumers on the basis of approved sales ratio, formed part of the record but were not considered while passing the Order dated 30.09.2024. It was submitted that non-consideration of material submissions and documents placed on record constitutes a valid ground for review.

20. The Petitioner further submitted that the Differential AFC includes the impact of CERC true-up orders, ash disposal expenses considered in terms of CERC's corrigendum dated 27.01.2023, and consequential impact on Interest on Working Capital. The revised AFC correspondingly impacts IoWC, computed as per applicable CERC Regulations. The cumulative Differential AFC of ₹1205.73 Crores (excluding carrying cost) reflects the additional financial burden arising from operational expenses and short-term financing requirements.

21. Accordingly, DVC respectfully prays that the Commission may kindly reconsider and allow the Differential AFC claim based on the materials and submissions already placed on record by DVC.

Commission analysis

22. The Commission has carefully examined the submissions of the Petitioner regarding the differential Annual Fixed Cost (AFC) arising from the True-up Orders and Tariff Orders issued by the Hon'ble Central Electricity Regulatory Commission (CERC) for the period from FY 2014-15 to FY 2019-20. The Commission notes that the said costs pertain to DVC's generating stations and transmission assets, the tariff determination of which falls within the exclusive jurisdiction of the Hon'ble CERC. The Commission further observes that the tariff and trued-up costs approved by the Hon'ble CERC constitute an integral component of the power procurement cost to be considered while determining the retail tariff for consumers in the State of Jharkhand. Since the differential AFC arises pursuant to statutory orders of the Hon'ble CERC, the same warrants consideration for the purpose of determining the Petitioner's revenue requirement, subject to verification and prudence check. The relevant Orders of the Hon'ble CERC relied upon by the Petitioner are tabulated below:

Table 2: CERC orders considered for approval of AFC charges

Particulars	Date of CERC Order
T&D System of DVC	23.07.2022 & 02.03.2022
BTPS B	10.07.2023
CTPS 1-3	27.04.2023
DTPS 3-4	19.05.2023
MTPS 1-3	17.03.2023
MTPS 4	27.01.2023
MHS	12.10.2023
PHS	28.02.2023
THS	16.03.2023
MTPS 5-6	14.03.2023
MTPS 7-8	27.04.2023
CTPS 7-8	16.06.2023
DSTPS 1-2	03.07.2023
KTPS 1-2	20.07.2023
RTPS 1-2	29.04.2023
BTPS A	26.10.2023

23. Accordingly, the Commission observes that the differential AFC claimed by the Petitioner arises pursuant to tariff and true-up orders issued by the Hon'ble CERC, which is the competent regulatory authority for determination of tariff of DVC's generation and transmission assets. The Commission further notes that the costs approved by the Hon'ble CERC constitute a legitimate component of

power procurement cost and is required to be appropriately reflected in the ARR and in tariff determination process. Therefore, considering that the said costs have emanated from statutory orders of the Hon'ble CERC and are duly attributable to the supply of power to the distribution business, the Commission allows the Petitioner's claim towards past period AFC for FY 2014-15 to FY 2019-20, as determined by the Hon'ble CERC, and adjustment of any recovery already allowed in previous tariff orders, so as to avoid double recovery.

Table 3: Impact due to change in AFC as per the True up Order of CERC

S. No.	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1	T&D System of DVC	143.27	164.94	176.63	250.80	165.18	-36.66
2	BTPS B	18.09	31.67	25.59	6.45	4.90	4.30
3	CTPS 1-3	5.62	10.25	12.22	2.16	0.00	0.00
4	DTPS 3-4	-3.06	26.10	7.75	0.69	-2.62	9.40
5	MTPS 1-3	-0.05	7.95	18.07	6.09	1.65	10.72
6	MTPS 4	4.55	7.34	8.51	3.12	5.06	0.00
7	MHS	1.61	1.76	2.00	0.67	-2.00	1.53
8	PHS	1.14	-0.18	-0.41	0.01	0.18	3.74
9	TBS	0.12	0.14	0.04	-0.04	-0.04	0.06
10	MTPS 5-6	1.63	-10.88	14.85	7.24	10.11	4.93
11	MTPS 7-8	9.27	28.11	21.44	11.30	19.17	14.31
12	CTPS 7-8	1.87	-0.02	2.19	0.00	0.00	0.16
13	DSTPS 1-2	-9.08	-15.84	4.62	12.94	17.48	11.83
14	KTPS 1-2	0.20	-35.37	-1.98	-5.20	-0.84	0.39
15	RTPS 1-2	0.00	0.00	-0.67	-8.36	-10.23	-2.01
16	BTPSA	0.00	0.00	2.27	7.08	-4.56	-0.46
17	**Total**	175.19	215.97	293.11	294.95	203.44	22.23

24. The Commission observes that the allowance of differential Annual Fixed Cost (AFC) pertaining to FY 2014-15 to FY 2019-20, as approved by the Hon'ble CERC, results in a consequential revision of the Aggregate Revenue Requirement (ARR) for the respective years. The Commission further notes that any change in the power procurement cost approved in the True-up Orders has a corresponding impact on the working capital requirement and, consequently, on the admissible Interest on Working Capital (IoWC). Since the differential AFC forms part of the legitimate power procurement cost, the ARR approved in the respective True-up Orders requires suitable modification to incorporate the revised AFC. Accordingly, the Commission recalculates the Interest on Working Capital for the respective years after considering the impact of the differential AFC, and the resultant change in ARR is allowed in the present Review Proceedings. The year-wise

impact of differential AFC on Interest on Working Capital is as under:

Table 4: Impact including change in IWC due to change in AFC as per the True-UP order of CERC

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
ARR approved vide True-Up order	4423.77	4472.14	4705.79	4751.8	4705.85	3872.59
Additional Claim on account Revision of AFC	175.19	215.97	293.11	294.95	203.44	22.23
Total ARR (2 + 3)	4598.96	4688.11	4998.90	5046.75	4909.29	3894.82
Working Capital @1% of ARR	46.06	46.95	50.05	50.53	49.15	39.00
Interest rate	14.75	14.75	12.80	12.60	12.20	12.55
Interest on working capital	6.79	6.93	6.41	6.37	6.00	4.89
Net ARR	4605.75	4695.03	5005.30	5053.12	4915.28	3899.72
IoWC allowed vide the True-UP orders	6.62	7.31	6.02	5.99	5.74	4.86
Additional Claim on account of IoWC revision	**0.17**	**-0.38**	**0.39**	**0.38**	**0.26**	**0.03**

25. The Commission has analysed the impact of the differential Annual Fixed Cost (AFC) approved pursuant to the Orders of the Hon'ble CERC for FY 2014-15 to FY 2019-20 and the consequential revision in Interest on Working Capital (IoWC). The Commission observes that the allowance of differential AFC results in an increase in the power procurement cost considered in the respective years, which in turn impacts the working capital requirement and the admissible Interest on Working Capital. Accordingly, after carrying out the necessary recalculations and prudence check, the Commission has considered the aggregate impact of the differential AFC along with the additional claim towards Interest on Working Capital for the respective years. The total impact on the ARR arising from the differential AFC and the consequential adjustment in Interest on Working Capital is summarized below:

Table 5: Impact of Differential AFC and change in IWC as Approved by the Commission

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Additional Claim on account Revision of AFC	175.19	215.97	293.11	294.95	203.44	22.23
Additional Claim on account of IoWC revision	0.17	-0.38	0.39	0.38	0.26	0.03
Total claim	**175.36**	**215.58**	**293.49**	**295.33**	**203.69**	**22.27**

III. Disallowance of Rebate on Sale of Power

Petitioner's Submission

26. Petitioner submitted that the Commission has disallowed the rebate on the sale of power on the incorrect reasoning that:
   (a) It includes rebates within the ARR would contradict their intended purpose, as they are designed to optimize DVC's cost structure or serve as an incentive;
   (b) The Tariff Regulations, 2020 which do not mandate the inclusion of rebates in the ARR.

27. Petitioner submitted that the rebate in question, namely prompt payment rebate, is not a discretionary commercial concession extended by DVC, but is specifically provided under Chapter 10 of the Tariff Order dated 22.01.2024 issued by the Commission itself. Thus, the rebate is an integral component of the tariff framework approved by the Commission and forms part of the actual billing and revenue realization mechanism applicable to consumers. A relevant extract of the Tariff Order dated 22.01.2024 is reproduced below:

   "Clause VIII: Prompt Payment Rebate and Rebate for Online Payment The due date for making payment of energy bills or other charges shall be as specified in Clauses 10.1.5 of the JSERC (Electricity Supply Code) Regulations, 2015, as amended from time to time.

   Prompt Payment Rebate shall be allowed for payment of bills by the Consumers in accordance with Clauses 10.76 of the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020, as amended from time to time.

   Further, a rebate of 1.00% shall be allowed on the billed amount for payment within the due date of the entire billed amount, made either through online or any digital mode subject to a maximum ceiling rebate of Rs. 250 against the billed amount.

   Further no rebate shall be allowed after due date, irrespective of the mode of payment."

28. Further, Petitioner submitted that the reliance placed on the Tariff Regulations, 2020 for disallowing the rebate is misplaced, in as much as the prompt payment rebate flows directly from and is governed by the tariff orders issued by the Commission. Once such rebate has been specifically mandated under the applicable tariff order, the financial impact thereof necessarily forms part of the actual revenue realization of DVC and ought to be considered while undertaking ARR and true-up exercise.

29. Disallowing the prompt payment rebate in the ARR would unfairly penalize DVC for complying with the Commission's directive to extend this rebate to consumers and this in turn disallows recovery of the approved ARR and enforcing a directive

on DVC sacrificing a part of ARR in paying rebate to the consumers.

30. It is also pertinent to note that the Commission in its earlier orders dated 28.05.2019, 29.09.2020, 30.09.2020 and 30.01.2023 has already examined and allowed the prompt payment rebate, thereby establishing the principle of permitting such rebate on power sales; similarly, West Bengal Electricity Regulatory Commission ("WBERC") has also treated the rebate as a pass-through element in its APR.

31. In view of the foregoing, Petitioner submitted that the rebate on sale of power, being a tariff-linked rebate specifically provided under the tariff orders issued by the Commission and consistently allowed in earlier tariff orders, merits reconsideration in the present review proceedings. Accordingly, DVC respectfully prays that the Commission may kindly consider the impact of prompt payment rebate while determining ARR and revenue recovery for the relevant years.

Commission's Analysis

32. The Commission is of the view that the purpose of prompt payment rebate is to incentivize timely payment of bills and improve cash flow management of the licensee. Such rebate is not a statutory expenditure incurred for supply of electricity rather a commercial incentive mechanism designed to encourage payment discipline among consumers.

33. The Commission further notes that the applicable Tariff Regulations do not provide for separate pass-through of rebate on sale of power as an uncontrollable cost or statutory expenditure. If rebates are treated as a recoverable ARR component, the underlying objective of incentivizing operational efficiency and prompt realization of dues would be defeated, as the burden would ultimately be shifted back to consumers through tariff.

34. The Commission further is of the considered view that the determination of Aggregate Revenue Requirement (ARR) is undertaken after duly considering the approved costs and projected revenue of the licensee. The rebate under consideration has already been factored into the revenue projections adopted for tariff determination. Therefore, allowing the same again as a separate adjustment in ARR would result in duplication of benefit and lead to a double impact on the ARR. Accordingly, the Commission finds no justification for granting the claim, as it would amount to double counting of the same revenue element and would distort the revenue requirement determined under the applicable Tariff Regulations.

35. Accordingly, the Commission finds no error apparent on the face of record in the impugned Order dated 30.09.2024 on this issue. The claim of the Petitioner for

allowance of rebate on sale of power is therefore rejected.

IV. Erroneous consideration of Interest on Working Capital (“IoWC”)

Petitioner’s submission

36. Petitioner submitted that the Commission reduced IoWC from Rs. 76.33 Crores to Rs. 5.21 Crores for FY 2022-23, Rs. 88.94 Crores to Rs. 6.05 Crores for FY 2023-24 and from Rs. 111.07 Crores to Rs. 7.06 Crores for FY 2024-25 considering the same at the rate of only 1% of the revenue from sale of power requirement.

37. Further, Petitioner submitted that Regulation 10.31 of the Tariff Regulations, 2020 specifically prescribes the methodology for computation of IoWC and provides that the same is to be determined based on identified normative components such as maintenance spares, receivables, security deposits and one month power purchase cost. However, while determining the IoWC in Order dated 30.09.2024, the methodology prescribed under the Tariff Regulations, 2020 does not appear to have been considered, and instead IoWC has been computed at 1% of the revenue from sale of power.

38. Petitioner further submitted that the aforesaid approach is not contemplated under the applicable Tariff Regulations, 2020 or under the settled regulatory framework governing determination of IoWC. Further, such approach also has a bearing on the principle contained in Section 61(d) of the Electricity Act, 2003, which envisages recovery of reasonable cost of electricity in a prudent manner.

39. Petitioner subsequently submitted that the Commission, in its subsequent tariff Order dated 30.03.2026 issued for True-up of FY 2024-25 and APR for FY 2025-26, has considered the submissions of DVC and partially allowed IoWC in terms of the Tariff Regulations, 2020. The subsequent approach adopted by the Commission itself demonstrates that IoWC is required to be computed in accordance with the methodology prescribed under the applicable Tariff Regulations.

40. In view of the foregoing, Petitioner submitted that the computation of IoWC in the Order dated 30.09.2024 merits reconsideration in light of Regulation 10.31 of the Tariff Regulations, 2020 and the approach adopted by the Commission in its latest Tariff Order vide dated 30.03.2026 (True up for FY 2024-25, APR for FY 2025-26 and ARR for MYT period from FY 2026-27 to FY 2030-31). Accordingly, DVC respectfully prays that the Commission may kindly reconsider and allow the IoWC claim in accordance with the applicable Tariff Regulations, 2020.

Commission's Analysis

41. The Commission has observed clause 10.30, clause 10.31 of JSERC (Terms and Condition of Determination of Tariff) Regulations 2020 for the approval of Interest on Working Capital which is reproduced below:

"10.30 Working capital for the Wheeling Business for the Control Period shall comprise:

a) Maintenance spares at 1% of Opening GFA of Wheeling Business; plus

b) Two months equivalent of the expected revenue from wheeling charges at the prevailing tariffs; minus

c) Amount, if any, held as security deposits.

10.31 Working capital for the Retail Supply of Electricity for the Control Period shall comprise:

a) Maintenance spares at 1% of Opening GFA for Retail Supply Business; plus

b) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs; minus

c) Amount held as security deposits under Clause (a) and Clause (b) of subsection (1) of Section 47 of the Act from consumers and Distribution System Users net of any security held for Wheeling Business; minus

d) One-month equivalent of cost of power purchased including the Inter-State and Intra-State Transmission Charges and Load Despatch Charges, based on the annual power procurement plan."

42. Accordingly, the Commission has examined the Petitioner's claim towards Interest on Working Capital (IoWC) for FY 2022-23. The Commission observes that, consequent to the modifications allowed in this Review Order, including revisions in power procurement cost and other admissible components of the Aggregate Revenue Requirement (ARR), the working capital requirement for FY 2022-23 requires corresponding revision.

43. The Commission notes that the Petitioner has computed the Interest on Working Capital based on the values claimed in the Petition. However, as per the applicable Tariff Regulations, Interest on Working Capital is required to be determined on the basis of the costs and parameters approved by the Commission after prudence check and not on the amounts claimed by the Petitioner

44. Accordingly, the Commission has recomputed the Working Capital requirement by considering the revised values of power purchase cost and other admissible ARR components approved in this Order. Based on the approved Working Capital requirement and the applicable rate of interest specified under the Regulations, the Commission has recalculated the Interest on Working Capital for FY 2022-23.

Therefore, after carrying out the necessary prudence check and in accordance with the applicable provisions of the Tariff Regulations, the Commission approves the revised Interest on Working Capital for FY 2022-23 as detailed in the table below:

Table 6: Computation of Interest on Working Capital (IWC) for FY 2022-23 (In Rs Crore)

		Approved by the Commission in Order dated 30.09.2024	Petitioner filed in his Petition	Approved by the Commission in Present Review Petiton
8	**Interest on working capital**	**5.21**	**76.33**	**53.16**

V. Disallowance of Interest on Temporary Financial Accommodation

Petitioner's submission

45. Petitioner submitted that the Commission has erroneously disallowed DVC's claim for interest on TFA, citing the absence of a specific provision within the Tariff Regulations, 2020 and that no documents have been provided by DVC in justification of the expense.

46. Further, Petitioner submitted that the Commission has inadvertently not considered the following:
    (a) The Commission, itself, in its past tariff orders had acknowledged the principle of granting interest on TFA to cover additional financial burdens that arise when a utility has to arrange short-term funds.
    (b) The interest on TFA is claimed to compensate the utility for additional financing costs incurred when it must arrange short-term funds to finance the delayed payments from consumers. This is due to the fact that the entire DPS for the distribution activity is considered as NTI and deducted from ARR.
    (c) The Commission's interpretation that normative working capital cover DPS is overly restrictive. Normative working capital is designed to manage regular operations; it does not account for extraordinary delays or substantial payment backlogs.
    (d) Given the significant delays in payments from consumers, TFA are crucial to offset additional costs incurred due to delayed payments from consumers.

47. Petitioner submitted that the Commission in the recent tariff Order dated 30.03.2026 issued for true up of FY 2024-25 and APR of FY 2025-26 has considered the submissions of the Petitioner and allowed Interest on TFA. Therefore, the Commission may be pleased to consider its own Order and allow the claim of the Petitioner for Interest on TFA.

Commission's analysis

48. The Commission observes that, in terms of the provisions of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2020, only those expenses which are specifically recognized and permitted under the applicable Tariff Regulations are admissible for inclusion in the Aggregate Revenue Requirement (ARR). The Commission notes that the Tariff Regulations provide for allowance of financing costs such as Interest on Loan and Interest on Working Capital in the prescribed manner; however, there is no specific provision under the Regulations permitting the recovery of Interest on Temporary Financial Accommodation (TFA) as a separate component of ARR or as a pass-through expense in tariff determination. The Commission further observes that the Petitioner has not demonstrated any specific regulatory provision under which such expenditure can be admitted.

49. The Commission has examined the Petitioner's claim towards Interest on Temporary Financial Accommodation (TFA). The Commission observes that the Petitioner has also been allowed Interest on Working Capital (IoWC) in accordance with the applicable Tariff Regulations. The Commission notes that the Working Capital requirement is designed to meet the short-term funding requirements of the Licensee arising from operational expenditures and the time gap between expenditure incurred and revenue realization. As per the Regulations, the Working Capital requirement includes a component equivalent to the prescribed period of revenue requirement and is intended to address temporary cash flow mismatches in the normal course of business.

50. The Commission further observes that the Temporary Financial Accommodation claimed by the Petitioner has been availed primarily to bridge delays in recovery of revenue and manage short-term liquidity requirements. Such funding requirements are intrinsically linked to the working capital needs of the Licensee and are already covered under the normative Interest on Working Capital allowed by the Commission.

51. The Commission is of the view that allowing Interest on Temporary Financial Accommodation over and above the normative Interest on Working Capital would amount to compensating the Licensee twice for the same financing requirement. Since the Working Capital provision recognizes the requirement of funds for a

specified period for carrying out the distribution business, any additional allowance towards Temporary Financial Accommodation for the same purpose would result in a double benefit to the Licensee. The Commission further holds that grant of such additional financing cost would be unfair to consumers, as it would lead to an avoidable increase in tariff burden without any corresponding benefit. Therefore, in order to balance the interest of the petitioner(DISCOM) and consumer protection through regulatory prudence, the Commission finds no justification for allowing the Interest on Temporary Financial Accommodation claimed by the Petitioner.

52. Accordingly, the Commission disallows the entire claim of Interest on Temporary Financial Accommodation for FY 2022-23, as the financing requirement is adequately addressed through the normative Interest on Working Capital already approved in this Order. Accordingly, the Commission finds no merit in the Petitioner's claim on this issue and rejects the review petition to the extent it seeks allowance of Interest on Temporary Financial Accommodation. The claim is, therefore, disallowed.

VI. Incorrect consideration of Plant Availability Factor

Petitioner's submission

53. Petitioner submitted that the Commission at Annexure-2 of Table 70, considered erroneous PAF values for certain generating stations of DVC for the FY 2022-23, leading to an inaccurate calculation of fixed charges for FY 2022-23.

54. Petitioner submitted that DVC in the additional information dated 13.02.2024, has specifically mentioned the PAF of RTPS and accordingly revised the computation of the ARR. The said revised PAF figures were duly placed on record before the Commission.

55. However, while passing the Order dated 30.09.2024, the revised PAF figures submitted by DVC do not appear to have been considered, resulting in discrepancies in computation of allowable fixed charges for various generating stations. In particular, the allowable fixed charge in respect of the RTPS U# 1 & 2 has been erroneously computed as Rs. 420.14 Crores as against DVC's claim of Rs. 423.42 Crores. Similar rectifications in PAF figures (in line with submission of additional information dated 13.02.2024) for MTPS Unit #4, DSTPS Units #1 & 2, and BTPS-A are also required to enable DVC to recover the allowable AFC to the extent of the actual PAF.

56. Petitioner submitted that the aforesaid discrepancy is apparent from the record itself, in as much as the revised PAF figures had already been furnished by DVC

during the proceedings and formed part of the material available before the Commission. Accordingly, the present issue warrants reconsideration in review jurisdiction to ensure computation of allowable AFC on the basis of the actual PAF submitted by DVC.

57. The Commission may be pleased to revise the PAF values for RTPS Units1 & 2 to the accurate figures of 57.23% and 56.89% for HD Peak and LD Peak, respectively, in line with the claimed values submitted by DVC and may be pleased to recompute the Allowable Fixed Charge for RTPS Units 1 & 2 based on the revised PAF, allowing DVC to recover ₹423.42 crore as initially claimed instead of the erroneous amount of ₹420.14 crore.

Commission's analysis

58. Commission has examined the submissions of the Petitioner regarding the Plant Availability Factor (PAF) considered for RTPS Units 1 & 2 while determining the admissible Annual Fixed Charges for FY 2022-23. The Commission notes that, while the Petitioner had originally furnished the claim based on certain PAF values in the Petition, it subsequently submitted the actual PAF achieved by RTPS Units 1 & 2 vide additional information dated 13.02.2024. Upon examination of the records and submissions available on file, the Commission finds merit in the contention of the Petitioner that the actual PAF figures furnished subsequently are required to be duly considered for determination of admissible fixed charges for FY 2022-23.

59. The Commission observes that the actual PAF submitted by the Petitioner represents the audited operational performance of the generating units and provides a more accurate basis for determination of allowable fixed charges in accordance with the applicable tariff framework. Since the said information was placed on record during the pendency of the proceedings and forms part of the case records, the Commission considers it appropriate to take cognizance of the revised PAF for the purpose of tariff determination.

60. Accordingly, based on the actual PAF of RTPS Units 1 & 2 submitted vide additional information dated 13.02.2024 and after carrying out the necessary prudence check, the Commission revises the admissible Annual Fixed Charges for RTPS from Rs. 420.14 crore, as considered in the Tariff Order dated 30.09.2024, to Rs. 423.42 crore for FY 2022-23.

Table 7: Computation of AFC cost of RTPS unit 1 & 2 for FY 2022-23 (In Rs Crore)

		Approved by the Commission in Order dated 30.09.2024	Petitioner filed in his Petition	Approved by the Commission in Present Review Petition
1	**Annual Fixed Cost of RTPS Units 1 & 2**	**420.14**	**423.42**	**423.42**

Summary of Revised ARR and the resultant impact on Revenue Gap/(Surplus)

61. The Commission has considered the various issues raised in the Review Petition and the consequential impact arising therefrom, including (i) revision in the treatment of Non-Tariff Income (NTI) in accordance with the directions of the Hon'ble APTEL, (ii) allowance of differential Annual Fixed Cost (AFC) as approved by the Hon'ble CERC for FY 2014-15 to FY 2019-20, (iii) disallowance of Rebate on Sale of Power, (iv) recomputation of Interest on Working Capital (IoWC) wherever admissible, (v) disallowance of Interest on Temporary Financial Accommodation ("TFA") and (vi) revision of AFC for RTPS Units 1 & 2 for FY 2022-23 based on the actual Plant Availability Factor (PAF) submitted by the Petitioner. In view of the findings recorded in this Review Order, the Commission has revised the Aggregate Revenue Requirement (ARR) for FY 2022-23 and reworked the Revenue Gap/(Surplus) after considering the impact of the issues allowed and dealt with in the present Review Petition, as detailed below:

Table 8: Summary of ARR and Additional Revenue GAP/(Surplus) for FY 2022-23 as approved by the Commission

(In Rs Crore)

Sr. No.	Particulars	Amount
Cost/Income Approved by the Commission		
1	Non Tariff Income	0.30
2	Adjustment of past period AFC of FY 2014-15 to FY2019-20 as determined by Hon'ble Central Electricity Regulatory Commission ("CERC") orders;	1,205.73
3	Rebate on Sale of Power	-
4	Interest on Working Capital	53.16
5	Interest on Temporary Financial Accommodation ("TFA")	-
6	Plant Availability Factor ("PAF") for FY 2022-23	423.42
Impact on ARR		
7	ARR approved in True Up of FY 2022-23 in Tariff	4,960.49

Sr. No.	Particulars	Amount
	Order dated 30.09.2024	
8	Add : NTI in the JH ratio 44.89% i.e. (1,015.14 – 0.30)*44.89%	455.56
9	Add: Differential AFC adjustment of Past Period From FY 2014-15 to FY 2019-20 (i.e. Sr. No 2 - already in JH Ratio)	1,205.73
10	Add : Differential Impact of Interest on working capital (i.e. Sr. No. 4 - (53.16-5.21))	47.95
11	Considering the Actual PAF for RTPS Plant unit 1 & 2 (i.e. Sr. No. 6 – (423.42-420.14))	3.28
12	**Revised Annual Revenue Requirement for FY 2022-23 (7+8+9+10+11)**	**6,673.01**
13	**Revenue Billed for FY 2022-23**	**4,096.30**
14	**Revenue GAP (12-13)**	**2,576.71**

1. In view of the aforesaid concrete findings by this commission in light of the Order dated 24.04.2026 passed by the Hon'ble APTEL in Appeal No. 227 of 2025, the Commission has revisited earlier Order dated 30.09.2024 passed by this Commission in Case No 36 of 2024. Consequently, the standalone Revenue Gap has been re-computed and re-determined for FY 2022-23 by revising its earlier tariff Order dated 30.09.2024 passed in Case (Tariff) No 12 of 2023 & 01 of 2024 as shown in the table above i.e. Rs.2,576.71 Crores.

2. Accordingly, the petition is disposed off in terms of the above observations.

Sd/-	Sd/-
Member (Law)	Chairperson