

**IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT
RANCHI**

Case No. 30 of 2024

Inland Power Limited (IPL)..... Petitioner

Versus

Jharkhand Bijli Vitran Nigam Limited..... Respondent

CORAM: HON'BLE MR. MAHENDRA PRASAD, MEMBER (LAW)

HON'BLE MR. ATUL KUMAR, MEMBER (TECHNICAL)

For the Petitioner : Mr. Saket Upadhyay, Advocate

For the Respondent: Mr. Arvind Kumar, ED-JBVNL and Mr. Sanjay Singh,
G.M. (Comml.) & Mrs. Anita Prasad, DGM, JBVNL

ORDER

Date – 18th December, 2025

1. The Petitioner- Inland Power Limited (IPL) had filed the instant petition under Section 94(1)(f) of the Electricity Act-2003, read with Regulation A41.1 of the Jharkhand State Electricity Regulatory Commission (Conduct of Business) Regulations, 2016 for the review of Order dated 23.07.2024 passed in Case (T)No. 04 of 2023 & 13 of 2023 for True-up of FY 2022-23.
2. The Petitioner has urged two principal grounds for seeking review of the Petition:
 - a. Coal Mix and Gross Calorific Value (GCV) of primary fuel.
 - b. Revenue from Fly Ash Brick Plant
3. Accordingly, the prayers of the Petitioner are summarized as follows:
 - a. To review its order in respect of Stacking & Handling losses as well as revenue from fly ash brick plant.
 - b. To review its order disallowing the O&M expenses towards fly ash brick plant and allow recovery of the same of Rs. 4.57 Cr for FY 2022-23.
 - c. To consider the impact of the above prayers and re-compute Interest on Working Capital, Gap / Surplus for FY 2022-23 and subsequent carrying cost computations from FY 2022-23 onwards at the time of passing order.
 - d. Condone any inadvertent omissions/errors/rounding off differences/shortcomings and permit IPL to add/ change/ modify this filing and make further submission as may be at a future date; and
 - e. Pass such further and other orders, as the Commission may deem fit and proper, keeping in view the facts and circumstances of the case.
4. The respondents in the aforesaid Case No. 30 of 2024 appeared and contested the claim of the Petitioner by filing their reply and also duly filed their notes of submission before the Commission.

Submissions of the Petitioner

5. The Petitioner submitted two principal grounds for review of the JSERC order for True-Up of FY 2022-23, i.e. "Coal Mix and Gross Calorific Value (GCV) of primary fuel" and "Revenue from Fly Ash Brick Plant".
6. Regarding the "Coal Mix and Gross Calorific Value (GCV) of primary fuel" the Petitioner submitted that:

- a) The petitioner had filed the True-Up for FY 2022-23 on the basis of as received bills and inadvertently did not consider the stacking and handling loss of 85 kcal/kg while computing the GCV of primary fuel. Since, this Commission has already allowed Stacking loss in True-up Order of FY 2021-22, IPL was of the opinion that the same be left on this Commission to be allowed for FY 2022-23 also.
- b) IPL further submits before the Commission that the Stacking and handling loss of 85 Kcal/Kg will be claimed separately while trueing up of subsequent years based on the applicable regulatory norms.
- c) IPL humbly prays to this Hon'ble Commission to allow the stacking and handling loss of 85kcal/kg in line with clause 7.1 of the JSERC (Terms and Conditions for Determination of Generation Tariff) (First Amendment) Regulations, 2023 gazette on 31st October 2023, for FY 2022-23 and help IPL out of the financial crunch for the year.

7. Further, regarding the "Revenue from Fly Ash Brick Plant" the Petitioner submitted that:

- a) JSERC vide its order dated 23.07.2024 has considered the Net Revenue Fly Ash of Rs. 7.88 Crore in the Revenue computation for IPL for FY 2022-23. It had not allowed deduction of Rs. 4.57 towards O&M expenses of Brick Plant from the Gross Sales. The Commission has cited the following while approving the Net Revenue from Sale of Fly Ash Bricks in the revenue as follows:

"5.73 The Commission has also observed that certain expenses related to A&G such as office expense, freight, advertisement expense, legal expenses, vehicle running etc. have also been claimed separately apart from the twice claimed O&M expenses (S. No 7 & S. No 30) shown in the table above.

5.74 In view of the above the Commission finds that the expense claimed by the Petitioner for fly ash brick plant is quite high along with the fact that no proper justification has been provided by the Petitioner related to the expense. In light with the ambiguity in the expense claimed by the Petitioner for fly ash plant the Commission does not approve the entire expense related to fly ash plant as submitted by the Petitioner."

- b) The Petitioner further submitted that in its annual accounts for FY 2022-23, the O&M expenses of Fly Ash Bricks of Rs. 4.57 Crores were included in audited annual accounts as already submitted by IPL with the Original Petition. IPL had reduced the O&M expenses towards Fly Ash Brick Plant of Rs. 4.57 Crores while claiming the O&M Expenses for its Power Plant in FY2022-23.
- c) That the Petitioner had already submitted Auditor Certificate towards summary of Fly Ash for the year 2022-23 along with the petition, as the Commission had duly recognized under Table 34 of the instant Order dated 23rd July 2024.
- d) That office expense, freight, advertisement expense, legal expenses, vehicle running etc. are the expenses solely attributable to the Fly ash brick plant. This is pertinent to mention here that IPL also submitted sample bills towards these heads for the consideration of the Commission.
- e) That as per statutory mandate of under Income Tax submission, IPL is required to bifurcate the O&M expenses under heads Operation & Maintenance (as referred in Sl. No 7) and Operation & Maintenance (Ur) Maintenance (as referred in Sl. No 30) wherein 'UR' represents payments made to parties which are not registered under GST.
- f) The Petitioner further submitted the summary of head-wise expenses as per Table 34 of the aforementioned Order as sought by

the Commission during the case proceedings, which is tabulated hereunder.

Table 1:Summary of Expenses for Ash Brick Plant

Sl. No	Particulars	Amount (in Rs.)
1.	Operation & Maintenance (includes repairs, vehicle running exp., lease, etc.) (Sl. No. 7, 12, 14, 15, 30 & 36 of Table 34 of Order)	2,51,98,568.27
2.	Employee Benefit Expenses (Sl. No. 3 to Sl. No. 6 of Table 34 of Order)	40,40,212.00
3.	Freight & Forwarding (Sl. No. 34 of Table 34 of Order)	1,18,77,640.00
4.	Office Expenses (Sl. No.11, 20, 21, 22, 24, 25 & 27 of Table 34 of Order)	6,94,058.21
5.	Insurance & Finance Cost (Sl. No. 9 & Sl. No.16 of Table 34 of Order)	62,128.40
6.	Legal, Professional & Consultancy Charges (Sl. No. 13 & Sl. No. 29 of Table 34 of Order)	88,500.00
7.	Security Expenses (Sl. No. 19 of Table 34 of Order)	8,40,000.00
8.	Miscellaneous Expenses (Sl. No. 8, 10, 17, 18, 23, 26, 28, 31, 32, 33, 35 of Table 34 of Order)	28,93,702.12
9.	Total	4,56,94,809.00

8. The Petitioner further highlighted that as per Ministry of Environment, Forest and Climate Change (MoEFCC) Notification dated 31st December 2021, with respect to any construction activities related to roads, road and flyover embankments etc., all agencies (Govt/ semi-govt./ Private) engaged in such construction activities are mandatorily required to utilize fly ash from lignite/ coal-based thermal power plants located within 300 kms from the plants, provided that the transportation charges are borne by such thermal power plants. In one such similar case for IPL, where fly ash was utilized for construction of RE walls at different locations for National Highways Authority of India (NHAI), the transportation charges of the utilized Fly ash utilized was determined to be "Rs 437/ MT (excluding overhead charges and Contractor's profit). Thus, it is humbly submitted to the Hon'ble Commission that the utilization of fly ash by IPL in its own Fly Ash brick plant is already an optimal solution (including from environmental standpoint) as adopting any alternative means of fly ash disposal would typically entail similar additional transportation charges, as highlighted above.

9. The Petitioner prayed to allow Rs. 4.57 Crores towards O&M cost of the Fly Ash Brick Plant for FY 2022-23.

Submission of the Respondent

10. Regarding the first point as prayed by the petitioner regarding the consideration of stacking loss (85 kCal/kg) for the true up for FY 2022-23 which IPL had inadvertently missed in the filing of the true up petition for FY 2022 – 23, the respondent JBVNL submitted that the Commission has observed that the petitioner has not claimed the stacking loss of coal (i.e. 85 kcal/kg) in the True up Petition filed for the FY 2022-23. This is in spite of the fact that the Commission has allowed stacking loss in the True up for FY 2021-22. The Hon'ble Commission has approved the GCV of coal for the FY 2022-23 based on the submissions made by the Petitioner which includes Auditor's Certificate submitted vide "Annexure No. 6 of the True up Petition submitted by the Petitioner. Hence, the Petitioner now claiming the stacking loss when the Hon'ble Commission has already approved the True up for the FY 2022-23 based on the submissions made by the Petitioner is not justified. It is also submitted that the Petitioner had submitted and Auditor's Certificate as a proof of the GCV of primary fuel for the FY 2023-24. How can the Petitioner go against the submission made vide Its Own Auditor's Certificate? Therefore, the JBVNL requests the Hon'ble Commission not to consider the request made by the Petitioner and not to allow the stacking loss for the FY 2022-23.
11. Regarding the second point of review as prayed by the petitioner pertaining to "Revenue from Fly Ash brick plant", it is submitted by the respondent that there is no separate account for fly ash brick operations. It is not clear how the expenses related to fly ash bricks have been noted in the accounts and the breakup of its administration, operational costs etc. As the fly ash brick operations is an integral part of the operation of IPL, its costs, expenses need to be included in overall costs. There is no need to have a different costs sheet for fly ash brick operations. The Commission has rightly observed that the expenses related to A & G such as office expense, freight, advertisement expense, legal expenses, vehicle running etc. have also been claimed separately apart from the twice claimed O & M expenses at one place. Since the Hon'ble Commission has approved the overall O & M expenses for the IPL, hence, it has rightly not allowed the O & M expenses related to fly ash separately.

Commission's Observations and findings

Stacking and handling loss

12. The Commission has considered the submissions made by the Petitioner and perused the materials available on records.
13. With regard to the issue of the "Coal Mix and Gross Calorific Value (GCV) of primary fuel", the petitioner submitted that they could not claim the stacking and handling loss inadvertently in the main petition and requested the Hon'ble Commission to consider as per the Tariff Regulations. As per the JSERC (Terms and Conditions for Determination of Generation Tariff) (First Amendment) Regulations, 2023. The Clause is reproduced hereunder.

Clause 7.1: In the Principal Regulations the First Proviso of Clause 15.23 shall be substituted as follows:

"Provided that the cost of primary fuel shall be based on the landed cost incurred (taking into account normative transit and handling losses) by the generating station and gross calorific value of the fuel on 'as received basis' less 85 kCal/Kg on account of variation during storage at generating station as per actual weighted average for three months preceding the first month for which tariff is to be determined:"

14. Considering the above facts, the Commission allows the stacking and handling loss as per Tariff Regulations the following tables in the original

tariff order dated 23.07.2024 have been revised accordingly.

Table 15: Energy Charge Rate as per the original order approved by the Commission for FY 2022-23 without considering the stacking and handling loss.

Particulars	Units	APR	Petition	Approved
Net Generation	MU	407.49	373.04	373.04
Normative Auxiliary Consumption	%	10.50	11.79	10.50
Normative Gross Station Heat Rate	kcal/kWh	2902.00	2928.42	2902.00
Normative Specific Oil Consumption	ml/kWh	1.00	1.00	1.00
Calorific Value of Oil	kcal/mL	10.00	10.00	10.00
GCV of Primary Fuel	kCal/kg	2505.04	2622.82	2622.82
Landed Price of Primary Fuel	Rs./Ton	1944.11	3300.17	3298.31
Landed Price of Secondary Fuel	Rs./kL	80,471.31	94871.37	94871.37
Energy Charge Rate (ECR)	Rs./kWh	2.69	4.27	4.17
Total Energy Cost	Rs. Cr.	109.44	159.31	155.54

Revised Table 15: Energy Charge Rate after considering stacking and handling loss of 85 kcal/kg

Particulars	Units	APR	Petition	Approved
Net Generation	MU	407.49	373.04	373.04
Normative Auxiliary Consumption	%	10.50	11.79	10.50%
Normative Gross Station Heat Rate	kcal/kWh	2902.00	2928.42	2902.00
Normative Specific Oil Consumption	ml/kWh	1.00	1.00	1.00
Calorific Value of Oil	kcal/mL	10.00	10.00	10.00
GCV of Primary Fuel	kCal/kg	2505.04	2622.82	2622.82
Stacking Loss	kCal/kg		-	85
GCV of Primary Fuel less Stacking Loss	kCal/kg		-	2537.87
Landed Price of Primary Fuel	Rs./Ton	1944.11	3300.17	3298.31
Landed Price of Secondary Fuel	Rs./kL	80,471.31	94871.37	94871.4
Energy Charge Rate (ECR)	Rs./kWh	2.69	4.27	4.31
Total Energy Cost	Rs. Cr.	109.44	159.31	160.62

Table 25: IoWC as approved by the Commission for FY 2022-23 (Rs. Cr.)

Particulars	MYT	Petition	Approved
Coal Cost for 50 Days	14.49	21.27	22.68
Cost of Secondary Fuel Oil for 2 Months	0.61	0.67	0.72
O&M Expenses for 1 month	2.35	2.22	2.27
Maintenance Spares (20% of O&M)	5.65	5.32	5.44
Receivables for 45 Days	23.28	28.32	28.48
Total Working Capital	46.38	57.80	59.60
Rate of Interest	10.50%	10.50%	10.50%
Interest on Working Capital	4.87	6.07	6.26

Revised Table 25: IoWC as approved by the Commission for FY 2022-23 (Rs. Cr.) after considering stacking and handling loss of 85 kcal/kg.

Particulars	MYT	Petition	Approved
Coal Cost for 50 Days	14.49	21.27	23.44
Cost of Secondary Fuel Oil for 2 Months	0.61	0.67	0.72
O&M Expenses for 1 month	2.35	2.22	2.27
Maintenance Spares (20% of O&M)	5.65	5.32	5.44

Receivables for 45 Days	23.28	28.32	29.13
Total Working Capital	46.38	57.80	61.00
Rate of Interest	10.50%	10.50%	10.50%
Interest on Working Capital	4.87	6.07	6.40

Table 30: Total Fixed Charges as approved by the Commission for FY 2022-23 (Rs. Cr.)

Particulars	MYT	Petition	Approved
O&M Expenses	26.42	25.20	26.42
Depreciation	17.49	17.35	17.36
Interest on Loan	11.94	5.42	10.91
Return on Equity	16.85	14.94	13.73
Interest on Working Capital	4.87	6.07	6.26
Water Charges	1.81	1.40	1.40
Annual Fixed Charges	79.38	70.39	75.48
Annual Fixed Charges inc. PAF Adjustment	79.38	70.39	75.48
Income Tax		5.83	5.83
ARR Publication & Fee Expenses		0.05	0.05
Total Fixed charges	79.38	76.27	81.36

Revised Table 30: Total Fixed Charges as approved by the Commission for FY 2022-23 (Rs. Cr.) after considering stacking and handling loss of 85 kcal/kg.

Particulars	MYT	Petition	Approved
O&M Expenses	26.42	25.20	26.42
Depreciation	17.49	17.35	17.36
Interest on Loan	11.94	5.42	10.91
Return on Equity	16.85	14.94	13.73
Interest on Working Capital	4.87	6.07	6.40
Water Charges	1.81	1.40	1.40
Annual Fixed Charges	79.38	70.39	75.62
Annual Fixed Charges inc. PAF Adjustment	79.38	70.39	75.62
Income Tax		5.83	5.83
ARR Publication & Fee Expenses		0.05	0.05
Total Fixed Charges	79.38	76.27	81.51

Table 32: Summary of ARR as approved by the Commission for FY 2022-23 (Rs.Cr.) in existing order

Particulars	MYT Order	Petition	Approved
Total Fixed Charge	79.38	76.27	81.36
Energy Charge Rate (ECR)	2.69	4.27	4.17
Total Energy Cost	109.44	159.31	155.54
Annual Revenue Requirement	188.82	235.58	236.90

Revised Table 32: Summary of ARR as approved by the Commission for FY 2022-23 (Rs. Cr.) after considering stacking and handling loss of 85 kcal/kg

Particulars	MYT Order	Petition	Approved
Total Fixed Charge	79.38	76.27	81.51
Energy Charge Rate (ECR)	2.69	4.27	4.31
Total Energy Cost	109.44	159.31	160.62
Annual Revenue Requirement	188.82	235.58	242.12

Revenue from Fly Ash Brick Plant

- It is further pertinent to mention that the petitioner, during the course of hearing, submitted the detailed bills towards the support of its claim for the O&M expense of the ash-brick plant.

16. The Commission opines that although the IPL’s ash-brick plant strengthen/fulfills the direction of MOEFCC notification dated 13.12.2021 for 100% ash utilization, yet the expenditure for the same should be justified. This should not occur that the over-expenses in the name of O&M of the brick-plant should be passed on to the consumers in form of Tariff.
17. Therefore, after the prudence check of all the supporting bills, the commission opines that only the true cost towards the O&M expenses of the as-brick plant of the Petitioner will be reversed.
18. It is further noted that during the prudence check of the bills submitted by the Petitioner, it was found that bills for some of the claims were duplicated and for some of the claims, bills were missing. The commission has not considered such bills in the final computation.
19. Furthermore, the Commission observed that during the court proceedings, on 25.10.24 the petitioner sought interim relief upon the respondent JBVNL not to take further steps for implementation and action in terms of order dated 23.07.2024 passed in True up of FY 2022-23 during the pendency of the review petition, which was rejected by the Commission.
20. In light of the above discussion and considering the reversal of true O&M expenses of the ash-brick plant after prudence check, Table no. 35, Revenue & (Surplus)/Gap as approved by the Commission for FY 2022-23, in the original order of the Commission (Case (Tariff) No.: 04 of 2023 & 13 of 2023) has been changed to the following table: -

Revised Table 35: Revenue & (Surplus)/Gap as approved by the Commission for FY 2022-23 (Rs.Cr.)

Particulars	Annotation	Petition	Approved in Tariff Order dated 23.07.2024	Revised Approval	Source
Annual Revenue Requirement	A	235.58	236.90	242.12	-
Revenue from Sale of Fly Ash Bricks	B	7.88	7.88	7.88	'Note 18. Revenue from Operations'
Components for Fly Ash Bricks (Raw materials)	C	3.50	3.31	3.31	'Note 20. Cost of Materials Consumed'
O&M expenses of Fly Ash Brick plant	D	4.38	-	3.90	After prudence check of all the bills submitted by the petitioner in support of its claim for O&M expenses of Fly Ash

Particulars	Annotation	Petition	Approved in Tariff Order dated 23.07.2024	Revised Approval	Source
					Brick plant
Ash Handling Expenses	E	-	0.67	0.67	'Note 24. Other Expenses'
Net Revenue from Sale of Fly ash brick	F=B- (C+D+E)	0.0027	3.90	0.00	
Sharing of Gains (O&M Expenses)	G	-	0.61	0.61	
Other Non- tariff Income*	H	0	1.31	1.31	'Note 19. Other Income'
Net ARR	I= A-F-G-H		231.07	240.20	
Revenue from Sale of Power	J	237.80	237.80	237.80	'Note 18. Revenue from Operations'
Gap/(Surplus)	K= I-J	(3.54)	(6.73)	2.40	

* Other Non-Tariff Income includes ‘Interest on Fixed Deposit’, ‘Sale of Scrap” as per ‘Note 19’ of the Audited Accounts

ORDER

21. In view of the aforesaid discussion the prayer of the Petitioner is hereby allowed. After considering the prayer of the Petitioner, the revised gap will be 2.4005 Cr.
22. The review petition stands disposed off.

Sd/-

Member (T)

Sd/-

Member (L)