

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

**Case No. 13 of 2025**

Tata Steel Utilities and Infrastructure Services Limited (TSUISL).....Petitioner  
Versus  
Damodar Valley Corporation (DVC).....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 : Ms. Khushboo Kataruka, Advocate

**ORDER**

**Date – 19<sup>th</sup> August, 2025**

1. The instant Petition has been filed by the Petitioner-Tata Steel Utilities and Infrastructure Services Limited (TSUISL) under section 86(1)(b) and 94 of the Electricity Act 2003 read with clause 6.29 of JSERC (Distribution Tariff) Regulations, 2002 for approval of Power Purchase Agreement between TSUISL and DVC in schedule mode and revised power purchase cost for FY 2025-26.
2. The Prayers of the petitioner-TSUISL are as under: -
  - (i) To approve draft "power purchase agreement between Damodar Valley Corporation (DVC) and Tata Steel UISL to source power from DVC Generating Stations (Bokaro Thermal Power Stations i.e. BTPS — 32MW, Durgapur Steel Thermal Power Station i.e. DSTPS — 40 MW and Raghunathpur Thermal Power Station i.e. RTPS— 48 MW) on schedule mode and the corresponding Power Purchase cost.
  - (ii) To pass suitable orders to allow petitioner to enhance/ reduce the Allocated Capacities/Contract Demand for power purchase under the above agreement as per the provisions given in the agreement.
  - (iii) To approve the Purchase of Solar/Renewable power up to 30 MW from available sources to meet the day peak and RPO compliance.
  - (iv) To revise the power purchase cost of Tata Steel UISL for FY 25- 026 to Rs 668.21 Cr.
  - (v) For suitable interim relief during the pendency of the approval of PPA, by directing the respondent DVC, not to take any coercive action including disconnection of power supply of the present petitioner.

The factual matrix of the case as submitted by the parties may be appreciated in the following manner:

**Submission of the Parties**

3. The Learned Counsel for the Petitioner submitted that they are a Second Power Distribution Licensee for Seraikela- Kharasawan district in Jharkhand vide License granted by Jharkhand State Electricity Regulatory Commission on 01.12.2006 and subsequent to the Grant of

Electricity Distribution License, the petitioner has been creating power distribution network to wheel power to the License area to provide power supply to the consumers.

4. It was submitted that the Petitioner purchases power from Damodar Valley Corporation (DVC) and Tata Steel Limited (TSL) and approximately 65% power requirement is met from DVC and rest is met from TSL, which may vary depending upon the drawl pattern of consumers connected to DVC.

The existing contract with TSL and DVC is as follows:

Sl. No.	Source/Substation	Voltage Level	Contracted Capacity	Validity of existing agreement
1.	DVC 132 kV Manikui	132 kV	100 MVA	Valid till 09.05.2026
2.	DVC 33kV Golmuri	33 kV	26 MVA	Valid till 09.06.2026
3.	Tata Steel Limited, Jamshedpur	132 kV	71 MVA	Initially valid till 30.11.2021 and is continuing under clause 21 of the agreement

5. It was submitted that power purchase from Tata Steel happens at the Average Power Purchase cost of Tata Steel as decided by the Commission in various Tariff Orders of TSL. However, power purchase from DVC happens at a tariff determined by the Commission under the category "Power Supply to other Licensee (HT institutional Service)" in "Consumer Mode". Under this mode Tata Steel UISL is billed like any other consumer of DVC in two-part tariff (Demand Charge, Energy Charge, applicable rebates on Load Factor, Prompt payment etc.). It was stated that Tata Steel UISL has a contract demand of 126 MVA (100 MVA @132kV Manikui Substation & 26 MVA @33kV Jamshedpur Substation) power from DVC & within that contract demand draws any quantum of power at any time of the day and to meet the increasing demand Tata steel UISL is in the process of enhancing the 33kV Contract demand from 26 MVA to 46 MVA.
6. It was pointed out that the existing Contract with DVC was signed on 23.05.2023 for a period of three years and it has a provision of termination after giving 30 days' notice in advance by either party. The Respondent - DVC vide Email dated 28.11.2024 and in subsequent meetings has communicated that DVC cannot sustain power supply to Tata Steel UISL in radial consumer mode and Tata Steel UISL should come up in agreement with DVC to shift the mode of drawl of power from consumer mode to bilateral schedule mode from DVC Generators at CERC determined tariff.
7. It was submitted that the draft PPA with DVC was in discussion between DVC and Tata steel UISL and after several round of discussion, the draft agreement was finalized. Subsequently vide email dated 02.05.2025 DVC shared the final draft and communicated that in case TSUISL don't sign the agreement with DVC by 20.05.2025, they may initiate action for Power Disconnection.
8. It was submitted that Tata Steel UISL under the new arrangement shall be allocated a Capacity from DVC Generators and shall be required to provide a day ahead schedule of power drawl for every 15 minutes' time block (i.e., 96 time-blocks of next day). Based on the availability of Generating units on the day, DVC will send the final schedule of power

drawl for Tata Steel UISL. Deviation from schedule will be dealt by Deviation settlement mechanism as per the prevailing regulations from time to time. Further, the Contract Duration is proposed to be for 5 years with provision of extension based on mutual agreement.

9. Learned Counsel further submitted that DVC has agreed to allocate certain percent of Generating Capacity from its multiple Generating units and the Petitioner Tata Steel UISL will be required to pay the following -

- (i) Capacity Charges: For the percentage of allocated capacity.
- (ii) Energy Charges: Based on schedule given to DVC for drawl of energy.
- (iii) Unscheduled Interchange charge: On the amount of deviation between schedule and actual drawl.
- (iv) In addition, Transmission Charges, Transmission Losses, and Scheduling charges will be applicable as determined by appropriate commission (CERC) from time to time.

Aforesaid charges will be applicable based on cost determined by CERC for these Generating units or filings done by DVC to CERC (subject to final order of CERC)

10. It was further submitted that the Capacity charges are payable on allocated capacity and is fixed in nature; Peak load Profile of DVC connectivity was studied to find out the optimum level of "capacity allocation". Based on study following options emerged for optimal cost.

- (i) 120 MW of Capacity allocation from DVC to meet the existing plus upcoming load in FY 25-26.
- (ii) 20MW to 30MW Solar Power to manage day peak. Solar power is expected to come at a relatively lower cost.
- (iii) In case of exigencies, top 5%-10% of the peak shall be managed either by procuring power from exchange or through Unscheduled Interchange.

The peak demand will be reviewed and accordingly contract enhancement/ additional sourcing will be considered by Tata Steel UISL.

11. Learned Counsel considering the impact on power purchase cost by the proposed PPA submitted that for FY2025- 026, landed power purchase cost from DVC was approved at Rs 4.36 per Unit (weighted average of both 132kV and 33kV Connectivity) and in proposed PPA arrangement (i.e., in schedule mode), power purchase cost from DVC is expected to go around ~Rs 5.50 per unit (after considering the 1.5% rebate for making payment within 5 days) as per the estimates derived from available information, which may undergo change subject to order of CERC and variation in Coal prices and other etc.

12. Learned Counsel further submitted that in the schedule mode of power supply, Tata Steel UISL will be required to fulfil RPO Compliance whereas in existing consumer mode RPO compliance is not applicable. Hence, the Petitioner is also planning to buy approx. 20 to 30 MW of "day peak power requirement" from Solar Power Generators which is expected to come at a lower cost and also fulfil the RPO Compliance. Some part of peak load management is also planned through purchasing power from power exchange.

13. It was also submitted that due to this transition, the overall cost of power is expected to Increase by ~15% in FY2026 as compared to FY2025 and the Commission while approving the Annual Revenue

Requirement (ARR) of FY 2026 has approved the Power Purchase cost for FY 2026 by escalating the FY2025 cost by 2% only. Therefore, with approval of this PPA, the Power purchase cost from DVC for Tata Steel UISL for the year FY2026 also need to be revised upward.

14. Learned Counsel further submitted that the petitioner is also planning to purchase Solar/ other renewable power to meet its peak load as well as to comply to the RPO Obligation, and some power from power exchange to meet the peak load/ manage loads during outage of DVC Generating units or other sources; as such revision is also required for Solar/other Renewable Power Purchase and its cost.
15. It was submitted that the Petitioner has accordingly worked out the expected power purchase cost from (1) DVC in Schedule mode, (2) Solar/ other power from any other sources, (3) Power from power exchange and has estimated the Power Purchase Cost for FY 2026 to be Rs. 684.77 Cr. subject to True-up.
16. Learned Counsel for the petitioner submitted that the Commission vide its order dated 28.03.2025 has approved the total power purchase cost of Tata Steel UISL for FY 2026 as Rs 585.39 Cr. and in the new arrangement of Power purchase which will be applicable for 10 months in FY2026, i.e. 2 months in Old arrangement and 10 months in new arrangement; the expected power purchase cost for FY2025-26 comes out to be Rs 668.21 Cr. (i.e.  $(2 \times 585.39 + 10 \times 684.77) / 12$ ).
17. Learned Counsel for the Petitioner also prayed to approve the revised power purchase cost for the year FY 2025-26 to the tune of Rs 668.21 Cr as against Rs 585.39 Cr approved in ARR order dated 28.03.2025. He further submitted that the increase in the cost will be met through accumulated surplus till date and that immediate tariff increase would not be required for this change and even with this increase in cost the ACOS of Tata Steel UISL may remain competitive. The expected ACOS of Tata Steel UISL for the year FY2026 (considering the impact of this PPA for 10 months of the year) is expected to be around RS 6.18 per Unit.
18. Further both the parties vide their letter dated 04.08.2025 submitted that the "Appointment date" for the PPA shall be "the first day of the calendar month following the month in which the PPA is approved by JSERC" and also agreed that the security deposit currently held by DVC will be considered as security against the power drawl in scheduled mode until the opening of LC by TSUISL.

#### **Commission's Observations and findings**

19. The Commission has considered the submissions made by the petitioner and perused the materials available on records.
20. Under section 86(1)(b) of the Electricity Act, 2003, the State Commission has the responsibility to regulate the electricity purchase and procurement process of distribution licensees. The relevant Section of the Electricity Act, 2003 reads as under: -

*"Section 86 Function of State Commission: - (1) The State Commission shall discharge the following functions, namely: -*

*(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.....*

21. It is evident from the above that under section 86(1)(b) of the Act, the distribution licensee is obligated to get the Power Purchase Agreement, approved by the Commission.
22. The Commission has observed that, the Petitioner is in the process of enhancing the contract demand from 26 MVA to 46 MVA and the parties are mutually agreed to sell/procure power from DVC in Schedule Mode rather than in Consumer mode as per the new PPA and the Petitioner is also obliged to fulfill RPO.
23. It is further observed that considering the fact to comply RPO obligation, the Petitioner has revised its power purchase cost for FY 2025-26 to Rs. 668.21 Cr as against Rs 585.39 Cr approved in ARR order dated 28.03.2025.
24. Further, DVC has agreed to allocate certain percentage of Generating capacity, to TSUISL, from its multiple generating units. The tariff of these generating units shall be determined by CERC.
25. Furthermore, the Commission has noted the submission made by both the parties on 04.08.2025 wherein both the parties have agreed for 'Appointed Date' to be the first day of the calendar month following the month in which the PPA is approved by the Commission.

### **C O N C L U S I O N**

26. Considering the facts and circumstances of the case as discussed herein above, the prayers of the petitioner are partly approved. The Commission hereby approves the PPA between the Petitioner Tata Steel UISL and the Respondent-DVC in schedule mode.
27. The Commission is not inclined to pass any orders regarding the revised power purchase cost for FY 2025-26 at this stage. The Petitioner is at the liberty to file details of power purchase along with the next Tariff Petition.
28. Accordingly, the petition stands disposed off with the above observation.

Sd/-  
Member (Tech.)

Sd/-  
Member (Law)