IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT RANCHI

Case No. 13 of 2026 & IA No. 02 of 2026

(For Review of Order dated 23.03.2026 in Case (Tariff) No. 08 of 2025)

Tata Steel Utilities and Infrastructure Services Limited (Discom) ..... Petitioner

CORAM: HON'BLE MR. JUSTICE NAVNEET KUMAR, CHAIRPERSON

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

For the Petitioner: Mr. Navin Kumar, Advocate

ORDER

Date – 27th August, 2026

1. This Order is passed in pursuant to review petition filed by the Petitioner Tata Steel Utilities and Infrastructure Services Limited (TSUISL) against our order in Case (Tariff) No. 08 of 2025, dated 23.03.2026 for the True-up order FY 2024-25, Annual Performance Review for FY 2025-26, and Business Plan and MYT for the Control Period from FY 2026-27 to FY 2030-31.

2. In fact, TSUISL (hereinafter "the Petitioner") had filed a tariff Petition vide Case (Tariff) No. 08 of 2025, for approval of *True up of FY 2024-25, Annual Performance Review for FY 2025-26, and* Business Plan and MYT for the Control Period from FY 2026-27 to FY 2030-31.

3. Upon considering the submissions of the Petitioner and facts available on record, the Commission passed the tariff order in Case (Tariff) No. 08 of 2025 on 23.03.2026, which was challenged by the Petitioner before this Commission for review to a limited extent.

4. The tariff determined by this Commission for TSUISL via order dated 23.03.2026 in Case (Tariff) No. 08 of 2025, involves the decision on following aspects,

   a) Truing up exercise of financials for FY 2024-25

   b) Annual Performance Review (APR) of financials for FY 2025-26, and

   c) Business Plan and MYT for Control Period FY 2026-27 to FY 2030-31

5. The following issue have been raised by the Petitioner for the re-consideration of the Commission in the present review.

   Issue-1 Power Purchase Cost Approval of FY 2024-25

   Issue-2 Normative Employee Cost and A&G cost approval

   Issue-3 Computation of Inflation Factor for APR year and MYT period

   Issue-4 Normative Employee Cost and A&G Cost approval for MYT period, and

   Issue-5 Interest rate of carrying cost on surplus/gap created during the year

6. The Petitioner has submitted that in addition to the Power to review under section 94 of the Electricity Act 2003 read with Order 47 Rule 1 CPC, the JSERC Conduct of Business Regulation 2021, Regulation 41.1 to 41.4 notified by the Commission provides for rectification of the clerical or arithmetical errors of the Tariff Order, as under.

7. The grounds of review are detailed hereunder.

   A. True-up FY 2024-25

      1. Power Purchase Cost
      2. Normative Employee Expenses
      3. Normative A&G Expenses

B. APR for FY 2025-26

4. Inflation factor for Normative Employee expenses for FY 2025-26
5. Inflation Factor
6. Normative A&G Expense for FY 2025-26
7. Terminal Benefits and Petition Filing Fees

C. MYT & Business Plan

8. Normative O&M Expense
9. Cumulative Gap/Surplus

Interlocutory Application in Petition

1. Commission to provide estimated projected revenue from sale on revised tariff of TSUISL for FY 2026-27

A. True-up FY 2024-25

1. Power Purchase Cost

Petitioner's Submission

8. The Petitioner respectfully submits that in Table No.-17 in page no. 49 of Tariff order issued on 23.03.2026, the power purchase cost from TSL is approved as Rs.167.84 Cr., resulting in average power purchase of Rs. 4.02/unit.

9. TSL power purchase cost approved for FY 2024-25, by Commission in TSL Tariff order issued on 23.03.2026 in Table 23 (Power Procurement Cost (Rs. Cr.) for as approved by the Commission FY 2024-25) is Rs.4.65/unit.

10. Therefore, the Petitioner prays to the Commission to consider the power purchase rate from TSL source as Rs. 4.65/unit, and accordingly, change the Power cost from TSL source for FY 2024-25.

Commission's Observations

11. The Commission has considered the submissions of the Petitioner and examined the relevant provisions of the Tariff Order dated 23.03.2026. It is observed that the power purchase rate from TSL for FY 2024-25 has been approved at Rs. 4.65 per unit in the tariff determination of TSL.

12. The Commission further observes that, while determining the power purchase cost of the Petitioner, the rate of Rs. 4.65 per unit approved for power procurement from TSL ought to be appropriately considered for the corresponding quantum of power purchased from the said source. The Petitioner has submitted that the power purchase cost of Rs. 167.84 Cr. approved in the Tariff Order dated 23.03.2026 resulted in an effective average rate of Rs. 4.02 per unit, whereas the applicable approved power purchase rate from TSL is Rs. 4.65 per unit.

13. Upon examination of the submissions and the approved tariff applicable to TSL for FY 2024-25, the Commission finds merit in the submission of the Petitioner. Accordingly, the power purchase cost from TSL for FY 2024-25 shall be recomputed by considering the approved power purchase rate of Rs. 4.65 per unit for the power purchased from TSL. The power purchase cost will become Rs. 194.29 Cr.

14. Accordingly, the prayer of the Petitioner is allowed. The consequential financial impact of this correction shall be reflected in the relevant entries of the Tariff Order dated 23.03.2026, as provided in the Conclusion of this Order.

2. Normative Employee Expenses

Petitioner's Submission

15. The Petitioner claims that in the Table No.-38 at page no. 66 of Tariff order issued on 23.03.2026, the Commission has considered Employee cost of Previous year as Rs.13.51 Cr., but the correct value is Rs.15.84 Cr. This is the typographical error which is to be corrected.

Commission's Observations

16. The Commission observes that as pointed out by the Petitioner, there is typographical error in the table 38. The revised table will be employee cost of

previous year should be Rs. 15.84 Cr. The correct/revised table 38 is given below.

Table: Revised Table 38 Normative Employee Expenses (Rs. Cr.) as approved by the Commission for FY 2024-25

Particulars	Petition (Rs. Cr.)	Approved (Rs. Cr.)
Employee Cost of Previous Years	15.84	15.84
Inflation Factor	3.12%	3.12%
Growth Factor	12.38%	12.38%
Normative Employee Expenses	**18.36**	**18.36**

17. Since, this is only a typographical error, thus no change will be in the Normative Employee Expenses and therefore no Impact on the ARR.

3) Normative A&G Expenses

Petitioner's Submission

18. The Petitioner submits that in Table No.-39 at page no. 66 of Tariff order issued on 23.03.2026, the Commission has approved an amount of Rs. 3.48 Cr. as against the proposed Rs. 7.60 Cr. (Table 36 at page no. 63), resulting in lower approval due to non-consideration of the applicable growth factor and the actual A&G expenses as per the audited balance sheet. The Petitioner further submits that allowing normative A&G expenses with mere inflation deprives the licensee of legitimate claim with respect to growth in consumer load, network and area of operations. As the business grows, network base increases, number of consumer increases, number of employees increases, A&G expenses will also increase proportionately. Therefore, the impact of load growth factor has also been considered to arrive at the A&G expenses.

19. The expenses related to these increases are not covered by only allowing annual inflation factor. Inflation only covers the increase in expenses for the items of expenses which were incurred during last year.

20. The A&G nature of expenses which has incurred during FY25 as first time, due to increase in consumers, connected load, sales, and areas of operations shall be available only when an additional factor like load growth increase shall be considered. Accordingly, the Petitioner requests the Commission to consider the reasons mentioned in the petition to accept the increase in A&G expenses during FY 2024-25.

21. The Petitioner requested to the Commission to consider the same and approve the A&G as per the revised table.

Existing Table – Table 39 A&G Expenses (Rs. Cr.)

Particulars	UoM	Approved
A&G Previous Years	Rs. Cr.	3.37
Inflation Factor	%	3.12%
Normative A&G	**Rs. Cr.**	**3.48**

22. The revised table is given as below.

Revised Table – Table 39 A&G Expenses (Rs. Cr.) for FY 2024-25

Particulars	UoM	Approved
A&G Previous Years	Rs. Cr.	7.03
Inflation Factor	%	3.12%
Normative A&G	**Rs. Cr.**	**7.25**

Petitioner's Additional Submission

23. The Petitioner in its additional submission, respectfully submits that in Table No.-39 at page no. 66 of Tariff order issued on 23.03.2026, the Commission has approved an amount of Rs. 3.48 Cr. as against the proposed Rs. 7.60 Cr. (Table 36 at page no. 63), resulting in lower approval due to non-consideration of the applicable growth factor and the actual A&G expenses as per the audited balance sheet.

24. The Petitioner further submits that allowing normative A&G expenses with mere inflation deprives the licensee of legitimate claim with respect to growth in consumer load, network and area of operations. As the business grows, network base increases, number of consumer increases, number of employees increases, A&G expenses will also increase proportionately. Therefore, the impact of load growth factor has also been considered to arrive at the A&G expenses.

25. As business grows and network base increases, number of consumers increases, number of offices to cater the need of the consumer increases, requirement of vehicle increases, security deployment increases, therefore normative A&G expenses should consider the load growth factor and the number of areas of operations.

26. Due to not considering the load growth and areas of operations, the normative A&G expense computed are always lower than the actual legitimate expenses of Tata Steel UISL. The same is shown in the table below:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Normative A&G expenses approved in T.O. (Rs. Cr.)	2.81	2.89	3.10	3.16	3.51	3.50	3.73	3.89	4.49	4.56
Actual A&G Expenses (Rs. Cr.)	3.30	2.65	4.14	4.28	6.18	5.07	6.27	8.78	8.03	10.61

27. As the normative computation of A&G expenses is based on the area of operations and consumer base on FY2017-18, no A&G expense is considered for increase in area of operation beyond FY 2017-18. This part needs to be allowed separately.

28. Unlike other distribution licensees where the area of operations and network does not expand much, Tata Steel UISL being the second distribution licensee its area of operation and network is increasing year after year, but the current normative A&G covers the area which was served upto FY 2017-18 only.

29. The addition of consumer, growth and new areas covered after FY 2017-18 is given by the Petitioner as below.

Financial Year	No. of Consumers	Connected Load (MVA)	Sales (MUs)	No. of Substation Locations	No. of Distribution Transformer	Areas Covered (KMs)	Yearly Increase in Areas (%)	Normative A&G Expenses Approved in T.O. (Rs. Cr.)	Actual A&G Expenses (Rs. Cr.)
2016-17	2391	178.28	481.48	—	164	47.74	—	2.81	3.30
2017-18	3349	206.33	583.08	—	170	53.31	11.67%	2.89	2.65

Financial Year	No. of Consumers	Connected Load (MVA)	Sales (MUs)	No. of Substation Locations	No. of Distribution Transformer	Areas Covered (KMs)	Yearly Increase in Areas (%)	Normative A&G Expenses Approved in T.O. (Rs. Cr.)	Actual A&G Expenses (Rs. Cr.)
2018-19	4381	232.60	709.30	1) Phase-4 2) Seraikela 3) Large Sector	201	56.55	6.08%	3.10	4.14
2019-20	5630	257.63	582.81	Phase-6	237	62.34	10.24%	3.16	4.28
2020-21	6376	280.31	627.04	Birbans	250	65.32	4.76%	3.51	6.18
2021-22	7090	294.78	828.68	—	268	74.02	13.32%	3.50	5.07
2022-23	7727	317.02	965.72	EMC	293	78.72	6.35%	3.73	6.27
2023-24	8792	342.09	1083.40	—	308	106.33	35.00%	3.89	8.78
2024-25	9657	358.65	1117.46	Additional Power Transformer in Phase-7	324	114.20	7.40%	4.49	8.03
2025-26	10374	381.15	1169.70	Phase-3	342	121.02	5.97%	4.56	10.61

30. The Petitioner submits that from the above table, it is clear that the area of operations has increased to more than double and therefore requests the Commission to allow the A&G expenses equally for the new area of operations.

31. Accordingly, Petitioner has calculated normative approved A&G expenses for FY 2024-25, as double of normative approved value of A&G expenses of FY 2017-18 with the actual Inflation from FY 2018-19 till FY 2024-25. The calculation of normative A&G expenses of FY 2024-25 is given below:

Derived Normative A&G expenses with inflation	FY 2017-18
Particulars	**Claim**
Normative A&G Expenses approved for FY 2017-18 excluding petition filing fees and CGRF expenses	2.52
FY19 Inflation Factor	4.92%
FY20 Inflation Factor	4.91%
FY 21 Inflation Factor	4.14%
FY 22 Inflation Factor	6.93%
FY23 Inflation Factor	6.87%
FY24 Inflation Factor	3.27%
FY25 Inflation Factor	3.12%
Normative A&G Expenses approved for FY 2017-18 adjusted to inflation factors of FY 19 to FY25	3.515
Normative A&G Expenses of FY 25 considering 2 times of Operation and Maintenance over FY 2017-18	**7.03**

32. The Petitioner requests the Commission to kindly approve the Normative A&G expenses considering Inflation of 3.12% and Load Growth Factor of 4.84%. To this amount the actual CGRF Expenses and Petition filing fees for FY 2024-25 is added, totaling Rs.8.61 Cr. The detailed computation is given

below:

Sr. no.	Particulars	Formula	Normative Estimate Approved in T.O. 28.03.2025	Claimed (in Rs. Cr.)
1	Total A&G Expenses for (n-1) year	A	3.37	7.03
2	Add: Inflation Factor (in %)	B	5.64%	3.14
3	Sub-Total	C	3.57	7.25
4	Add: Load Growth Factor (in %)	D	0%	4.84%
5	Normative A&G Expenses	E	3.57	7.60
6	Add: CGRF Expenses	F	0.27	0.75
7	Add: Petition Filing fees	G	0.15	0.26
8	Normative A&G Expenses including CGRF Expenses and Petition & other filing expenses	H = E+F+G	3.99	8.61

33. The Petitioner finally submits that the area of operations post FY 2017-18 has increased by two times to serve additional consumer base which has increased from 3349 in FY 2017-18 to 9657 in FY 2024-25. Accordingly, the energy sales have also increased from 583 Mus to 1117.46 Mus. The Petitioner humbly submits that the increment in operation of the Petitioner post FY 2017-18, the Petitioner has considered the opening A&G expenses for FY 2024-25 as two times of the approved normative A&G expenses plus inflation from FY19 to FY25. Hence, the Petitioner requests the Commission to kindly consider the above submissions.

Commission's Observations

34. The Commission has carefully noted the submissions made by the Petitioner in the Review Petition and the additional submissions regarding reconsideration of the normative Administrative & General (A&G) expenses for FY 2024-25. The Petitioner has primarily sought revision of the normative A&G expenses by considering the growth in consumer base, connected load, sales, network, area of operation and other operational parameters, in addition to the applicable inflation factor.

35. In this regard, the Commission reiterates that the methodology for determination of normative O&M expenses, including A&G expenses, is governed by Regulation 10.3 to 10.7 of the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020. Regulation 10.6(b) provides for computation of Employee Expenses and A&G Expenses with reference to the expenses of the preceding year and the applicable inflation index. The said provision also provides for a growth factor specifically added for the employee expenses, which is to be determined by the Commission for growth in the employee count, and not provided for the A&G.

36. The Commission further observes that the growth factor referred to in the aforesaid provision is not an escalation factor linked to growth in consumer numbers, connected load, energy sales, network length or area of operation for the purpose of determining A&G expenses. The Petitioner has sought to introduce a separate load growth factor of 4.84% and additional A&G expenses on account of expansion in its area of operation. However, no such methodology is prescribed under the applicable Regulations for determination of normative A&G expenses.

37. In view of the above, the Commission finds that as far as the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020, is concerned, there is no provision for a seperate growth factor in A&G; therefore, the ground taken for the revision by the Petitioner are not tenable in the eyes of the law. And therefore, as per the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020, the normative A&G has been awarded.

38. Since, there is no change in the Normative A&G and therefore no impact on the ARR.

B. APR for FY 2025-26

4. Inflation factor for Normative Employee expenses for FY 2025-26

5. Inflation Factor

6. *Normative A&G Expense for FY 2025-26*

7. *Terminal Benefits and Petition Filing Fees*

39. The Petitioner had submitted certain points pertaining to the APR for FY 2025-26 in respect of the Order dated 23.03.2026. However, pursuant to the hearing of the Review Petition held on 29.07.2026, the Petitioner decided to withdraw the said points.

Commission's Observations

40. Thus, in view of the above, the Commission decided to not to take any further analysis on the matters related to the APR for FY 2025-26.

C. *Business Plan & MYT for FY 2026-27 to FY 2030-31*

8. *A) Normative Employee Cost for the Control Period*

Petitioner's Submission

41. The Petitioner submits that in Table no.126, page no.151 the opening manpower considered by Commission is 181 which is approved for FY2025-26 vide MYT Order dated 24.11.2022 (for last Control Period). The projection for number of manpower for FY2026-27 to FY2030-31 Control Period should be based on actual of base year FY2025-26. The Petitioner had submitted the category wise actual MOR from FY 2020-21 to expected in FY 2025-26 in a table of reply of query no.11 of additional data reply dated 09.01.2026. The expected closing MOR for FY 2025-26 is 145.

42. The Petitioner request the Commission to approve the actual manpower is 145 as against 181. Due to this difference in actual manpower the growth rate as approved by Commission will get changed.

Table 126: Manpower approved by the Commission for Control Period (Nos.)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Opening Manpower	181	189	198	210	220
Less: Manpower Superannuating	-	-	-	-	-
Manpower additions	8	9	12	10	10
Closing Manpower during the Year	**189**	**198**	**210**	**220**	**230**
Growth Rate (%)	**4.42%**	**4.76%**	**6.06%**	**4.76%**	**4.55%**

Petitioner's Additional Submission

43. The Petitioner, in its additional submission, reiterates its earlier submissions regarding the number of employees and the overall impact on the normative employee cost.

Commission's Observations

44. The Commission observes the submission of the Petitioner that the earlier growth factor is calculated based on the Commission's approved value for the MYT, that is now changed to the actual as per the submission of the Petitioner.

45. Thus the actual growth rate is re-calculated as per the following table.

Revised Table: 126 Manpower approved by the Commission for Control Period (Nos)

Particulars	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31
Opening Manpower	145	153	162	174	184
Less: Manpower Superannuating	—	—	—	—	—
Manpower additions	8	9	12	10	10
Closing Manpower during the Year	153	162	174	184	194
Growth Rate (%)	5.52%	5.88%	7.41%	5.75%	5.43%

46. Accordingly, the total Employee Cost will also be changed considering the above growth factor and given as follows.

Revised Normative Employee Expense for MYT FY 2026-27 to FY 2030-31 (in Rs. Cr.)

Particulars	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31
Normative Employee cost as per Previous Order	21.59	23.24	25.29	27.24	29.25
Revised Normative Employee cost	21.82	23.73	26.16	28.43	30.79

8 B) Normative A&G Cost for the Control Period

Petitioner's Submission

47. The Petitioner submits that the Commission has considered the closing normative A&G of FY2025-26 as opening normative A&G for FY2026-27. On this opening normative A&G, the Inflation factor is considered to derive the closing Normative A&G. But in Distribution Tariff Regulation, it is given that O&M Expenses for the base year of the Control Period shall be approved by the Commission taking into account the audited accounts of FY2020-21 to FY 2024-25. For business Plan filed by the Licensee, estimates of the actual for the Base Year and prudence check.

48. In this regard, the Petitioner hereby submits that the Commission to consider the Actual Audited figures of the base year of the Control Period and accordingly approve the A&G Expenses for Control Period.

49. The extract of Distribution Tariff Regulation, 2025 is mentioned by the Petitioner as below.

"10.4 The O&M Expenses for the Base Year of the Control Period shall be approved by the Commission taking into account the audited accounts of FY 2020-21 to FY 2024-25, Business Plan filed by the Licensee, estimates of the actual for the Base Year, prudence check and any other factor considered appropriate by the Commission."

50. The Actual A&G Expense for the base year FY2025-26 as submitted by the licensee in the petition is Rs.8.52 Cr. and actual Audited figure for FY 2023-24 and FY2024-25 is Rs.8.77Cr and Rs.8.03 Cr. respectively.

51. Petitioner gives the revised A&G Normative Expenses for MYT FY 2026-27 to FY 2030-31.

Revised Normative A&G Expense for MYT FY 2026-27 to FY 2030-31

Particulars	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31
A&G Cost (n-1) Years (Rs. Cr.)	8.52	9.10	9.63	10.23	10.81
Inflation Factor	3.12%	3.12%	3.12%	3.12%	3.12%
Growth Factor	3.55%	2.68%	3.01%	2.47%	14.73%
Normative Employee cost (Rs. Cr.)	9.10	9.63	10.23	10.81	12.79

Considering the revised Employee cost and A&G Expenses the revised table of O&M as submitted by the Petitioner is given below.

Revised Table 154 O&M Expenses (Rs. Cr.)

Particulars	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31
Normative Employee Cost	21.85	24.76	28.44	32.19	36.32
Normative A&G	9.10	9.63	10.23	10.81	12.79

Particulars	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31
Normative R&M	16.48	17.82	19.53	21.54	23.62
O&M Expenses excluding Terminal, filing & CGRF	47.43	52.21	58.21	64.54	72.74
Terminal Liabilities	1.07	1.21	1.40	1.58	1.79
Petition Filing Fee	0.25	0.25	0.25	0.25	0.25
CGRF Expenses (Rent & Remuneration)	0.83	0.83	0.84	0.85	0.86
Normative O&M	49.58	54.50	60.70	67.22	75.64

Commission's Observation

52. The Commission has noted the submissions of the Petitioner regarding the determination of normative A&G expenses for the Control Period. The Petitioner has submitted that, since FY 2025-26 is the Base Year of the Control Period, the actual A&G expenditure of FY 2025-26 amounting to Rs.8.52 Cr. should be considered as the normative A&G base and the same should thereafter be escalated by the applicable inflation factor and growth factor for determining the A&G expenses for the subsequent years of the Control Period.

53. The Petitioner has relied upon Regulation 10.4 of the JSERC Distribution Tariff Regulations, 2025, which provides as under:

"10.4 The O&M Expenses for the Base Year of the Control Period shall be approved by the Commission taking into account the audited accounts of FY 2020-21 to FY 2024-25, Business Plan filed by the Licensee, estimates of the actual for the Base Year, prudence check and any other factor considered appropriate by the Commission."

54. The Commission observes that Regulation 10.4 requires the Commission to take into account multiple factors while determining the O&M expenses for the Base Year, including historical audited accounts, the Business Plan, estimates of actual expenditure for the Base Year, prudence check and such other factors as may be considered appropriate. Thus, the Regulation provides a regulatory framework for determination of normative O&M expenditure and does not provide for automatic adoption of the actual expenditure of the Base Year.

55. The Commission finds it important to distinguish between the expressions "taking into account" and "adopting". Regulation 10.4 requires the Commission to consider the relevant actual and estimated expenditure as an input in the determination of Base Year O&M expenses. It does not provide that the actual expenditure incurred by the Licensee shall, without further examination, become the normative expenditure.

56. This interpretation is also supported by the specific reference to "prudence check" in Regulation 10.4. If the actual expenditure were required to be adopted in full merely because it pertains to the Base Year, there would be little purpose in expressly requiring a prudence check. The regulatory methodology therefore contemplates an assessment by the Commission as to whether the expenditure incurred or estimated by the Licensee is reasonable, efficient, prudent and appropriate for determination of the normative O&M expenses.

57. In the present case, the Petitioner has submitted actual A&G expenditure of Rs. 8.52 Cr. for FY 2025-26. The audited A&G expenditure for FY 2023-24 and FY 2024-25 was Rs.8.77 Cr. and Rs.8.03 Cr., respectively. The Commission has considered the historical expenditure, the submissions of the Petitioner, the applicable regulatory framework and the normative methodology while determining the A&G expenses. The fact that the actual expenditure for FY 2025-26 is Rs.8.52 Cr. does not, by itself, establish that the entire amount is required to be recognised as normative expenditure.

58. The Commission further observes that the Petitioner's proposed methodology essentially seeks to reset the normative A&G base at Rs.8.52 Cr., being the actual A&G expenditure of FY 2025-26, and thereafter apply the inflation factor and an additional growth factor for determining the normative A&G expenditure for the remaining years of the Control Period.

59. The Commission observes that the consideration of a growth factor for network expansion and other related factors in the computation of A&G expenses is not specifically provided for under the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2025.

60. Instead, Regulation 10.6(b) of the said Regulations provides for consideration of A&G expenses, if any, towards costs of initiatives or other one-time expenses proposed by the Distribution Licensee, subject to prudence check and validation by the Commission. The actual regulation as provided below for the reference.

> *"EMPn + A&Gn = [(EMPn-1)*(1+Gn) + (A&Gn-1)]*(INDXn/ INDXn-1) + provision for A&G (if any)*
>
> *Where,*
>
> *EMPn-1 – Employee Costs of the Licensee for the (n-1)th year excluding terminal liabilities;*
>
> *A&Gn-1 – Administrative and General Costs of the Licensee for the (n-1)th year excluding legal/ litigation expenses;*
>
> *INDXn – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;*
>
> *Gn – is a growth factor for the nth year and it can be greater than or lesser than zero based on the actual performance. Value of Gn shall be determined by the Commission in the MYT Order for meeting the additional manpower requirement based on the Distribution Licensee's Filing, benchmarking and any other factor that the Commission feels appropriate;*
>
> ***Provision: Cost or initiatives or other one-time expenses as proposed by the Distribution Licensee subject to the prudence check and is validated by the Commission."***

61. The Commission shall consider the same at the time of true-up, subject to a prudence check based on the network growth prevailing at the time of passing the order, including growth in the network, offices, and other Administrative and General (A&G) expenses, followed by a further prudence check at the time of true-up.

8) c) Normative O&M Cost for the Control Period

62. In view of the above, the revised O&M expenses are given as follows.

Revised Normative O&M Expense (Rs. Cr.) for MYT FY 2026-27 to FY 2030-31

Particulars	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31
Normative O&M cost as per Previous Order	43.88	47.10	51.17	55.41	59.83
Revised Normative O&M cost	44.10	47.60	52.04	56.61	61.38

9. Cumulative Gap/Surplus

A) Matter of Simple and Compound Interest

Petitioner's Submission

63. The Petitioner submits that the Commission while computing the cumulative

Gap / Surplus for FY25, FY26 and FY27, calculated on the basis of Compound Interest (CI) whereas in Distribution Tariff Regulation, dated 16th October 2025, it is mentioned as Simple Interest (SI) but in Table 162 and Table no.163, page no.193 of Tariff order issued on 23.03.2026 it is calculated in Compound Interest.

Commission's Observation

64. The Commission has noted the submission of the Petitioner regarding the application of Simple Interest (SI) and Compound Interest (CI) in computation of the cumulative Revenue Gap/(Surplus). The Commission observes that the methodology adopted in the Tariff Order dated 23.03.2026 is consistent with the approach followed in the earlier Tariff Orders dated 28.03.2025, 26.06.2024 and 29.09.2023. The carrying cost has been computed on the opening Revenue Gap/(Surplus) and the Revenue Gap/(Surplus) pertaining to the respective financial year, as reflected in Tables 162 and 163 of the Tariff Order dated 23.03.2026. The Petitioner has not demonstrated any computational error in the figures approved by the Commission, nor has it established that the application of the methodology has resulted in any incorrect determination of the closing Revenue Gap/(Surplus). Further, the mere reference to Simple Interest in the Distribution Tariff Regulations dated 16.10.2025, without establishing any inconsistency in the actual computation or impact on the approved figures, does not warrant revision of the Revenue Gap/(Surplus) already determined by the Commission.

65. In view of the above, and considering the consistency of the methodology adopted by the Commission in the previous Tariff Orders as well as the absence of any demonstrated computational error or adverse impact on the approved Revenue Gap/(Surplus), the Commission does not find merit in the submission of the Petitioner. Accordingly, the Closing Revenue Gap/(Surplus) as approved in Tables 162 and 163 of the Tariff Order dated 23.03.2026 is retained without any change for this particular issue.

B) Interest Calculation of carrying cost for the half year for FY 25 and FY 26

Petitioner's Submission

66. The Petitioner submitted that the Commission has considered Interest on Carrying cost on Revenue Gap/(Surplus) created during the year for full year for FY25 and for FY26, whereas it should be considered for half year i.e. (6 months), as the Revenue Gap/(Surplus) is created throughout the financial year, and so, average of the opening and closing should be considered. Petitioner gives the reference of the Table 162 and Table no.163, page no.193 of Tariff order issued on.

Commission's Observation

67. The Commission has considered the submission of the Petitioner regarding the computation of Interest on Carrying Cost on the Revenue Gap/(Surplus) for FY 2024-25 and FY 2025-26 with reference to Table No. 162 and Table No. 163 at Page No. 193 of the Tariff Order dated 23.03.2026. The Commission finds merit in the submission that, since the Revenue Gap/(Surplus) accrues progressively throughout the financial year, the Interest on Carrying Cost should be computed for an average period of six months by considering the average of the opening and closing Revenue Gap/(Surplus), rather than for the full financial year.

68. Accordingly, the Commission accepts the submission of the Petitioner and revised Table 162 and Table 163 is given in the end of this order.

IA Filed by the Petitioner on date 09.06.2026

Petitioner's Submission

69. The Petitioner filed its IA on dated 09.06.2026 for the matter discussed in the following points.

70. The Petitioner stated that the Tariff order released by the Commission should provide both Revenue at existing tariff and Revenue at proposed tariff. The revenue at proposed tariff is used to calculate the Average Billing Rate which in turn calculate the FPPAS to be levied to consumers every month.

71. The Petitioner humbly submit that, while the Commission has provided Revenue at existing tariff for FY2026-27, it has not provided Revenue at Proposed tariff for FY2026-27. The revenue from sale with existing tariff is mentioned as Rs. 671.42 crs. in table no. 160, page no. 190 of the Order dated 23.03.2026.

72. The total sales as approved by the Commission for FY2026-27 is 1214.13 MUs as given in table no. 104, page no. 120 of the TSUISL Order dated 23.03.2026. From this value of annual sales projected, and revenue from existing tariff of Rs. 671.42 Cr. ABR on existing tariff can be derived. Thus, ABR from existing tariff is available for FY 2026-27, but ABR at revised tariff cannot be derived, as the Revenue from sale at revised tariff is not approved for FY 2026-27.

73. The Petitioner requests the Commission to provide estimated projected revenue from sale on revised tariff of TSUISL for FY 2026-27. This shall help in deriving the approved ABR for FY 2026-27. This Approved ABR shall be used to calculate monthly FPPPA amount applicable for consumers.

74. In absence of the Revenue from revised tariff, the Petitioner has calculated it based on the revised tariff which is Rs. 693.97 Crs. This value is being used for calculating FPPPA charges to be levied to the consumer. The Petitioner provided the calculation in Annexure-1 and the spreadsheet of the same is also attached along with this addendum for reference and perusal.

75. In view of the aforesaid mentioned facts, the Petitioner most respectfully prays the Commission to approve the revenue at revised tariff for FY2026-27 as Rs 693.97 Cr after prudence check and condone any inadvertent omissions/errors/shortcomings and permit TSUISL to add/change/modify/alter this filing and make further submissions as may be required at a future date.

Commission's Observation

76. The Commission has noted the Petitioner's submission. The tariff for FY 2026-27 has already been determined in the Impugned Order. The computation of Revenue from Sale of Power at the approved Proposed/Revised Tariff, based on the approved category-wise and slab-wise sales, is a consequential arithmetical exercise and does not involve any re-determination of tariff.

77. Accordingly, the Petitioner may compute the Revenue from Sale of Power and the corresponding Revenue Gap/(Surplus) at the approved Proposed/Revised Tariff, based on the approved sales and tariff schedule for FY 2026-27. The Petitioner shall use the same for determination of the Average Billing Rate and consequential monthly FPPA computation, as applicable.

78. Accordingly, in the back drop this Commission does find any ground for any change in its earlier order dated 23.03.2026. Therefore, the prayer of the Petitioner for the above issue is disallowed.

C O N C L U S I O N

79. In view of the aforesaid concrete findings by this Commission, the Commission has revisited earlier Order dated 23.03.2026 passed by this Commission in Case (Tariff) No. 08 of 2025. Consequently, all the points are reconsidered and detailed analysis is given in individual manner in the preceding paragraphs with detailed reasoning. The summary of the Commission's order is given in the following Table for all the issues raised by the Petitioner.

Issues	Prayers	Remarks/Commission's Stands
Power Purchase Cost in True-up FY 2024-25	Petitioner prays to consider the power purchase rate from TSL source as Rs. 4.65/unit.	Allowed
Normative Employee Expenses in True-up FY 2024-25	Petitioner claims that in the Table No.-38 at page no. 66 of Tariff order issued on 23.03.2026, the Commission has considered Employee cost of Previous year as Rs.13.51 Cr., but the correct value is Rs.15.84	Allowed

Issues	Prayers	Remarks/Commission's Stands
	Cr. This is the typographical error which to be corrected.	
Normative A&G Expenses in True-up FY 2024-25	Petitioner requests to consider and to accept the increase in A&G expenses during FY 2024-25 considering growth factor due to increase in consumers, connected load, sales, and areas of operations.	Disallowed
Normative Employee Cost for the Control Period for Business Plan and MYT of FY 2026-27 to FY 2030-31	The Petitioner requests to approve the actual manpower 145 as against approved manpower 181.	Allowed
Normative A&G Cost for the Control Period for Business Plan and MYT of FY 2026-27 to FY 2030-31	Petitioner submits to consider the Actual Audited figures of the base year of the Control Period and Growth factor due to network expansion and other factors to approve the A&G Expenses for Control Period.	Disallowed
Normative O&M Cost for the Control Period	The Petitioner prays to revise O&M expenses in view of the prayers to change the normative employee and A&G cost.	Partly Allowed
Cumulative Gap/Surplus (Matter of Simple and Compound Interest)	The Petitioner submits that the Commission while computing the cumulative Gap / Surplus for FY25, FY26 and FY27, calculated on the basis of Compound Interest (CI) whereas in Distribution Tariff Regulation, dated 16th October 2025, it is mentioned as Simple Interest (SI).	Disallowed
Cumulative Gap/Surplus (Interest Calculation of carrying cost for the half year for FY 25 and FY 26)	The Petitioner submitted that the Commission has considered Interest on Carrying cost on Revenue Gap/(Surplus) created during the year for full year for FY25 and for FY26, whereas it should be considered for half year i.e. (6 months), as the Revenue Gap/(Surplus) is created throughout the financial year.	Allowed
IA Filed by the Petitioner on date 09.06.2026	The Petitioner stated that the Tariff order released by the Commission should provide both Revenue at existing tariff and Revenue at proposed tariff.	Disallowed

80. The financial impact of the Review Order is summarized issue-wise in the following table. The overall financial impact on the True-up ARR and the MYT Control Period ARR is also provided in the same table.

Sl. No.	Issue	Approved Amount in T.O. dated 23.03.2026 (Rs. Cr.)	Approved Amount in Revised Tariff Order (Rs. Cr.)	Differential Impact (In Rs. Cr.)
True-Up FY 2024-25				
1	**Power Purchase Cost from TSL**	167.84	194.29	26.45
	Total Power Purchase Cost	477.66	504.11	26.45
2	**Normative Employee Cost**	**No financial impact**		
3	**Normative A&G**	**No financial impact**		
4	**Normative O&M**	**No financial impact**		
	Overall Impact on ARR	554.21	580.65	26.44
Annual Performance Review (APR) of 2025-26				
4 & 5	**Inflation factor**	**APR Points have been withdrawn by the Petitioner.**		
6	**A&G Expenses**	**APR Points have been withdrawn by the Petitioner.**		
7	**Petition filing fees and Terminal Liability**	**APR Points have been withdrawn by the Petitioner.**		
Business Plan and MYT for Control Period (FY 2026-27 to FY 2030-31)				
8 (a)	**Normative Employee Cost for the FY 2026-27**	21.59	21.82	0.23
	Normative Employee Cost for the FY 2027-28	23.24	23.73	0.49
	Normative Employee Cost for the FY 2028-29	25.29	26.16	0.87
	Normative Employee Cost for the FY 2029-30	27.24	28.43	1.19
	Normative Employee Cost for the FY 2030-31	29.25	30.79	1.54
8 (b)	**Normative A&G Cost for the FY 2026-27**	3.66	3.66	0
	Normative A&G Cost for the FY 2027-28	3.76	3.76	0
	Normative A&G Cost for the FY 2028-29	3.85	3.85	0
	Normative A&G Cost for the FY 2029-30	3.96	3.96	0
	Normative A&G Cost for the FY 2030-31	4.07	4.07	0
8 (c)	**Normative O&M for the FY 2026-27**	43.88	44.10	0.22
	Normative O&M for the FY 2027-28	47.1	47.60	0.5
	Normative O&M for the FY 2028-29	51.17	52.04	0.87
	Normative O&M for the FY 2029-30	55.41	56.61	1.2
	Normative O&M for the FY 2030-31	59.83	61.38	1.55

Sl. No.	Issue	Approved Amount in T.O. dated 23.03.2026 (Rs. Cr.)	Approved Amount in Revised Tariff Order (Rs. Cr.)	Differential Impact (In Rs. Cr.)
9 (I)	**Cumulative Gap/ Surplus (Calculation of Compound or Simple Interest)**	No change in methodology, hence no financial impact		
9 (II)	**Cumulative Gap/ Surplus (Matter of Half Year)**	Allowed, revised Gap/ (Surplus) Table is provided in the end of the order		
	Overall Impact on ARR for the FY 2026-27	832.66	832.89	0.23
	Overall Impact on ARR for the FY 2027-28	829.7	830.20	0.5
	Overall Impact on ARR for the FY 2028-29	849.68	850.55	0.87
	Overall Impact on ARR for the FY 2029-30	874.49	875.68	1.19
	Overall Impact on ARR for the FY 2030-31	901.63	903.18	1.55
Point raised in IA 02 of 2026	**Calculate the Revenue on Approved Tariff**	Not provided in Tariff Order dated 23.03.2026 as per Usual Practice	Disallowed	No financial impact

81. Accordingly, in view of the reconsideration of the aforesaid issues pertaining to the True-up for FY 2024-25 and the MYT for FY 2026-27 to FY 2030-31, the Commission has revised the ARR and Revenue Gap tables, namely Table Nos. 48, 158, 162, and 163 of the Impugned Order. The revised tables are reproduced hereinbelow for ready reference:

Revised Table 48: Summary of ARR (Rs. Cr.) as approved by the Commission for FY 2024-25

Particulars	APR	Petition	Approved
Power Purchase Cost	540.68	517.13	504.11
O&M Expenses	37.11	40.50	37.55
Depreciation	7.95	8.42	8.88
Interest on loan	8.14	7.80	7.77
Interest on Consumer Security Deposit	9.48	9.07	9.07
Interest on Working Capital		0.00	0.00
Return on Equity	14.39	14.15	14.15
Add: sharing of gain/loss		0.00	
Less: Non-Tariff Income	0.98	0.89	0.89
Annual Revenue Requirement	**616.77**	**596.18**	**580.65**
Revenue from sale of power	**635.59**	**627.99**	**627.99**
Revenue Gap/(Surplus)	**(18.82)**	**(31.81)**	**(47.34)**
Add/ Less: Impact of Sharing of Gains/ Loss on Collection Efficiency		1.57	1.57
Revenue Gap/(Surplus) after sharing of Gain/loss		**(30.24)**	**(45.77)**

Revised Table 158 Summary of ARR for the MYT Period as approved by the Commission (Rs. Cr.)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Power Purchase Cost	733.19	723.79	735.41	751.37	769.86

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
O&M Expenses	44.10	47.60	52.04	56.61	61.38
Depreciation	12.56	13.51	14.76	16.09	17.34
Interest on loan	13.04	13.53	14.48	15.48	16.14
Interest on Consumer Security Deposit	11.24	11.53	11.70	11.87	12.27
Interest on Working Capital	0.00	0.00	0.00	0.00	0.00
Return on Equity	19.76	21.26	23.21	25.32	27.27
Add: sharing of gain/loss	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	1.00	1.02	1.04	1.06	1.08
Annual Revenue Requirement	**832.89**	**830.20**	**850.55**	**875.68**	**903.18**

Revised Table 162: Cumulative Gap/(Surplus) (in Rs. Cr.) as approved by the Commission till FY 2025-26

Particulars	FY 2024-25	FY 2025-26
Opening Gap/(Surplus)	(82.64)	(141.23)
Revenue Gap/(Surplus) during FY	(45.77)	55.12
Rate of Carrying Cost (%)	12.15%	12.50%
Carrying Cost on Opening Revenue Gap/(Surplus)	(10.04)	(17.65)
Carrying Cost on Revenue Gap/(Surplus) during FY	(2.78)	3.44
Closing Revenue Gap/(Surplus)	**(141.23)**	**(100.32)**

Revised Table 163: Cumulative Gap/(Surplus) (in Rs. Cr.) as approved by the Commission for FY 2026-27

Particulars	Approved
Opening Gap/(Surplus) FY 2026-27	(100.32)
Revenue Gap/(Surplus) during FY 2026-27	161.47
Rate of Carrying Cost (%)	11.00%
Carrying Cost on Opening Revenue Gap/(Surplus)	(11.03)
Carrying Cost on Revenue Gap/(Surplus) during FY 2026-27	8.88
Closing Revenue Gap/(Surplus)	**59.00**

82. In view of the aforesaid discussion and scrutiny of the review petition w.r.t. its earlier order dated 23.03.2026 in Case (T) No. 08 of 2025 it is evident that all prayers of the Petitioner in the Review Petition are based on arithmetical/ typographical and formula-based calculation. Therefore, it has been reviewed as above.

83. Accordingly, this review petition along with the interlocutory application (I.A.) is disposed off in terms of the above observations.

Member (L) Chairperson