IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT RANCHI

Review Case No. 18 of 2026

(For Review of Order in Case (Tariff) No. 17 of 2025)

Tata Power Corporation Limited (Generating Company)..... Petitioner

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

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

For the Petitioner: Mr. Shri Venkatesh, Advocate
Mr. Nihal Bhardwaj, Advocate

Amicus Curiae: Mrs. Shweta Rani, Advocate

ORDER

Date – 05th November, 2026

1. This Order is passed pursuant to review petition filed by the Petitioner Tata Power Corporation Limited (TPCL) against the order of the Commission in Case (T) 17 of 2025, dated 23.03.2026 for the approval of Business Plan and MYT for the Control Period from FY 2026-27 to FY 2030-31, for Unit-II and Unit-III at Jojobera.

2. Tata Power Corporation Limited (TPCL), a generating company, (hereinafter "the Petitioner") had filed a comprehensive tariff Petition vide Case (Tariff) No.: 17 of 2025, for approval of Business Plan and MYT for the Control Period from FY 2026-27 to FY 2030-31, dated 29.12.2025 for Unit-II and Unit-III at Jojobera. The Petitioner has filed this review under section 94 (1) (f) of the Electricity Act, 2003 read with regulation 41 of the Jharkhand State Electricity Regulatory Commission (Conduct of Business) Regulations, 2024.

3. Upon taking into consideration the submissions of the Petitioner and facts available on record, the Commission passed the tariff order in Case (Tariff) No.: 17 of 2025 on 23.03.2026, for Unit-II and Unit-III at Jojobera.

4. The Petitioner has approached this Commission seeking review of the Impugned Order on the basis of the following grounds which are being raised by the Petitioner for the kind consideration of this Commission in the present Review Petition.

   Ground-A Disallowance of additional capitalisation for the Control Period from FY 2026-27 to FY 2030-31, by non-consideration of relevant Residual Life Assessment ("RLA") submissions placed on record;

   Ground-B Inadvertent error in computation of depreciation arising due to non-consideration of allowed spill over additional capitalisation in the opening Gross Fixed Assets ("GFA") for subsequent years;

Ground-C Erroneous computation of receivables for working capital requirement and Interest on Working Capital ("IoWC"), thereon due to exclusion of water charges and security expenses from Annual Fixed Cost ("AFC"), and inconsistencies in computation of working capital components;

Ground-D Non-consideration of the Petitioner's submission regarding capital spares and the liberty sought to claim the same at the time of True-Up based on actuals;

Ground-E Non-consideration of additional auxiliary consumption on account of installation and operation of Flue Gas Desulphurization ("FGD") systems for the Control Period; and;

Ground-F Direction to undertake RLA within an impracticable timeline of Six (6) months, requiring reconsideration in light of technical and operational constraints and the RLA already undertaken by the Petitioner.

5. Having received the review petition, the petitioner was directed by the Commission to publish notice regarding filing of review petition and accordingly notice was published in newspaper on 25th June, 2026 inviting objections/ comments on the same. But no response either written or oral received raising any objection/ comments.

6. In view of the non-appearance of any of the stakeholder, this Commission in the interest of justice, thinks appropriate to represent the interest of the stakeholder in this proceeding before it. Accordingly, Smt. Shweta Rani, Learned Counsel is appointed as Amicus Curiae to place the submissions in the interest of the stakeholder. The said Amicus Curiae has submitted the written notes which has been taken into consideration by the Commission while determining the issues

7. Accordingly, on the basis of the pleadings advanced in the review petition and the materials available on records, following issues are being framed for passing of order.

Issue 1: Additional Capitalisation for the Control Period from FY 2026-27 to FY 2030-31;

Issue 2. Computation of Depreciation

Issue 3. Computation of Interest on Working Capital for MYT of FY 2026-27 to 2030-31

Issue 4. Grant Liberty for Submission of Capital Spares at the time of True-Up

Issue 5. Additional Auxiliary Consumption on Account of Installation and Operation of Flue Gas Desulphurization ("FGD") Systems for the Control Period.

Issue6. Undertake RLA within an Impracticable Timeline of Six (6) Months, requiring reconsideration in light of technical and Operational Constraints and the RLA already undertaken by the petitioner

ISSUE 1: ADDITIONAL CAPITALISATION FOR THE CONTROL PERIOD FROM FY 2026-27 TO FY 2030-31;

Petitioner's Submission

8. The Petitioner respectfully submits that the Commission, in the Impugned Order dated 23.03.2026, has disallowed the additional capitalisation of Rs. 107.56 Crores proposed by the Petitioner for the Control Period FY 2026-27 to FY 2030-31, along with the corresponding decapitalisation,

resulting in consequential disallowance of Return on Equity ("RoE"), Interest on Loan ("IoL"), Depreciation, Repair and Maintenance Expenses and IoWC aggregating to more than Rs. 75 Crores. The relevant extract of the Impugned Order is reproduced below:

> **"**Commission's Analysis
> *5.63 The Commission has relied upon Regulation A14 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025 for the approval of additional capitalization for the Control Period from FY 2026-27 to FY 2030-31.*
> *5.64 The Commission observed that both the plants of the Petitioner are going to end their useful life in 2026 and 2027 respectively. In this regard as per clause 14.5 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, the Petitioner is required to submit the RLA of both the units before any additional capitalization.*
> *Further, it is observed from the Petitioner's submission, which states that*
> *"the Petitioner has already initiated the preparatory works for, conducting the RLA Study for Boiler which was planned in January, 2026 (Unit-3) and December, 2026 (Unit-2). For "Balance of Plant", the RLA is tentatively scheduled in FY 2027 (Unit-2) and FY 2028 (Unit- 3). The Turbine RLA is planned in FY 2028 and FY 2031, since the RLA has already been carried out in FY 2021 (Unit-3) and FY 2025 (Unit-2) and dismantling turbine once again for the RLA would not be feasible".*
> *5.65 Furthermore, in the discrepancy note to the Petitioner, the Commission directed the Petitioner to submit scheme-wise detailed justification for the necessity of each line item proposed under the new schemes, along with a cost-benefit analysis demonstrating tangible operational, financial, or efficiency gains as well as DPR and Residual Life Assessment report of the project. The Commission further directed the Petitioner to submit the present status of the RLA study, including the date of commencement of the study, the scope of work undertaken, and the tentative timeline for completion of the RLA study, along with any interim findings, if available. The Commission also directed the Petitioner to submit the Obsolescence certificate for all the assets claimed for FY 2026-27 to FY 2030-31 under Clause 14.3 (C) of the JSERC generation tariff regulation, 2025.*
> *5.66 In response, the Petitioner submitted the DPR of all the new assets proposed for FY 2026-27 to FY 2030-31 supported by other necessary documentary evidence. However, the Petitioner failed to provide the Obsolescence certificate as asked by the Commission citing that,*
>
> > *"It is being humbly submitted that many of the assets have completed the asset life, rendering the spare parts unavailable and the asset non-serviceable. In such cases, even obtaining Obsolescence Certificate by the OEM is also practically not possible. In such a scenario, it is most humbly requested that unavailability of the Obsolescence Certificate may kindly be condoned by the Hon'ble Commission on said grounds and the proposed schemes may kindly be allowed considering the difficulty to service and repair the assets"*
> > *5.67 Regarding the RLA study, the Petitioner in the data-gap response submitted that*

".....RLA for "Boiler Pressure Parts" has been carried out for Unit 2&3 as a practice in accordance with Indian Boiler Regulations (IBR) in December 2021 and February 2021, respectively. Similarly, RLA for Turbine and other critical components has also been undertaken in line with OEM recommendations and prevailing utility practices for Unit 2&3 in January 2025 and February 2021, respectively. It may be noted that the stipulated frequency of the Boiler RLA is every 6 years, whereas, for Turbine and other critical components, the same is typically every 5 years. Summary of the past and upcoming RLAs is presented in the table below.

Particulars	Last RLA	Next RLA
Boiler Unit-2	Dec-21	Dec-26
Boiler Unit-3	Feb-21	Feb-26
Turbine Unit-2	Jan-25	Dec-31
Turbine Unit-3	Feb-21	Feb-28

Further, as regards the RLA for "Balance of Plant", which is typically required post 25 years of life of the asset, is under active consideration of the management. The same shall be scheduled, keeping in consideration, the planned RLAs as mentioned herein above and requirement of outage for such RLA."

5.68 The Commission observed that the Petitioner has conducted RLA for Boiler and Turbine for Unit-2 and 3 between Dec-21 to Jan-25. However, RLA for "Balance of Plant" as required after 25 years of useful life has not been conducted yet.

5.69 It is further observed that the Commission, for the first time, vide its APR Order for FY 2019-20 dated 09.09.2020, and in all subsequent tariff orders thereafter, had been consistently directing the Petitioner to undertake a ***Residual Life Assessment (RLA) study. A considerable period has elapsed since the issuance of the said directions; however, the Petitioner has not yet completed the RLA study.***

5.70 Considering the above facts and circumstances, the Commission doesn't approve any new additional capitalization schemes proposed, for the Control Period from FY 2026-27 to FY 2030-31."

[Emphasis Supplied]

9. The Commission has disallowed the proposed additional capitalization for the Control Period FY 2026–27 to FY 2030–31 on alleged ground that the Petitioner has not completed the RLA despite consistent directions from the Commission.

10. The Petitioner respectfully submitted that the Impugned Order, by rejecting the proposed capitalisation for the Control Period FY 2026–27 to FY 2030–31 in entirety, effectively forecloses consideration of such expenditure even on actual basis, thereby resulting in a continuing and cascading denial of legitimate tariff recovery.

11. The Petitioner further submitted that this Commission has proceeded on the premise that the Petitioner had not complied with the requirement of

RLA, without fully appreciating the material placed on record. The Petitioner submitted that RLA is a phased and outage-dependent exercise, and had also provided timelines for completion of the Balance of Plant RLA along with details of RLA already undertaken for critical components such as Boiler and Turbine.

12. The Petitioner submitted that under Section D.5.1 of its MYT Petition, the Petitioner specifically established that the proposed additional capitalisation pertains to, replacement of critical components, operational safety measures and statutory compliance requirements. The said works include, inter alia, boiler pressure part replacements, system refurbishments and safety upgrades, which are essential to ensure continued safe and reliable operation of Unit-II and Unit-III of Jojobera station. In the Petition, it was specifically mentioned that:

a) RLA is a phased technical exercise requiring planned outages and is being undertaken progressively;

b) RLA studies require detailed inspection of critical equipment and planned outages, and accordingly, the RLA for Boiler was scheduled for January 2026 (Unit-3) and December 2026 (Unit-2), Previously such RLA for Boiler was undertaken in December 2021 for Unit-2 and February 2021 for Unit-3;

c) The timeline for 'Balance of Plant' RLA is FY 2027 (Unit-2) and FY 2028 (Unit-3), and for Turbine RLA in FY 2028 and FY 2031, while highlighting that RLA for Turbine had already been undertaken in FY 2021 (Unit-3) and FY 2025 (Unit-2), making immediate reassessment technically unfeasible;

d) The projected capital expenditure is restricted to essential works required for safe and sustained operations, in line with Regulations 14.3 and 14.4 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, and that the outcome and cost implications of the RLA studies would be placed before this Commission through subsequent petitions.

13. Further, the Petitioner in MYT Petition furnished a complete scheme-wise capital expenditure plan in terms of Regulations 6.6 and 6.7 of the *JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations*, 2025, including (i) nature and scope of work, (ii) justification, (iii) cost estimates, (iv) phasing of expenditure, and (v) regulatory provisions under which each scheme was claimed.

14. The Petitioner further submitted that it had also placed on record, during the course of proceedings, additional information through data gap response dated 17.02.2026 (filed online on 15.02.2026), including past RLA reports already carried out for Boiler and Turbine, status of ongoing RLA activities, and DPRs for the proposed schemes. In this regard, it was specifically submitted that:

a) The Petitioner had placed on record the past RLA studies undertaken for Boiler (December 2021 for Unit-2 and February 2021 for Unit-3) and Turbine (January 2025 for Unit-2 and February 2021 for Unit-3), and had also provided a clear forward timeline for subsequent RLAs, i.e., Boiler RLA scheduled for December 2026 (Unit-2) and February 2026 (Unit-3), Turbine RLA in December 2031 (Unit-2) and February

2028 (Unit-3), while clarifying that RLA is a condition-based, periodic assessment aligned with Original Equipment Manufacturer (OEM) norms and operational feasibility.

b) The Petitioner had further clarified that RLA for 'Balance of Plant', which is required post 25 years, is under active consideration and is being planned in alignment with outage requirements and operational constraints, and that further life extension works are contingent upon the findings of such future RLA studies;

c) The Petitioner had provided detailed DPRs along with supporting documents, setting out the technical rationale, scope, implementation plan and cost estimates for each scheme, based on Original Equipment Manufacturer (OEM) recommendations, lifecycle assessment and prudent utility practices;

d) With respect to the requirement of Obsolescence Certificates under Regulation 14.3(C), the Petitioner had submitted the same wherever the same were available. However, in several cases the assets had already outlived their useful life, rendering spares unavailable and the equipment non-serviceable, and therefore obtaining OEM issued obsolescence certificates was practically not feasible, for which condonation was sought;

e) The Petitioner had also submitted that certain schemes, being critical for plant safety, security and sustained operations, may not lend themselves to strict submission of obsolescence certificates or cost-benefit analysis, and accordingly requested that such essential works be considered on the basis of operational necessity, with liberty to furnish further details as may be required by the Commission.

15. In the Additional Submissions by the Petitioner dated 15.02.2026, the Petitioner had submitted that the report on latest RLA study for Boiler in Unit-3 would be completed in February 2026 and would be submitted to this Commission, accordingly, on 21.03.2026 the Petitioner, by way of its Additional Submissions, placed on record the latest status of RLA studies, including furnishing the preliminary RLA report for Unit-3 Boiler dated 18.03.2026, which concluded that no significant abnormalities were observed and that the unit can continue operation within prescribed limits, with certain recommended replacements for ensuring reliability.

16. The Petitioner also submitted that the detailed RLA reports (including prior RLAs) were already provided in soft copy, and that upon finalisation of the RLA report, the Petitioner would assess and approach the Commission for any further capital expenditure requirements, thereby demonstrating continued compliance and progressive disclosure of material information.

17. The Petitioner claim that in view of the above, it is evident that it had not only undertaken RLA for critical components such as Boiler and Turbine, but had also placed on record past RLA reports, latest status updates, and a clear, time-bound roadmap for completion of Balance of Plant RLA in accordance with the applicable regulatory framework. The material on record, therefore demonstrates that the Petitioner has undertaken and planned RLA in a phased manner, aligned with technical, operational constraints and the RLA already undertaken. The RLA reports records that the overall performance parameters are within acceptable limits and

that the units are considered technically safe and fit for continued operation at rated capacity with certain recommended replacements for ensuring reliability.

18. The Petitioner further submitted that in regulatory practice, including the recent Order dated 24.03.2026 passed by Hon'ble CERC in Petition No. 291/GT/2014 & batch, RLA studies of critical components such as Boiler and Turbine have been considered for assessing the technical condition of the generating units and for determining extension of useful life. The Hon'ble Central Commission, upon examining such RLA reports, recorded that the major equipment was fit for continued operation and accordingly proceeded to determine extended life for tariff purposes. The relevant extract of the Order dated 24.03.2026 is reproduced below:

> *"30. In view of the above, the Commission holds that the determination of the extended useful life of the subject stations, as directed by the Hon'ble APTEL, is a mandatory and substantive requirement. The same is essential to ensure that depreciation corresponding to the additional capital expenditure claimed under Regulation 14(3) is recovered over a justified and reasonable period, balancing cost recovery with safeguarding of consumer interest.*
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> *31. In light of the above observation, the Commission vide ROP of the hearing dated 27.5.2025, directed the Petitioner to furnish the recommendations of OEM Boiler manufacturer and Turbine manufacturer or any of the RLA studies carried out, clearly stating the quality of the equipments and further period of extended life w.e.f. the completion of the useful life of the generating station, along with the reason for extension of its useful life.*
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> *32. The Petitioner, in compliance, has submitted that Residual Life Assessment (RLA) studies of Boiler and Turbine are being conducted at the generating Stations at regular intervals, and the Petitioner has also submitted the reports of RLA studies comprising observations on different areas of inspection, quality of equipment, remaining life and recommendations.*
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> *33. The material placed on record includes Residual Life Assessment (RLA) studies of boiler and turbine systems for the respective stations, conducted by competent agencies using nondestructive testing and metallurgical analysis. The RLA reports indicate that, with continued Renovation and Modernisation (R&M) and life-sustaining works, the major equipment of the generating station is presently in satisfactory working condition, and no material has been placed on record to indicate that the station was unsafe or unfit for continued operation during the relevant period. The reports further record that the overall performance parameters are within acceptable limits and that the units are considered technically safe and fit for continued operation at rated capacity. However, the RLA studies also recommend that periodic R&M interventions be continued to ensure sustained reliability, safety and operational efficiency of the equipment. This observation underscores that*

continued operation beyond the normative useful life is contingent upon ongoing maintenance and capital interventions. 34. From the details furnished by the Petitioner, it is observed that the studies cover both boiler and turbine components of the respective units of the generating stations and have been conducted during the period from 2019 to 2025. A perusal of the findings across all six generating stations (i.e. Ramagundam–I&II, Farakka–I&II, Korba–I&II, Unchahar–I, Rihand–I and VSTPS–I) indicates a consistent and uniform conclusion, namely that the major pressure parts, turbine rotors, casings and associated critical components are fit for continued operation. In several cases, detailed non-destructive testing (NDT), including visual inspection (VI), dye penetrant testing (DPT), magnetic particle inspection (MPI), ultrasonic testing (UT) and microstructural examination, has been carried out, and no appreciable material degradation has been observed."

[Emphasis Supplied]

19. Citing the aforesaid order the Petitioner averred that in the present case, it had similarly undertaken RLA for Boiler and Turbine and placed the same on record along with timelines for Balance of Plant RLA. However, the Commission has not considered such material and has instead treated non-completion of RLA as a ground to reject the entire capitalization.

20. In view thereof, it has been strongly pleaded that this Commission has disallowed the entire projected capitalisation without considering that such expenditure is essential for safe and continued operations and would arise during the Control Period. In the absence of any liberty to consider the same at the stage of true-up based on actuals, the Impugned Order effectively results in denial of legitimate tariff recovery and is inconsistent with the tariff framework.

21. The Petitioner further submitted that the Impugned Order suffers from internal inconsistencies. This Commission has proceeded on the premise that the useful life of Unit-II and Unit-III is ending in the years 2026 and 2027 respectively, thereby treating 25 years as the applicable useful life. This premise is itself incorrect and contrary to the consistent position adopted by this Commission in its earlier orders, wherein the useful life of the Petitioner's generating units has been considered as 30 years having regard to the tenure of the PPA and operational capability of the plant.

22. In this regard, Order dated 04.11.2022 in Case (Tariff) No. 10 of 2020 passed for True-up for FY 2019-20, Business Plan & MYT for FY 2021-22 to FY 2025-26 is relevant, wherein, the Commission had considered the life of these units as 30 years in line with the term of the PPA. This Commission's observations in the order dated 04.11.2022 in this respect are extracted below:

"5.72 As per Regulation the Useful life of the generating station is 25 years, however, the Petitioner had executed the Power Purchase Agreement (PPA) with the Beneficiary for 30 years. Such signing of PPA, clearly infer that both the Petitioner and Beneficiary are aware that the existing

plant is able to stand even after 25 years. Further, depreciating the legitimate depreciable amount in 25 years will defeat the purpose of reliability and economical power which is an attribute of long term PPA.

5.73 Hence, the Commission taking into account the PPA tenure, has spread the remaining depreciable amount in PPA life (30 years) which shall also economise the power cost, and therefore approves the depreciation taking into PPA life instead of Useful life."

23. In the aforesaid order pertinently, while holding the life of Unit-II and Unit-III as 30 years, this Commission has duly noted the ability of the units to stand even after 25 years.

24. The Petitioner further submitted that even under the Tariff Regulations notified by the Hon'ble CERC, the operational life of a thermal generating station has been recognised as 35 years. The Petitioner had also placed reliance on the same in its MYT Petition to demonstrate that the operational life of such generating stations extends well beyond 25 years with incurrence additional capital expenditure necessary for sustained and safe operations.

25. The Petitioner submitted that the approach adopted in the Impugned Order results in a manifest inconsistency and prejudice to the Petitioner. Acting in accordance with the said regulatory position consistently followed by his Commission, the Petitioner, while filing the present MYT Petition, did not opt for the dispensation of R&M or Special Allowance as provided under Regulations 14.8 and 14.11 of the *JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations*, 2025, which become applicable upon completion of 25 years of useful life.

26. Had the useful life of the units been considered as 25 years, as now observed in the Impugned Order, the Petitioner would have been entitled to avail the said regulatory dispensation for the Control Period FY 2026-27 to FY 2030-31, including Special Allowance in lieu of capitalisation. The Petitioner submitted that the Special Allowance admissible to the Petitioner would have been approximately Rs.114 Crore for the said Control Period, which is more in comparison to the additional capitalisation of Rs.107.56 Crore claimed in the MYT Petition.

27. However, relying on the Commission's earlier determination of useful life as 30 years, the Petitioner has pursued recovery of necessary expenditure through additional capitalisation under Regulations 14.3 and 14.4 of JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, instead of opting for Special Allowance. The Impugned Order, simultaneously disallowing the said additional capitalisation, has placed the Petitioner in a position where neither of the regulatory mechanisms i.e., capitalisation nor Special Allowance is made available.

28. The Impugned Order thus results in a double prejudice to the Petitioner. On the one hand, this Commission, in its earlier orders, had treated the useful life of the generating units as 30 years, on the basis of which the Petitioner structured its claim and did not opt for the regulatory dispensation of Special Allowance or R&M available upon completion of 25 years. On the other hand, in the Impugned Order, this Commission

has disallowed the claimed additional capitalisation despite recording that RLA of Balance of Plant has to be done after 25 years of the useful life.

29. The Petitioner claims that the effect of these inconsistent positions is that the Petitioner is denied recovery under both permissible regulatory mechanisms i.e., neither additional capitalisation nor R&M/Special Allowance, thereby resulting in unjust deprivation of legitimate tariff recovery.

30. The Petitioner further respectfully submitted that the disallowance of the additional capitalisation is contrary to the Commission's own findings. At para 5.68, the Commission records that the Petitioner has undertaken RLA for the Turbine and Boiler of Unit-II and Unit-III between December 2021 and January 2025. Further, at para 5.64, the Commission notes the Petitioner's submission that the RLA for Balance of Plant is scheduled in FY 2027 (Unit-II) and FY 2028 (Unit-III).

31. In this backdrop, the finding at para 5.69 and 5.70, disallowing the entire additional capitalisation on the ground that RLA has not been undertaken, is internally inconsistent and proceeds on an erroneous premise. This Commission itself acknowledges that RLA for Balance of Plant is required only upon completion of 25 years, which for Unit-II and Unit-III falls in FY 2026–27 and FY 2027–28, and that the Petitioner has aligned its RLA schedule accordingly.

32. In view of the above, the Petitioner respectfully submitted that the Impugned Order suffers from an error apparent on the face of the record, inasmuch as this Commission has not considered the material submissions and documents placed on record, particularly with respect to (i) the phased and condition-based nature of RLA, (ii) the status of RLA studies already undertaken and scheduled, and (iii) the applicable regulatory framework governing useful life and capitalisation.

33. The Impugned Order, by proceeding on an incorrect premise and disallowing the entire projected capitalisation, results in a manifest denial of legitimate tariff recovery and is contrary to settled tariff principles and therefore may be reviewed by this Commission.

Submission from Amicus Curiae

34. Learned Amicus Curiae has submitted with respect to the issue 1 that the Commission has relied upon Regulation A14 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025 for the approval of additional capitalization for the Control Period from FY 2026-27 to FY 2030-31. The Amicus Curiae further notes that the Petitioner has already initiated the preparatory works for conducting the RLA Study for Boiler which was planned in January, 2026 (Unit-3) and December, 2026 (Unit-2). For "Balance of Plant", the RLA is tentatively scheduled in FY 2027 (Unit-2) and FY 2028 (Unit-3). The Turbine RLA is planned in FY 2028 and FY 2031, since the RLA has already been carried out in FY 2021 (Unit-3) and FY 2025 (Unit-2) and dismantling turbine once again for the RLA would not be feasible.

Commission's Observations

35. The Commission has considered the submissions of the Petitioner as well as the submission made by the Amicus Curiae with respect to the claim of additional capitalisation of Rs.107.56 Crore towards works associated

with the Turning Gear Hydraulic Motor, Turbine Parting plane fasteners, LP Turbine last stage blades, CT Tower Fills pack Assembly, Ash conveying Pipe & Bends, Ash Slurry and Recovery pumps system, Main Plant Structure Refurbishment (Boiler, Coal Mill, Ash Plant & Aux. System), APH Tube replacement, Coal Bends, MPO, Coal Pipe, Chimney structure & Landing platform Refurbishment, Installation of Wheel gripper and other devices as per RDSO guideline (R33 rev.02) in wagon tippler, 132 kV ABB BLK Breaker Replacement, Testing Equipment, U#2/3 Station Battery Bank (220V DC), and many more. The Commission had earlier disallowed the said additional capitalisation primarily on account of non-completion of the RLA, despite multiple directions/reminders to the Petitioner to undertake the same.

36. The Commission observes that the RLA of the Boiler and Turbine has been undertaken in a phased manner, while the RLA of the remaining components was proposed to be undertaken upon completion of the useful life of the generating unit. The generating unit has now completed 25 years of operation. Further, the RLA of the critical boiler of Unit-III has already been completed in February 2026 and has proposed to undertake the RLA of the remaining components.

37. The Commission notes that RLA is an important technical assessment for establishing the residual life and continued safe and reliable operation of the generating unit beyond its normative useful life. Accordingly, the Commission considers completion of RLA and submission of the corresponding assessment reports as an essential prudence-check requirement for considering capital expenditure relating to life extension/continued operation beyond the useful life. This approach is also consistent with the Commission's earlier orders, wherein RLA reports have been considered while examining claims relating to operation beyond the useful life.

38. The Commission further observes that the Petitioner has referred to the treatment adopted by the CERC in respect of additional capitalisation associated with RLA of major equipment such as boiler and turbine. However, approval granted by the CERC in a particular case cannot, by itself, constitute an automatic basis for approval by this Commission. The admissibility of the expenditure is required to be examined in accordance with the applicable JSERC Regulations and after prudence check, having regard to the necessity of the expenditure, scope of work, RLA findings, cost estimates and the expected extension of life of the generating unit.

39. The Commission also notes that, under the applicable tariff framework, Special Allowance is an alternative to revision of capital cost/Renovation and Modernisation expenditure for meeting the requirements associated with operation beyond the useful life. Thus, Special Allowance and additional capitalisation for the same purpose cannot be allowed simultaneously. The JSERC Regulations specifically provide that where the generating company opts for Special Allowance, revision of capital cost is not to be considered.

40. It is also taken into consideration by the Commission that during the course of public hearing for determination of tariff including MYT for control period FY 2026-27 to FY 2030-31 vide case no (T) 17 of 2025, the reviewing petitioner never brought on record the RLA report of Unit-III

before closure of tariff proceedings and therefore it was not taken into consideration while issuing the impugned tariff Order. And therefore, this Commission thinks just and fair to take into consideration inter-alia the report dated 18.03 2026. (the RLA report) with respect to this review petition.

41. The Commission had, in its tariff order dated 23.03.2026, considered the useful life of the generating station as 30 years in accordance with the provisions of the PPA. Accordingly, the Petitioner did not claim Special Allowance after completion of 25 years and instead proceeded with the requirement of life assessment and additional capital works. The Petitioner has submitted that, had Special Allowance been considered after completion of 25 years, the corresponding amount would have been approximately Rs.117 crore, which is higher than the additional capitalisation of Rs.107.56 crore presently claimed.

42. The Commission finds that the above aspect is relevant in considering whether the Petitioner has had an opportunity to avail the alternative mechanism of Special Allowance. Since the Commission itself had earlier considered the useful life as 30 years for the purpose of tariff determination, the Petitioner's decision not to claim Special Allowance upon completion of 25 years cannot, in the circumstances of the present case, be treated as a ground to deny the legitimate expenditure required for assessment and continued operation of the generating station.

43. Accordingly, considering (i) the phased completion of RLA of the major equipment, including the RLA of the critical boiler of Unit-II completed in February 2026; (ii) the fact that the generating unit has now crossed the normative useful-life period of 25 years; (iii) the Petitioner's proposal to complete the RLA of the remaining components; (iv) the Commission's earlier treatment of the useful life as 30 years based on the PPA; and (v) the fact that the Petitioner did not avail Special Allowance during the intervening period, **the *Commission considers it appropriate to reconsider the additional capitalisation of Rs.107.56 crore in this review petition, subject to prudence check and verification of the actual expenditure and completion of the requisite RLA for the concerned equipment/components.***

44. The Additional Capitalisation of Rs. 107.56 crore as claimed by the Petitioner is under the condition that the statutory mandate enshrined in Regulation 14.5 of Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025 be compiled with at the earliest.

45. The Commission notes that the Petitioner, through its data gap response dated 17.02.2026 and subsequent additional submissions, has furnished the reports of earlier Residual Life Assessment (RLA) studies conducted for the Boilers of Unit-2 (December 2021) and Unit-3 (February 2021), and the Turbines of Unit-2 (January 2025) and Unit-3 (February 2021). The Petitioner has also provided the schedule for subsequent RLA studies, indicating that the Boiler RLA for Unit-2 and Unit-3 was scheduled for December 2026 and February 2026, respectively, whereas the Turbine RLA for Unit-2 and Unit-3 was scheduled for December 2031 and February 2028, respectively. The Commission further notes the Petitioner's submission that RLA is a periodic, condition-based

assessment undertaken in accordance with Original Equipment Manufacturer (OEM) recommendations and operational feasibility. With respect to the Balance of Plant (BoP), the Petitioner has submitted that the RLA, required upon completion of 25 years of operation, is under consideration and would be undertaken in accordance with the outage schedule and operational constraints, while any further life extension works would be contingent upon the findings of such assessments.

46. The Commission further notes that the Petitioner has furnished Detailed Project Reports (DPRs), along with supporting documents, indicating the technical justification, scope of work, implementation schedule and estimated costs of the proposed capital expenditure schemes, stated to be based on OEM recommendations, lifecycle assessments and operational requirements. Regarding the submission of Obsolescence Certificates under Clause 14.3(C) of JSERC (Terms and Conditions of determination of Generation Tariff) Regulations, 2025, the Petitioner has submitted that such certificates have been furnished wherever available. However, in certain cases, the equipment has exceeded its useful life, resulting in non-availability of spare parts and rendering the equipment non-serviceable, thereby making it difficult to obtain OEM-issued certificates. Accordingly, the Petitioner has sought condonation of the said requirement. The Petitioner has also contended that certain schemes are essential for plant safety, security, reliability and continuity of operations and may not be amenable to conventional cost-benefit analysis or strict compliance with the requirement for obsolescence certificates.

47. The Commission observes that, pursuant to its earlier submissions regarding completion of the RLA study for the Boiler of Unit-3, the Petitioner, through its Additional Submissions dated 21.03.2026, furnished the preliminary RLA report dated 18.03.2026. The said report indicates that no significant abnormalities were observed and that the unit is technically fit for continued operation within the prescribed operating limits, subject to certain recommended replacements for ensuring sustained reliability. The Commission further notes that the Petitioner has furnished the previous RLA reports in electronic form and has submitted that, upon finalisation of the ongoing assessments, any additional capital expenditure requirements arising from the recommendations thereof would be placed before the Commission for consideration in accordance with the applicable regulatory provisions.

48. The Commission, upon examination of the submissions and documents placed on record, notes that the Petitioner has undertaken RLA studies for critical components, including the Boiler and Turbine, and has adopted a phased approach for subsequent assessments, considering the technical condition of the equipment, OEM recommendations and operational constraints. The RLA reports furnished indicate that the overall operating parameters of the generating units remain within acceptable limits and that the units are considered technically fit for continued operation at their rated capacity, subject to certain recommended replacements and corrective measures. However, the Commission is of the view that the necessity and admissibility of the proposed capital expenditure schemes are required to be examined individually, based on the specific findings and recommendations of the RLA studies, supporting technical documents and the applicable

regulatory provisions, so as to ensure that only prudent and technically justified expenditure is considered for approval.

49. The Review Petitioner is directed to take all the necessary steps for the compliance of the aforesaid statutory mandate enshrined in Clause 14.5 of Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025. Further, the Review Petitioner is directed to submit report on quarterly basis the compliance of the aforesaid statutory requirement in which condition of Boiler, turbine, other remaining equipment should also be included.

50. It is also directed to the Review Petitioner that till the full compliance of RLA as mandated under Clause 14.5 of Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, the review petitioner shall take utmost care and remain extra ordinary vigilant for the safety of the persons/workmen working in the plant inter alia in boiler/turbine/generator or any other parts of the plant.

51. Accordingly, the GFA is being increased as produced in the below table. The overall financial impact of the approval of the additional capitalization of Rs. 107.56 Crore is given in the conclusion of the order. With the above consideration this issue stands decided.

Revised Table 65 Additional GFA for MYT FY 2026-27 to FY 2030-31 (in Rs. Cr.) for Unit-II

Particulars	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31
Opening GFA	510.75	538.28	551.68	559.18	565.43
Additional Capitalisation	28.08	13.39	7.50	6.25	4.00
Decapitalisation	0.55	0.00	0.00	0.00	0.00
Closing GFA	538.28	551.68	559.18	565.43	569.43

Revised Table 66 Additional GFA for MYT FY 2026-27 to FY 2030-31 (in Rs. Cr.) for Unit-III

Particulars	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31
Opening GFA	493.46	514.97	529.62	537.12	543.37
Additional Capitalisation	21.51	14.64	7.50	6.25	4.00
Decapitalisation	0.00	0.00	0.00	0.00	0.00
Closing GFA	514.97	529.62	537.12	543.37	547.37

ISSUE 2. COMPUTATION OF DEPRECIATION

Petitioner's Submission

52. The Petitioner respectfully submitted that while computing depreciation for FY 2026-27 to FY 2030-31 (Para 6.34, Table 69) in the Impugned Order, this Commission has not considered the additional capitalisation allowed for spillover works for Unit -II of the Generating Station from FY 2027-28 onwards. The relevant extract of the Impugned Order as reproduced below:

"Commission's Analysis

…

6.33 In absence of RLA, the Commission has not approved any new expenditure as already discussed in the relevant section of this order. Hence, the Commission also disapproves the depreciation on the new assets. Depreciation on the already approved assets will be done as per the methodology already adopted by the Commission, considering the useful life of the units equal to the PPA life of 30 years.

6.34 The Commission, considering the available facts and circumstances and after prudence check approves the depreciation for each year of the Control Period as tabulated below.

Table 69: Depreciation (Rs. Cr.) for Unit-2 and 3 as approved by the Commission

Depreciation	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Unit-II	10.99	10.08	10.08	10.08	10.08
Unit-III	10.43	11.43	12.28	12.86	13.58

53. The Petitioner submitted that an amount of Rs. 5.57 Crore at Para 5.72 and 5.73, Table 29 of the Impugned Order has been expressly allowed towards spillover Additional Capitalisation, however, the same has not been carried forward into the opening GFA from FY 2027-28 onwards for the purpose of depreciation computation, which has led to a disallowance of Rs. 6.44 Crore over the control period, as detailed below:

Particular	FY27	FY28	FY29	FY30	FY31
Depreciation (Computed by the Petitioner as per Commission's approach)	11.00	11.69	11.69	11.69	11.69
Depreciation (Approved by Commission)	10.99	10.08	10.08	10.08	10.08
Difference (Disallowance)	**0.01**	**1.61**	**1.61**	**1.61**	**1.61**

54. In view of the above, the Petitioner submitted that it is not a matter of "merit" or "prudence" but a purely arithmetical oversight. Had the approved capitalization been correctly factored into the GFA, the resulting depreciation (calculated as the spread-over of the remaining depreciable value) would have been Rs. 11.69 Cr. annually from FY 2027-28 onwards, as against the Rs. 10.08 Cr. Pertinently, this error has occurred only for Unit-II and not Unit-III.

55. Thus, the error is apparent on the face of the record as it arises from an inadvertent inconsistency between two parts of the same Order:

(a) The Commission has allowed spillover additional capitalisation of Rs. 5.57 Crore in the Table 29 of the impugned order; however,

(b) The Opening GFA considered for depreciation (Table 69) in the MYT does not reflect the aforesaid addition.

56. On the basis of the above, the Petitioner claims that such a mechanical

omission in carrying forward the GFA base constitutes an error that warrants rectification to ensure the Petitioner is allowed to recover its legitimate Depreciation as per the statutory framework.

Submission from Amicus Curiae

57. Learned Amicus Curiae has submitted with respect to the issue 2 that regarding computation of depreciation, it is stated that after prudence check approves the depreciation for each year of the Control Period is determined and as such, no prima facie error is apparent.

Commission's Observations

58. The Commission has considered the submissions of the Petitioner as well as the submission made by the Amicus Curiae and has carefully examined the Petitioner's contentions. The Petitioner submitted that the additional capitalisation pertaining to spill-over works of schemes already approved during the previous Control Period has not been appropriately considered.

59. Upon examination of the observations and calculations adopted in the previous Tariff Order, the Commission observes that an amount of Rs.5.57 Crore towards additional capitalisation of spill-over works has already been considered for FY 2026-27 while computing depreciation. The same has also been confirmed by the Petitioner in the Review Petition. However, the Petitioner's contention that the said amount of Rs.5.57 Crore has not been considered for the subsequent financial years, i.e., from FY 2027-28 to FY 2030-31, is not tenable. The said amount of Rs.5.57 Crore has been added to the Opening Gross Fixed Assets (GFA) for FY 2026-27, and the resultant Closing GFA has been carried forward as the Opening GFA for the subsequent financial years. Accordingly, depreciation for the subsequent years has been calculated by considering the said capitalisation. Hence, the impact of the additional capitalisation pertaining to Unit-2 has been duly considered for the remaining years of the Control Period.

60. Further, it is not tenable in as much as the additional capitalization has been allowed with consequential effect on the depreciation.

61. The Commission observes that during the proceedings for determination of tariff, including the Multi-Year Tariff (MYT) for the Control Period FY 2026-27 to FY 2030-31, in Case No. (T) 17 of 2025, the Review Petitioner had not placed on record the Residual Life Assessment (RLA) Report pertaining to Unit-III prior to the conclusion of the proceedings. Consequently, the said Report could not be considered by the Commission while passing the Impugned Tariff Order. However, considering the relevance of the RLA Report dated 18.03.2026 to the issues raised in the present Review Petition, the Commission, in the interest of justice and fairness, deems it appropriate to take the said Report into consideration for examination of the claims made by the Review Petitioner, subject to prudence check and compliance with the applicable regulatory provisions.

62. In view of the above analysis, the Commission finds that the issue raised by the Petitioner regarding the consideration of depreciation on additional capitalisation pertaining to approved spill-over schemes for Unit-2 is not tenable as it has been already calculated. Accordingly, the Petitioner's contention is disallowed, and the issue is disposed of.

ISSUE 3. COMPUTATION OF INTEREST ON WORKING CAPITAL FOR MYT OF FY 2026-27 TO 2030-31

Petitioner's Submission

63. The Petitioner submitted that this Commission in the Impugned Order, while computing the IoWC for both the Units II and Unit III of the Generating Station has (a) not considered the Water Charges and Security Expenses as part of Receivables and (b) error in consideration of number of days, which has led to a disallowance of Rs. 1.48 Cr. of IoWC for the Petitioner. The relevant extract of the Impugned Order is reproduced below:

> *"Commission's Analysis*
> *6.54 The Commission has relied upon Clause 15.23, 15.26 and 15.27 of JSERC Generation Tariff Regulations, 2025 for the computation of Interest on Working Capital (IOWC).*
> *6.55 The SBI MCLR plus 350 bp as on September 30, 2025 has been considered for the purpose of computation of Interest on Working Capital (IOWC) as per Clause 15.26 of JSERC Generation Tariff Regulation, 2025. The Interest on Working Capital (IOWC) as approved by the Commission is summarized in the following table.*

Table 1: IoWC for Unit-II as approved by the Commission

Particulars	FY27	FY28	FY29	FY30	FY31
Working Capital as Coal Cost for 50 days	35.50	35.52	35.50	35.50	35.50
Working Capital as LDO Cost for 2 months	0.52	0.52	0.52	0.52	0.52
Working Capital as Receivables for 45 days	46.93	47.29	47.49	47.87	48.33
Working Capital as O&M Expenses for 1 month	5.88	6.21	6.53	6.87	7.23
Working Capital as Maintenance Spares (at 20% of O&M Expenses)	12.41	13.08	13.72	14.40	15.11
Total Working Capital	**101.24**	**102.62**	**103.75**	**105.16**	**106.69**
Computation of Interest on Working Capital					
Bank Rate as on 30.09.2020 +(3.5%)	12.25%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	**12.40**	**12.57**	**12.71**	**12.88**	**13.07**

Table 2: IoWC for Unit-III as approved by the Commission

Particulars	FY27	FY28	FY29	FY30	FY31
Working Capital as Coal Cost for 50 days	35.62	35.74	35.62	35.62	35.62
Working Capital as LDO Cost for 2 months	0.52	0.52	0.52	0.52	0.52
Working Capital as Receivables for 45 days	46.41	46.95	47.24	47.66	48.17
Working Capital as O&M Expenses for 1	5.53	5.82	6.12	6.44	6.78

Particulars	FY27	FY28	FY29	FY30	FY31
month					
Working Capital as Maintenance Spares (at 20% of O&M Expenses)	11.57	12.15	12.74	13.37	14.04
Total Working Capital	**99.65**	**101.18**	**102.24**	**103.62**	**105.13**
Computation of Interest on Working Capital					
Bank Rate as on 30.09.2020 +(3.5%)	12.25%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	**12.21**	**12.65**	**12.78**	**12.95**	**13.14**

64. The Commission, while computing the IoWC for the MYT period of FY 2027–31 for Unit-II and Unit-III, as reflected in Tables 80 and 81 of the Impugned Order, has inadvertently disallowed receivables amounting to Rs. 0.72 crore each for both units. This has resulted in a total disallowance of Rs. 1.45 crore towards IoWC for the Petitioner.

65. It may be noted that IoWC is determined in terms of the Regulation 15.23 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, which provides that, while determining Working Capital of a Generator, receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity calculated on NAPAF also to be considered. Thereafter, IoWC is provided on the Working Capital determined in terms of the Regulation 15.26 of JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025. The relevant extracts of the said regulations have been reproduced below:

> *Interest on Working Capital*
> *15.23 The Commission shall determine the Working Capital requirement on normative basis for coal-based generating stations, which shall comprise the following components:*
> .....
> *4. Operation and Maintenance expenses, including water charge and security expenses for one month;*
> *5. Maintenance spares @ 20% of Operation and Maintenance Expenses;*
> *6. Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity calculated on the Normative Annual Plant Availability Factor:"*

66. The Petitioner further submitted that as per Regulation 3.1(51) of JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, raw water is specifically categorized as a consumable, while security expenses are service cost. Both Consumables and Service Cost form part of Operation and Maintenance ("O&M") expenses, which are an integral component of Annual Fixed Cost (AFC). Therefore, Water Charges and Security Expenses, being part of consumables, necessarily form part of AFC. The relevant extract are quoted below:

> *"A 3. Definitions and Interpretations*
> *In these Regulations, unless the context otherwise requires:-*

5.1. 'Operation and Maintenance Expenses' or 'O&M expenses' means the expenditure incurred for operation and maintenance of the project, or part thereof, and includes the expenditure on manpower, repairs and maintenance, spares, consumables, insurance and overheads, and fuel other than used for generation of electricity;

…

15.1 The tariff for supply of electricity from a thermal generating station shall comprise two parts namely, Capacity Charge (for recovery of Annual Fixed Cost consisting of the components as specified in Clause 15.3 of these Regulations) and Energy Charge (for recovery of primary and secondary fuel cost and cost of limestone and any other reagent, as may be applicable as specified in Clause 15.4 of these Regulations, in case of thermal generating station) as specified in these Regulations

….

67. Capacity Charges: The Capacity Charges shall be derived on the basis of annual fixed cost. The Annual Fixed Cost (AFC) of a generating station shall consist of the following components:

1. Return on Equity;
2. Interest on Loan Capital;
3. Depreciation;
4. Interest on Working Capital;
5. Operation & Maintenance Expenses, and
6. Less: Non-Tariff Income, and
7. Less: Income from Other Business as specified under

Clause15.50& Clause 15.51:

….

15.46. The Water Charges, Security Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:

Provided that Water Charges shall be allowed based on water consumption, depending upon type of plant, type of cooling water system, subject to prudent check. The details regarding the same shall be furnished along with the Petition.

15.47 The Security Expenses and Capital Spares for hydro generating stations shall be allowed separately after prudence check:

Provided that the generating station shall submit the assessment of the security requirement and estimated expenses, and the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification."

….

The Petitioner submitted the it is pertinent to note that the Commission, in the Impugned Order itself, at Para 5.127-5.129, considered and allowed the water charges and security expenses. The relevant extract of the Impugned Order has been quoted below for the kind consideration of this Commission:

"Projection of Administrative and General Expenses

…

Commission's Analysis

…

5.92 Further, Security Expenses and Legal Expenses have been allowed as per Clause 15.46 and Clause 15.43 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, -2025.

5.93 HO expenses, legal expenses and security expenses have also been projected based on the same methodology as discussed above.

5.94 Accordingly, the Commission approves the projected A&G expenses, HO expenses, Legal expenses and Security expenses as per the table shown below.

Table 3: Projected Other A&G, HO, Legal and Security Exp. for Unit 2&3 (Rs. Cr.) from FY 2026-27 to FY 2030-31 as approved by the Commission

Particulars	FY27	FY28	FY29	FY30	FY31
Unit II					
Other A&G Expenses	6.87	7.21	7.57	7.94	8.34
Head Office Expenses	14.59	15.32	16.07	16.87	17.71
Legal Expenses	0.02	0.02	0.02	0.02	0.02
Security Expenses	0.92	0.97	1.02	1.07	1.12
Unit III					
Other A&G Expenses	6.30	6.62	6.94	7.29	7.65
Head Office Expenses	14.21	14.92	15.66	16.43	17.25
Legal Expenses	0.02	0.02	0.02	0.02	0.02
Security Expenses	0.92	0.97	1.02	1.07	1.12

Raw Water Charges

…

Commission's Analysis

5.127 The Commission placed its reliance on clause 15.46 of JSERC(Terms and Conditions for Determination of Generation Tariff)

Regulations, 2025 to allow the recovery of Water Charges.

5.128 The Commission, similar to the projection of Ash-disposal expenses-as discussed above, observes that the water expenses also depend upon the projected gross power generation and hence on projected PLF.

5.129 Thus, the Commission, taking into account the PLF of 85% for the Control Period, and considering the same methodology as adopted by the Petitioner, has computed the water expenses as shown below, subject to true-up based on actuals.

Table 4: Projected Raw Water Expenses for Unit-II & III from FY 2026-27 to FY 2030-31 as approved by the Commission.

Particulars	UoM	FY27	FY28	FY29	FY30	FY31
Raw water Expenses: Unit-2	**Rs. Cr.**	7.56	8.15	8.73	9.39	10.09

Particulars	UoM	FY27	FY28	FY29	FY30	FY31
Raw water Expenses: Unit-3	**Rs. Cr.**	7.54	8.13	8.71	9.37	10.07

Therefore, from the above table it is evident that this Commission has duly allowed the Security Expenses and Water Charges in the Impugned Order in terms of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025.

68. Further, this Commission while allowing the AFC has also allowed the Security Expenses and Water Charges as part of AFC. Consequently, Receivables computed for the purpose of IoWC, which are based on AFC, cannot exclude water charges and security expenses. The relevant extract of the Impugned Order has been quoted below for the kind consideration of this Commission:

Table 5: Annual Fixed Cost (Rs. Crore) as approved by the Commission for Unit-2.

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
O&M Expenses	62.06	65.39	68.60	71.99	75.56
Depreciation	10.99	10.08	10.08	10.08	10.08
Interest on Loan	2.07	1.37	0.51	0.04	0.00
Interest on Working Capital	12.40	12.57	12.71	12.88	13.07
Return on Equity	30.86	31.01	31.01	31.01	31.01
Annual Fixed Cost	**118.38**	**120.42**	**122.91**	**126.00**	**129.72**
Water Charge	7.56	8.15	8.73	9.39	10.09
Security Expenses	0.92	0.97	1.02	1.07	1.12

Table 6: Annual Fixed Cost (Rs. Crore) as approved by the Commission for Unit-3.

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
O&M Expenses	57.86	60.74	63.72	66.87	70.18
Depreciation	10.43	11.43	12.28	12.86	13.58
Interest on Loan	2.13	1.35	0.58	0.09	0.00
Interest on Working Capital	12.21	12.65	12.78	12.95	13.14
Return on Equity	29.91	29.91	29.91	29.91	29.91
Annual Fixed Cost	**112.53**	**116.08**	**119.27**	**122.69**	**126.82**
Water Charge	7.54	8.13	8.71	9.37	10.07
Security Expenses	0.92	0.97	1.02	1.07	1.12

69. Therefore, while the Commission has duly considered the water charges and security expenses while computing AFC, as reflected in the above tables, the same have been excluded while computing receivables in Table 80 and 81, resulting in an internal inconsistency and thus an error, which is apparent on the face of record. The relevant extract of the Impugned Order has been quoted below for the kind consideration of this Commission:

"Commission's Analysis

6.54 The Commission has relied upon Clause 15.23, 15.26 and 15.27 of JSERC Generation Tariff Regulations, 2025 for the computation of Interest on Working Capital (IOWC).

6.55 The SBI MCLR plus 350 bp as on September 30, 2025 has been considered for the purpose of computation of Interest on Working Capital (IOWC) as per Clause 15.26 of JSERC Generation Tariff Regulation, 2025. The Interest on Working Capital (IOWC) as approved by the Commission is summarized in the following table.

Table 7: IoWC for Unit-II as approved by the Commission

Particulars	FY27	FY28	FY29	FY30	FY31
Working Capital as Coal Cost for 50 days	35.50	35.52	35.50	35.50	35.50
Working Capital as LDO Cost for 2 months	0.52	0.52	0.52	0.52	0.52
Working Capital as Receivables for 45 days	46.93	47.29	47.49	47.87	48.33
Working Capital as O&M Expenses for 1 month	5.88	6.21	6.53	6.87	7.23
Working Capital as Maintenance Spares (at 20% of O&M Expenses)	12.41	13.08	13.72	14.40	15.11
Total Working Capital	**101.24**	**102.62**	**103.75**	**105.16**	**106.69**
Computation of Interest on Working Capital					
Bank Rate as on 30.09.2020 +(3.5%)	12.25%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	**12.40**	**12.57**	**12.71**	**12.88**	**13.07**

Table 8: IoWC for Unit-III as approved by the Commission

Particulars	FY27	FY28	FY29	FY30	FY31
Working Capital as Coal Cost for 50 days	35.62	35.74	35.62	35.62	35.62
Working Capital as LDO Cost for 2 months	0.52	0.52	0.52	0.52	0.52
Working Capital as Receivables for 45 days	46.41	46.95	47.24	47.66	48.17
Working Capital as O&M Expenses for 1 month	5.53	5.82	6.12	6.44	6.78
Working Capital as Maintenance Spares (at 20% of O&M Expenses)	11.57	12.15	12.74	13.37	14.04
Total Working Capital	**99.65**	**101.18**	**102.24**	**103.62**	**105.13**
Computation of Interest on Working Capital					
Bank Rate as on 30.09.2020 +(3.5%)	12.25%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	**12.21**	**12.65**	**12.78**	**12.95**	**13.14**

70. It is relevant to note that the Regulation 15.1 of JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025 provides that tariff inter alia is comprised of Capacity Charges which is derived from AFC, Regulation 15.3 mandates that Capacity Charges are based on AFC, and further Regulation 15.46 read with Regulation 3.1(51) establishes that Water Charges and Security Expenses form part of O&M expenses and consequently part of AFC.

71. A combined reading of the aforesaid provisions specifies the following

Regulatory chain:

Water Charges & Security Expenses → O&M Expenses → AFC →

Capacity Charges → Receivables (45 days) → Working Capital →

IoWC

72. Any exclusion of Water Charges and Security Expenses at any stage of this chain results in an error leading to understatement of receivables and consequent disallowance of IoWC.

73. It is further pertinent to note that although water charges and security expenses are depicted distinctly because, such charges are approved based on actual basis rather than on normative basis, unlike other constituents of O&M expenses i.e., employee cost, R&M expenses and A&G expenses. The water charges being consumable in nature and security expenses being service cost, forms part of overall O&M expenses.

74. The Petitioner submitted that, in terms of Regulation 15.3 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, O&M expenses form an integral component of the AFC. Accordingly, even where water charges and Security Expenses are allowed as a separate line item, they continue to retain their character as part of O&M expenses and, therefore, form part of the AFC. In such circumstances, the Commission ought to have included water charges and Security expenses while computing the receivables for the purpose of determination of Interest on Working Capital, and exclusion of the same results in an erroneous computation.

75. The Petitioner has further submitted that Hon'ble CERC approves water charges and security expenses separately to generators as per Regulation 35(1) (6) of CERC Tariff Regulations, 2019 alike JSERC Generation Tariff Regulations and considers AFC including water charges and security expenses for computation of receivables. The same is evident from plethora of Orders by Hon'ble CERC.

76. Petitioner has submitted that, there are inconsistencies in the number of days considered in a year for computation of coal stock for Unit-III. Since coal stock forms a component of working capital, any variation in the base parameter of number of days has a consequential impact on the overall working capital requirement. It is, therefore, humbly submitted that the same may kindly be reviewed to ensure uniformity and consistency in computation.

77. With respect to receivables for Unit-II and Unit-III while the Commission has adopted the normative period of 45 days, the actual computation of receivables appears to be lower than what would result from applying the said norm consistently. This has led to a marginal reduction in the

working capital requirement. The position is summarised below.

Unit-II

Particulars	FY27	FY28	FY29	FY30	FY31
Receivables: 45 Days (Computed by TPC)	47.97	48.28	48.69	49.16	49.71
Receivables: 45 Days (Approved by Commission)	46.93	47.29	47.49	47.87	48.33
Difference (Disallowance)	**1.04**	**0.99**	**1.20**	**1.29**	**1.38**

Unit-III

Particulars	FY27	FY28	FY29	FY30	FY31
Receivables: 45 Days (Computed by TPC)	47.45	47.94	48.44	48.94	49.55
Receivables: 45 Days (Approved by Commission)	46.41	46.95	47.24	47.66	48.17
Difference (Disallowance)	**1.04**	**0.99**	**1.20**	**1.28**	**1.38**

78. In view of the above, it is humbly submitted that the aforesaid aspects may kindly be reviewed, and consequential correction in IoWC may be considered in accordance with the applicable provisions of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, to ensure consistency in computation.

Submission from Amicus Curiae

79. Learned Amicus Curiae has submitted with respect to the issue 3 that in relation to interest on working capital for the MYT of FY 2027-31, the Commission has relied upon Clause 15.23, 15.26 and 15.27 of JSERC Generation Tariff Regulations, 2025 for the computation of Interest on Working Capital (IOWC). The SBI MCLR plus 350 basis point as on September 30, 2025 has been considered for the purpose of computation of Interest on Working Capital (IOWC) as per Clause 15.26 of JSERC Generation Tariff Regulation, 2025.

Commission's Observations

80. The Commission has considered the submissions of the Petitioner as well as the submission made by the Amicus Curiae regarding the computation of Interest on Working Capital (IoWC) for Unit-II and Unit-III of the generating station in the Impugned Order.

81. The Commission observes that, in terms of Clause 15.23 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, the normative working capital requirement includes receivables equivalent to 45 days of Capacity Charges and Energy Charges, calculated at the Normative Annual Plant Availability Factor (NAPAF).

82. The Commission further notes that Water Charges and Security Expenses, though allowed separately after prudence check under Clause 15.46, form part of the admissible Operation and Maintenance Expenses and consequently constitute a component of the Annual Fixed Cost (AFC). Hence, the Commission finds merit in the contention of the Review Petitioner that the exclusion of the approved Water Charges and Security Expenses while computing receivables has resulted in an inadvertent understatement of the working capital requirement.

83. Accordingly, the Commission allows the prayer of the Review Petitioner to

the extent of inclusion of the approved Water Charges and Security Expenses in the computation of receivables and correction of the identified computational discrepancies, with consequential revision of the Interest on Working Capital for Unit-II and Unit-III, as applicable. Therefore, the ground of adding water and security charges is tenable and accordingly it is allowed.

84. Further, the Petitioner's claim that no. of days has not been considered accurately while calculating the receivable for IoWC is re-verified by this Commission and it has been found that the number of days have been considered correctly and therefore there is no need reviewing its earlier order on this point.

85. Accordingly, the ground of adding water and security charges is tenable and it is allowed.

ISSUE 4. GRANT LIBERTY FOR SUBMISSION OF CAPITAL SPARES AT THE TIME OF TRUE-UP

Petitioner's Submission

86. The Petitioner submitted that the Impugned Order does not appear to have considered the submissions made by the Petitioner with respect to capital spares. In the MYT Petition, the Petitioner had specifically sought liberty to claim actual capital spares at the time of truing up, based on year wise actual consumption. The relevant extract of the MYT Petition is reproduced below:

> "98. Regulation 15.46 of JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025 allows capital spares to be claimed on actual basis. Tata Power is proposing Nil capital spare for the 4th Control Period. Further, it is submitted that the capital spares on actual consumption basis shall be claimed at the Time of Truing up for respective year.

Tata Power, Jojobera (Unit 2 and Unit 3)											
Details of Capital Spares as per Regulation 7.46								**Form No: F17**			
								(Rs Crores)			
Sl. No.	**Particulars**	**Actuals**		**Actuals**		**Actuals**		**(Actuals)**		**Estimated)**	
		FY 2026-27		FY 2027-28		FY 2028-29		FY 2029-30		FY 2030-31	
		Unit 2	Unit 3	Unit 2	Unit 3	Unit 2	Unit 3	Unit 2	Unit 3	Unit 2	Unit 3
1	Capital Spares	Will be submitted at the Time of True Up of respective year of the Control Period									
Grand Total		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

87. The said approach is in consonance with Regulation 15.46 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, which provides for allowance of capital spares subject to prudence check and based on actual requirement.

88. However, the Impugned Order is silent on the aforesaid submission and does not deal with or grant the liberty sought by the Petitioner. This has resulted in lack of clarity regarding the treatment of capital spares for the control period.

89. In view of the above, the Petitioner humbly submitted that this Commission may kindly consider granting liberty to the Petitioner to claim actual capital spares at the time of truing up, in accordance with Regulation 15.46 of the JSERC (Terms and Conditions for Determination

of Generation Tariff) Regulations, 2025, based on actual consumption and subject to prudence check.

Submission from Amicus Curiae

90. Learned Amicus Curiae has submitted with respect to the issue 4 that Regulation 15.46 of JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025 allows capital spares to be claimed on actual basis. Tata Power is proposing Nil capital spare for the 4th Control Period. Further, it is submitted that the capital spares on actual consumption basis shall be claimed at the Time of Truing up for respective year.

Commission's Observations

91. The Commission has considered the submissions of the Petitioner as well as the submission made by the Amicus Curiae regarding the treatment of capital spares. The Commission observes that Clause 15.46 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, provides for the consideration of capital spares based on the actual requirement and subject to prudence check.

92. The Petitioner, in its MYT Petition, had proposed Nil capital spares for the Fourth Control Period and submitted that the actual capital spares, based on year-wise actual consumption, would be claimed at the time of truing up for the respective years.

93. In this regard, the Commission clarifies that any claim towards capital spares made by the Petitioner at the time of truing up shall be considered in accordance with the provisions of Clause 15.46 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025, based on the actual consumption/requirement and subject to prudence check by the Commission. The Petitioner shall submit all relevant supporting documents and justifications in support of such claims at the time of truing up.

94. Accordingly, no separate liberty or approval is required to be granted in the Impugned Order, as the treatment of capital spares shall be governed by the applicable provisions of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025. Any admissibility of capital spares shall be determined by the Commission based on the facts, actual consumption, supporting documents, and prudence check at the time of truing up.

ISSUE 5. ADDITIONAL AUXILIARY CONSUMPTION ON ACCOUNT OF INSTALLATION AND OPERATION OF FLUE GAS DESULPHURIZATION ("FGD") SYSTEMS FOR THE CONTROL PERIOD

Petitioner's Submission

95. The Commission, in the Impugned Order dated 23.03.2026, has erred in not allowing additional auxiliary consumption of 1% on account of installation and operation of FGD system for Unit-II and Unit-III while undertaking determination of MYT for FY 2027 to FY 2031. The relevant extract of the Impugned Order is reproduced below:

"Auxiliary Consumption

5.21 The Commission has examined the submission of the Petitioner that the FGD system being implemented at the Jojobera Plant in

compliance with the Emission Control Norms issued by MoEFCC, has become operational from October 2025. Hence, Auxiliary Power Consumption will undergo change due to Commissioning of FGD system in both Unit 2 & 3, and for the purpose of accurate and realistic projections the Petitioner has considered an additional auxiliary energy consumption of 1% in line with the Regulation 70(E)(f) of the CERC Tariff Regulations, 2024, over and above the normative auxiliary energy consumption of 10% applicable for the generating station. Hence, the Petitioner has considered the Auxiliary Power Consumption as 11% for arriving at ex-bus generation on projected basis. It is further submitted that the impact of same in ECR has not been claimed in this Petition and shall be claimed vide the Petition for the supplementary tariff for FGD system for Unit 2 & 3.

5.22 In this regard, the Commission clarifies that the impact of the FGD system on Auxiliary Power Consumption may be considered strictly in accordance with the applicable Regulations and subject to prudence check, including examination of the necessity and justification of installation of the FGD system during the fag end period of the generating station. Such consideration may be undertaken at the appropriate stage. For the purpose of the instant Order, however, the Commission has computed the ex-bus generation by taking the Normative Auxiliary Power Consumption as 10% in accordance with "clause-16.1" of JSERC Generation Tariff Regulation 2025. Further, for computation of Energy Charges also, the Commission has considered the normative Auxiliary Power Consumption of 10% in terms of the applicable JSERC Regulations.

Table 9: Auxiliary Consumptions as approved by the Commission.

Particulars	UoM	FY 2026-27	FY 2027-28	FY2028-29	FY2029-30	FY 2030-31
UNIT-II						
Normative Auxiliary Consumption	%	10.00	10.00	10.00	10.00	10.00
Projected Auxiliary Consumption	%	10.00	10.00	10.00	10.00	10.00
UNIT-III						
Normative Auxiliary Consumption	%	10.00	10.00	10.00	10.00	10.00
Projected Auxiliary Consumption	%	10.00	10.00	10.00	10.00	10.00

96. The Petitioner claimed that while this Commission has taken note of the Petitioner's submission regarding additional auxiliary consumption on account of FGD, however, the same has not been allowed and has instead been deferred for future consideration subject to prudence check, including examination of the necessity and justification of installation of the FGD system.

97. The aforesaid approach is contrary to the material facts already on record. It is submitted that the FGD systems for Unit-II and Unit-III were installed and commissioned on 14.10.2025 and were operational onwards.

98. The Petitioner is further submitted that the installation of FGD was not discretionary but undertaken in compliance with the environmental norms notified by the MoEF&CC Notification dated 07.12.2015 and its subsequent Amendments and was duly approved by this Commission vide

in principle approval dated 30.09.2020, however, has been inadvertently not been considered in the Impugned Order.

99. Having granted in-principle approval for installation of FGD and the same having already been implemented during the relevant year, the consequential operational impact, including additional auxiliary consumption, ought to have been considered in the MYT for FY 2027-31.

100. The Impugned Order, however, proceeds to question the necessity and timing of FGD installation while ignoring the fact that such installation had already been approved by the Commission and implemented in compliance with statutory environmental requirements. Such an approach amounts to re-examining an already settled issue at the stage of tariff determination.

101. The Petitioner respectfully submitted that the Impugned Order has inadvertently failed to consider the fact of actual installation and operation of FGD, along with the prior in-principle approval granted by the Commission, constitutes non-consideration of material facts on record and renders the Impugned Order erroneous.

102. In view of the above, the denial of 1% additional auxiliary consumption for FY 2027-31 constitutes an error apparent on the face of the record. Accordingly, the Commission may be pleased to allow additional auxiliary consumption on account of FGD for the relevant period of FY 2027-31.

Submission from Amicus Curiae

103. Learned Amicus Curiae has submitted with respect to the issue 5 that in relation to issue regarding additional auxiliary consumption, the Commission has examined the submission of the Petitioner that the FGD system being implemented at the Jojobera Plant in compliance with the Emission Control Norms issued by MoEFCC, has become operational from October 2025. Hence, Auxiliary Power Consumption will undergo change due to Commissioning of FGD system in both Unit 2 & 3, and for the purpose of accurate and realistic projections the Petitioner has considered an additional auxiliary energy consumption of 1% in line with the Regulation 70(E)(f) of the CERC Tariff Regulations, 2024, over and above the normative auxiliary energy consumption of 10% applicable for the generating station. Hence, the Petitioner has considered the Auxiliary Power Consumption as 11% for arriving at ex-bus generation on projected basis. It is further submitted that the impact of same in ECR has not been claimed in this Petition and shall be claimed vide the Petition for the supplementary tariff for FGD system for Unit 2 & 3.

104. Learned Amicus Curiae further submitted that the Commission clarified that the impact of the FGD system on Auxiliary Power Consumption may be considered strictly in accordance with the applicable Regulations and subject to prudence check, including examination of the necessity and justification of installation of the FGD system during the fag end period of the generating station. Such consideration may be undertaken at the appropriate stage. For the purpose of the instant Order, however, the Commission has computed the ex-bus generation by taking the Normative Auxiliary Power Consumption as 10% in accordance with "clause-16.1" of JSERC Generation Tariff Regulation 2025. Further, for computation of Energy Charges also, the Commission has considered the normative Auxiliary Power Consumption of 10% in terms of the applicable JSERC

Regulations.

Commission's Observations

105. The Commission has carefully considered the submissions made by the Review Petitioner and Amicus Curiae with respect to allowance of additional auxiliary power consumption of 1% for Unit-II and Unit-III on account of the installation and operation of the Flue Gas Desulphurization (FGD) system during the MYT Control Period from FY 2026-27 to FY 2030-31. The Commission notes that the FGD systems were commissioned on 14.10.2025 pursuant to statutory environmental requirements and the in-principle approval granted by the Commission. However, the Commission observes that such in-principle approval does not automatically confer entitlement to all consequential tariff implications, including additional auxiliary power consumption, without examination of their technical justification, reasonableness and admissibility under the applicable regulatory framework.

106. The Commission observes that the auxiliary power consumption for the purpose of tariff determination is governed by Clause 16.1 of the JSERC Generation Tariff Regulations, 2025. Accordingly, while determining the tariff for the MYT Control Period, the Commission has considered the normative auxiliary power consumption of 10% in accordance with the applicable Regulations. The Commission further notes that any additional auxiliary power consumption attributable to the operation of the FGD system requires independent examination based on the actual operational performance, technical specifications, energy consumption records and other relevant supporting documents to ascertain the extent of incremental auxiliary consumption and its admissibility.

107. The Commission further clarifies that the claim of the Petitioner towards additional auxiliary power consumption on account of the FGD system has not been rejected on merits in the Impugned Order but has been deferred for consideration at the appropriate stage, subject to prudence check. The Commission is of the view that the mere installation and commissioning of the FGD system cannot, by itself, justify an additional allowance of 1% without establishing the actual incremental auxiliary power requirement attributable to its operation. The Petitioner may, therefore, substantiate its claim in the appropriate proceedings by furnishing the requisite operational data, technical justification and supporting documents, whereupon the Commission shall examine the same in accordance with the applicable regulatory provisions.

108. In view of the foregoing, the Commission finds that the normative auxiliary power consumption of 10% considered in the Impugned Order is in accordance with the provisions of the JSERC Generation Tariff Regulations, 2025, and no error apparent on the face of the record has been established warranting modification of the Impugned Order in the present review proceedings. The Commission reiterates that the claim for additional auxiliary power consumption attributable to the FGD system may be considered during true up stage, subject to verification of actual operational requirements, regulatory admissibility and prudence check.

109. Accordingly, the Commission finds no merit in the prayer of the Review Petitioner for modification of the Impugned Order on this issue and rejects the same, without prejudice to the Petitioner's right to seek consideration

of such additional auxiliary power consumption in accordance with the applicable Regulations.

ISSUE 6. UNDERTAKE RLA WITHIN AN IMPRACTICABLE TIMELINE OF SIX (6) MONTHS, REQUIRING RECONSIDERATION IN LIGHT OF TECHNICAL AND OPERATIONAL CONSTRAINTS AND THE RLA ALREADY UNDERTAKEN BY THE PETITIONER

Petitioner's Submission

110. The Petitioner is respectfully submitted that the Commission, in the Impugned Order, has directed the Petitioner to carry out RLA within a period of six months and to submit the complete scope of work for approval. The relevant extract of the Impugned Order is reproduced below:

8.2 The Commission has observed that both the Units (Unit-II & Unit-III) have remaining useful life less than 10 years as per regulations. Accordingly, the Commission directs the Petitioner to carry out residual life study before any additional capitalization in the plant and justify its operational and financial benefits. However, before undertaking this study, the Petitioner is to submit the complete scope of work to be carried under RLA for Commission's approval.

8.3 In the event the Petitioner proceeds with capitalization in violation of this direction, without fulfilling the prescribed prerequisite conditions, the Commission shall be constrained to withhold/disallow such capitalization, if any. This is on account of the Petitioner's continued noncompliance with the Commission's directive to conduct the RLA, as consistently mandated in its Orders since FY 2020.

Compliance of directives issued in earlier Orders

8.4 As a consequence, the Petitioner is directed to submit the compliance to the directives issued by the Commission in its earlier Orders, inter alia, particularly with respect to the compliance of Residual Life Study (RLA) within six months from today, failing which an appropriate action shall be taken by the Commission."

111. The Petitioner submitted that it has already made detailed submission in this regard in ground above, wherein, the Petitioner has submitted that RLA is a phased and outage-dependent exercise, and had also provided timelines for completion of the Balance of Plant RLA along with details of RLA already undertaken for critical components such as Boiler and Turbine.

112. Further, the Petitioner has disclosed RLA studies for Boiler and Turbine of Unit-2 and Unit-3 undertaken from December 2021 to January 2025 in its data-gap reply. In this regard, RLA for Boiler Pressure Parts was carried out in December 2021 (Unit-2) and February 2021 (Unit-3), and RLA for Turbine and other critical components has also been undertaken, including most recently in January 2025 for Unit-2 and in February 2021 for Unit -3, in line with OEM recommendations and prevailing utility practices. The said details have been specifically furnished in the Petitioner's reply dated 15.02.2026.

113. In view of the above, the Petitioner has humbly submitted that the direction to undertake a RLA within a period of six months does not adequately take into account:

(a) that RLAs have already been conducted and submitted on record; (b) that the proposed capital expenditure is already based on such RLA findings and other relevant studies; tests and assessments; and (c) that future RLAs are necessarily aligned with technical cycles, outage planning, OEM recommendations and Indian Boiler Regulations ("**IBR**") requirements, and cannot be undertaken independently within a constrained timeline.

114. Further, it has been submitted as per the existing schedule depicted below, Unit-2 is planned for shutdown during December 2026–January 2027, whereas Unit-3 is scheduled for annual overhaul in the subsequent year, and any deviation from the planned schedule would have cascading implications including huge cost liability. The same has been depicted in the table below:

Particulars	Last RLA	Next RLA
Boiler Unit-2	Dec-21	Dec-26
Boiler Unit-3	Feb-21	Feb-26
Turbine Unit-2	Jan-25	Dec-31
Turbine Unit-3	Feb-21	Feb-28

115. Further, alteration of the existing overhaul schedule would impact the overall maintenance planning of other units of the Jojobera Power Plant, which is structured to ensure compliance with statutory requirements, including those under the IBR.

116. The RLA activities for boiler and turbine components have been planned in accordance with IBR requirements and OEM recommendations, as per the established schedule. Any advancement of such activities, particularly opening of turbine components ahead of the prescribed timeline, is not technically advisable and may entail substantial additional cost and time, which will further disturb the power sourcing plan of Distribution Licensee.

117. The Petitioner further claim that it is pertinent to note here that the auxiliary equipment of the generating station i.e., pumps, fans, transformers, and other balance-of-plant systems, are maintained through an SAP enabled condition monitoring system. The health and integrity of all auxiliary equipment are routinely assessed as per predefined schedules and in line with OEM-prescribed Standard Operating Procedures which includes vibration analysis, thermography, oil analysis, electrical testing, non-destructive tests, and performance monitoring based on equipment criticality. Equipment-wise parameters, threshold limits, and observed values are systematically recorded, with SAP automatically generating notifications and triggering corrective actions in case of deviations. Further, periodic overhauls are undertaken at predefined intervals to maintain equipment condition and healthiness.

118. Additionally, RLA involves significant technical intervention and cost, which is over and above the normative provisions meant for routine expenditure. As such, undertaking any additional activity at this stage would require a prolonged shutdown (exceeding two months) and would also require extensive preparatory arrangements. As submitted, major overhaul of Unit-3 has been completed only a few months ago, and the

major outage of Unit-2 is already scheduled within the next 6–7 months. In view of the above, a separate RLA for Balance of Plant System is neither feasible nor required at this stage.

119. In view of the above constraints, the Petitioner humbly submitted that the timeline of six months for completion of RLA may kindly be relaxed, and the Petitioner may be permitted to undertake the same as per the schedule, which is in alignment with the planned shutdown schedules and technical requirements. The Petitioner undertakes to place a detailed note and proposed execution plan before this Commission for its consideration and approval.

120. In view of the submissions made above, the Petitioner respectfully prayed that this Commission may be pleased to review its Order in terms of the submissions made and allow an immediate adjustment of the tariff to reflect the actual costs, which would be in the best interests of both the utility and the end consumers, as it avoids the compounding of costs over time.

Submission from Amicus Curiae

121. Learned Amicus Curiae has submitted with respect to the issue 6 in relation to challenges for implantation, it is stated that the Commission has observed that both the Units (Unit-II & Unit-III) have remaining useful life less than 10 years. Accordingly, the Commission directed the Petitioner to carry out residual life study before any additional capitalization in the plant and justify its operational and financial benefits. However, before undertaking this study, the Petitioner is to submit the complete scope of work to be carried under RLA for Commission's approval. In the event the Petitioner proceeds with capitalization in violation of this direction, without fulfilling the prescribed prerequisite conditions, the Commission ought to have constrained to withhold/disallow such capitalization, if any. This is on account of the Petitioner's continued noncompliance with the Commission's directive to conduct the RLA, as consistently mandated in its Orders since FY 2020.

122. Learned Amicus Curiae has further submitted that the RLA is required to be understood for better clarity i.e. Equipment was designed to work under certain conditions and has certain expected life. If these equipments are operated under harsher conditions then their useful life is short. For the estimation of the residual lifetime the maximum expected lifetime, assuming that the equipment will be operated under same conditions, has to be found out. The expected lifetime is a function of the operating conditions. In dependence of the average load level it can get shorter for higher load conditions. The residual lifetime can be defined as the difference between the expected lifetime and the actual age.

123. Normally the equipment which undergoes RLA studies, is completely dismantled and each and every part is inspected for damage and wear out. The parts which are critical for proper operation of the equipment are inspected thoroughly using various Non Destructive Evaluation Techniques. They are -

1. Non-destructive examination (NDE) technique e.g., dimensional measurement, optical observation, and ultrasonic, eddy current, X-ray.

2. Metallographic examination, e.g., through-section, outer surface,

and plastic replication techniques.

3. Risk-based inspections (RBI).

124. The mechanical equipments are normally expected to fail due to aging or wear. Sometimes random failures occur due to causes which are external to the system. The equipment is repaired and brought back to working condition. The record of the conditions under which the equipment has worked over the past period is extremely important for RLE studies. This forms the basis and this information coupled with other maintenance records will be very helpful.

125. Thus, proper implementation of residual-life prediction methodology allows the continued use of plants that might otherwise be retired from service unnecessarily. The general routine steps are as follows:

(a) Study of past performance data and review of O&M records e.g. loading conditions, number of tripping failures, repairs/replacements etc.

(b) Assessment of present condition of the equipment, E.g. efficiency and operating parameters.

(c) Assessment of remaining life of various equipment parts by conducting residual life estimation (RLE) studies.

(d) Identification of components requiring replacements, repairs, up-gradations/retrofitting.

(e) Formulation of R&M/Life Extension scheme covering complete scope of works.

Commission's Observations

126. The Commission has considered the submissions of the Petitioner as well as the submission made by the Amicus Curiae and has considered the prayer of the Petitioner seeking reconsideration of the direction regarding completion of the pending Residual Life Assessment ("RLA") of the generating station within a period of six months.

127. The Commission observes that the RLA of critical equipment and components has already been undertaken, while the remaining RLA activities are planned in accordance with the OEM recommendations, scheduled shutdowns, overhaul requirements and other technical considerations. Further, any deviation from the existing maintenance and RLA schedule may have significant cost implications and would require extensive preparatory arrangements. Such deviation may also adversely impact the power procurement and supply planning of the concerned Distribution Licensee.

128. The Commission observes that the direction for undertaking the RLA has been issued to the Petitioner in its earlier Orders. Therefore, the Petitioner was expected to plan and undertake the requisite RLA activities on timely basis and a systematic manner. The Commission further observes that the non-completion of the remaining RLA within the prescribed period cannot be entirely overlooked.

129. However, the Commission has also taken into consideration the technical and operational constraints highlighted by the Petitioner, including the cost involved in undertaking the RLA, the requirement of planned

shutdowns and outages, consultation with the OEM, extensive preparatory arrangements, and the consequential impact on the power procurement and supply planning of the Distribution Licensee. The Commission is also mindful of the larger public interest and the need to avoid unnecessary disruption in the operation of the generating station.

130. The Commission further notes the submission of the Petitioner that RLA is a continuous and phased technical process and that RLA and condition assessment studies for critical components have already been undertaken. The Commission also takes note of the submission that the remaining RLA activities are proposed to be completed in accordance with the schedule already submitted by the Petitioner, keeping in view the planned shutdown and overhaul schedules.

131. In view of the above and considering the technical and operational constraints involved, the Commission is of the view that the implementation of the Commission direction with respect to the completion of remaining RLA must fall in line with the provisions as enshrined in the under clause 14.5 of JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2025 with effect from financial year 2026-27.

132. The Petitioner shall, however, undertake and complete the remaining RLA activities strictly in accordance with the schedule submitted before the Commission and aligned with the planned shutdowns, overhaul requirements, OEM recommendations and other applicable technical requirements. The Petitioner shall also submit periodic compliance and progress reports to the Commission regarding the status of the remaining RLA activities.

133. The Commission further clarifies that, considering the RLA already undertaken for the critical components and the technical justification furnished by the Petitioner, the proposed additional capitalisation shall not be rejected solely on the ground of non-completion of the remaining RLA within the earlier prescribed period of six months. However, such additional capitalisation shall remain subject to prudence check and fulfilment of the applicable provisions of the relevant Tariff Regulations.

134. Accordingly, thhe Petitioner is directed to ensure strict adherence to the revised RLA schedule. Any unexplained or unjustified deviation from the approved schedule or failure to complete the remaining RLA activities within the committed timeline shall be viewed seriously by the Commission and may result in appropriate regulatory action, including the disallowance of additional capitalisation, wherever considered necessary and justified.

C O N C L U S I O N

135. In view of the aforesaid findings by this Commission, the Commission has revisited its earlier Order dated 23.03.2026 passed in Case (T) No 17 of 2025. Consequently, all the issues raised in the present review petition has been reconsidered and a detailed analysis is given in individual sections above. The summary of the Commission's stand is given in the following table for all the issues raised by the Petitioner.

Issues	Prayers	Remarks/Commission's Stands
Additional capitalisation for the Control Period from FY 2026-27 to FY 2030-31, by non-consideration of relevant Residual Life Assessment ("RLA") submissions	Petitioner prays to reconsider and allow the additional capitalisation for the Control Period from FY 2026-27 to FY 2030-31	Allowed
Computation of depreciation arising due to non-consideration of allowed spill over additional capitalisation in the opening Gross Fixed Assets ("GFA") for subsequent years	Petitioner prays to allowed spillover additional capitalisation of Rs. 5.57 crore for depreciation in the MYT	Already allowed in MYT Order date 23.03.2026
Computation of receivables for working capital requirement and Interest on Working Capital ("IoWC"), thereon due to exclusion of water charges and security expenses from Annual Fixed Cost ("AFC"), and inconsistencies in computation of working capital components	Prays to include the water charges and security charges in the capacity charges while calculating the Receivable for 45 days for the IoWC	Allowed
Grant Liberty for submission regarding capital spares and to claim the same at the time of True-Up based on actuals	Prays to clear the stand regarding the capital spares	Allowed to the extent of clarification
Additional auxiliary consumption on account of installation and operation of Flue Gas Desulphurization ("FGD") systems for the Control Period	Petitioner prays for 1% Auxiliary Consumption relaxation for the installed FGS for both the Units	Prayer may be considered during true up
Undertake RLA within an impracticable timeline of Six (6) months, requiring reconsideration in light of technical and operational constraints and the RLA already undertaken by the Petitioner	Petitioner seeks relaxation in timeline of the RLA	Allowed with conditions

136. The financial impact of the Review Order is summarized issue-wise in the following table for the MYT Control Period for Unit – II.

Particulars	Approved Amount in T.O. dated 23.03.2026 (Rs. Cr.)	Amount in Revised Tariff Order (Rs. Cr.)	Differential Impact (In Rs. Cr.)
FY 2026-27			
O&M Expenses	62.06	62.06	0
Depreciation	10.99	12.01	1.02
Interest on Loan	2.07	2.88	0.81

Particulars	Approved Amount in T.O. dated 23.03.2026 (Rs. Cr.)	Amount in Revised Tariff Order (Rs. Cr.)	Differential Impact (In Rs. Cr.)
Interest on Working Capital	12.40	12.57	0.17
Return on Equity	30.86	31.54	0.68
Annual Fixed Cost	**118.38**	**121.05**	**2.67**
FY 2027-28			
O&M Expenses	65.39	66.47	1.08
Depreciation	10.08	12.89	2.81
Interest on Loan	1.37	3.36	1.99
Interest on Working Capital	12.57	12.87	0.30
Return on Equity	31.01	32.77	1.76
Annual Fixed Cost	**120.42**	**128.35**	**7.93**
FY 2028-29			
O&M Expenses	68.6	70.42	1.82
Depreciation	10.08	14.06	3.98
Interest on Loan	0.51	2.92	2.41
Interest on Working Capital	12.71	13.09	0.38
Return on Equity	31.01	33.39	2.38
Annual Fixed Cost	**122.91**	**133.88**	**10.97**
FY 2029-30			
O&M Expenses	71.99	74.30	2.31
Depreciation	10.08	14.95	4.87
Interest on Loan	0.04	2.10	2.06
Interest on Working Capital	12.88	13.31	0.43
Return on Equity	31.01	33.81	2.80
Annual Fixed Cost	**126**	**138.46**	**12.46**
FY 2030-31			
O&M Expenses	75.56	78.33	2.77
Depreciation	10.08	15.72	5.64
Interest on Loan	0	1.80	1.80
Interest on Working Capital	13.07	13.54	0.47

Particulars	Approved Amount in T.O. dated 23.03.2026 (Rs. Cr.)	Amount in Revised Tariff Order (Rs. Cr.)	Differential Impact (In Rs. Cr.)
Return on Equity	31.01	34.12	3.11
Annual Fixed Cost	**129.72**	**143.50**	**13.78**

The financial impact of the Review Order is summarized issue-wise in the following table for the MYT Control Period for Unit – III.

Particulars	Approved Amount in T.O. dated 23.03.2026 (Rs. Cr.)	Amount in Revised Tariff Order (Rs. Cr.)	Differential Impact (In Rs. Cr.)
FY 2026-27			
O&M Expenses	57.86	57.86	0.00
Depreciation	10.43	11.40	0.97
Interest on Loan	2.13	2.90	0.77
Interest on Working Capital	12.21	12.37	0.16
Return on Equity	29.91	30.56	0.65
Annual Fixed Cost	**112.53**	**115.09**	**2.56**
FY 2027-28			
O&M Expenses	60.74	61.66	0.92
Depreciation	11.43	14.20	2.77
Interest on Loan	1.35	3.31	1.96
Interest on Working Capital	12.65	12.94	0.29
Return on Equity	29.91	31.65	1.74
Annual Fixed Cost	**116.08**	**123.76**	**7.68**
FY 2028-29			
O&M Expenses	63.72	65.35	1.63
Depreciation	12.28	16.30	4.02
Interest on Loan	0.58	3.01	2.43
Interest on Working Capital	12.78	13.16	0.38
Return on Equity	29.91	32.31	2.40
Annual Fixed Cost	**119.27**	**130.13**	**10.86**
FY 2029-30			

Particulars	Approved Amount in T.O. dated 23.03.2026 (Rs. Cr.)	Amount in Revised Tariff Order (Rs. Cr.)	Differential Impact (In Rs. Cr.)
O&M Expenses	66.87	68.94	2.07
Depreciation	12.86	17.76	4.90
Interest on Loan	0.09	2.28	2.19
Interest on Working Capital	12.95	13.38	0.43
Return on Equity	29.91	32.73	2.82
Annual Fixed Cost	**122.69**	**135.08**	**12.39**
FY 2030-31			
O&M Expenses	70.18	72.66	2.48
Depreciation	13.58	19.26	5.68
Interest on Loan	0	1.31	1.31
Interest on Working Capital	13.14	13.60	0.46
Return on Equity	29.91	33.04	3.13
Annual Fixed Cost	**126.82**	**139.87**	**13.05**

Revised Table 86: Annual Fixed Cost (Rs. Crore) as approved by the Commission for Unit-2.

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
O&M Expenses	62.06	66.47	70.42	74.30	78.33
Depreciation	12.01	12.89	14.06	14.95	15.72
Interest on Loan	2.88	3.36	2.92	2.10	1.80
Interest on Working Capital	12.57	12.87	13.09	13.31	13.54
Return on Equity	31.54	32.77	33.39	33.81	34.12
Annual Fixed Cost	**121.05**	**128.35**	**133.88**	**138.46**	**143.50**
Water Charge	7.56	8.15	8.73	9.39	10.09
Security Charge	0.92	0.97	1.02	1.07	1.12

Revised Table 87: Annual Fixed Cost (Rs. Crore) as approved by the Commission for Unit-3

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
O&M Expenses	57.86	61.66	65.35	68.94	72.66

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Depreciation	11.40	14.20	16.30	17.76	19.26
Interest on Loan	2.90	3.31	3.01	2.28	1.31
Interest on Working Capital	12.37	12.94	13.16	13.38	13.60
Return on Equity	30.56	31.65	32.31	32.73	33.04
Annual Fixed Cost	**115.09**	**123.76**	**130.13**	**135.08**	**139.87**
Water Charge	7.54	8.13	8.71	9.37	10.07
Security Charge	0.92	0.97	1.02	1.07	1.12

137. Accordingly, the petition is disposed off in terms of the above observations and findings.

Sd/-
Member (Law)

Sd/-
Chairperson