IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT RANCHI

Review Case No. 20 of 2026

Association of DVC HT Consumers of Jharkhand..... Petitioner

Versus

Damodar Valley Corporation (DVC). ..... Respondent

Review Case No. 23 of 2026

Damodar Valley Corporation (DVC) ..... Petitioner

Versus

Association of DVC HT Consumers of Jharkhand. ..... Respondent

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

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

Review Case No. 20 of 2026

For the Petitioner : Mr. Saket Upadhyay, Advocate

For the Respondent : Mr. Shri Venkatesh and Mr. Nihal Bhardwaj, Advocates

Review Case No. 23 of 2026

For the Petitioner : Mr. Shri Venkatesh and Mr. Nihal Bhardwaj, Advocates

For the Respondent : Mr. Saket Upadhyay, Advocate

ORDER

Date – 17th November, 2026

1. The Petitioner - The Association of DVC HT Consumers of Jharkhand (herein referred as "**Petitioner No. 1**") has filed a review case no. 20 of 2026 before the Commission under Section 94(1)(f) of the Electricity Act, 2003 ("Act") against the Order dated 15.05.2026 passed by Jharkhand State Electricity Regulatory Commission ("JSERC") in Case (Tariff) No. 1 of 2026 for True-up for FY 2006-07 to FY 2011-12 for its distribution business in the State of Jharkhand.

2. The Petitioner - DVC (herein referred as "**Petitioner No. 2**") has filed a review case no. 23 of 2026 before the Commission under Section 94(1)(f) of the Electricity Act, 2003 ("Act") against the Order dated 15.05.2026 passed by Jharkhand State Electricity Regulatory Commission ("JSERC") in Case (Tariff) No. 1 of 2026 for True-up for FY 2006-07 to FY 2011-12 for its distribution business in the State of Jharkhand.

3. Both the petitions have been filed against the Order dated 15.05.2026 passed by the Commission in Case (T) No. 01 of 2026 pertaining to the True-up for FY 2006-07 to FY 2011-12. Since both the petitions have come up against the same aforesaid order, the Commission considers it appropriate to dispose of the same through this common Order.

4. Petitioner No. 1 has approached the Commission seeking review of the Impugned Order on the basis of following grounds raised by Petitioner No. 1 for the kind consideration of the Commission in the present Review Petition:

Ground (A): Non-Consideration or Units Utilized in Own Premises Including Construction Power While Approving T&D Losses.

Ground (B): Incorrect Allocation Ratio Adopted for Determination of T&D Cost.

Ground (C): Non-Consideration of the Principle Governing Admissibility of Sinking Fund Cost.

Ground (D): Determination of Interest on Working Capital for FY 2011-12.

Ground (E): Non-Specification of Mechanism for Adjustment of Revenue Surplus.

5. Petitioner No. 2 has approached the Commission seeking review of the Impugned Order on the basis of following grounds raised by Petitioner No. 2 for the kind consideration of the Commission in the present Review Petition:

Ground (A): Erroneous computation of own generation cost for FY 2011-12.

a. Error in the energy charge - The firm share has been deducted twice. (Rs. 466.29 Crore).

b. Error in the fixed cost - Wrong Regulation, wrong availability factor and wrong T&D figure. (Rs. 103.22 crore).

Ground (B): Erroneous inclusion of revenue attributable to JBVNL in the determination of Revenue Gap/(Surplus) for FY 2006-07 to FY 2011-12, contrary to this Hon'ble Commission's own earlier directions.

Ground (C): Additional O&M expenditure on account of pay revision has been erroneously disallowed.

6. Accordingly, on the basis of the pleadings advanced in the review petitions by both the parties and materials available on record, following issues are framed for passing the order:

Issue 1: Consideration or Units Utilized in Own Premises Including Construction Power While Approving T&D Losses.

Issue 2: Allocation Ratio Adopted for Determination of T&D Cost.

Issue 3: Consideration of the Principle Governing Admissibility of Sinking Fund Cost.

Issue 4: Determination of Interest on Working Capital for FY 2011-12.

Issue 5: Specification of Mechanism for Adjustment of Revenue Surplus.

Issue 6: Computation of own generation cost for FY 2011-12.

6.1: Energy Charge – Calculation of firm consumer's share.

6.2: Fixed Cost – Consideration of Regulation, availability factor and T&D figure.

Issue 7: Inclusion of revenue attributable to JBVNL in the determination

of Revenue Gap/(Surplus) for FY 2006-07 to FY 2011-12.

Issue 8: Additional O&M expenditure on account of pay revision.

7. Each issue has been dealt separately herein as under:

Issue No.1 - Consideration or Units Utilized in Own Premises Including Construction Power While Approving T&D Losses.

Petitioner No. 1's Submission

8. The counsel for Petitioner no.1 submitted that units utilized in own premises including construction power form part of the actual utilization of energy within the DVC system and ought to have been considered while determining the overall utilization of energy and T&D losses for the Jharkhand area. However, the Energy Balance approved in the Impugned Order under Table 24 does not consider such units while determining overall utilization, resulting in an understated utilization base and consequently higher T&D losses for the previous years.

9. It is submitted that DVC operates an integrated power system across the States of Jharkhand and West Bengal. In tariff determination proceedings relating to the same DVC system before WBERC, units utilized in own premises including construction power have been considered as part of the overall utilization of energy while determining the Energy Balance and T&D losses. In this regard, WBERC, vide Tariff Order dated 19.07.2021 in Case No. APR-81/20-21, considered construction power of 82 MU, 89 MU and 110 MU for FY 2006-07 to FY 2008-09 respectively. Similarly, vide Tariff order dated 23.11.2022 in Case No. WBERC considered construction power of 138 MU, 117 MU and 111 MU for FY 2009-10 to FY 2011-12 respectively. Such treatment appropriately reflects the actual utilization of energy within the DVC system and avoids overstatement of T&D losses. Consequently, the losses approved by WBERC for FY 2006-07 to FY 2011-12 are lower than the corresponding T&D losses approved by the Commission for the same period. Given that DVC operates a common integrated system across both Jharkhand and West Bengal, the difference in approved loss levels is attributable mainly to the non-consideration of units utilized in own

premises including construction power in the present proceedings.

10. Petitioner no.1 further submitted that a similar discrepancy exists for all years from FY 2006-07 to FY 2011-12, resulting in higher losses, higher energy requirement and consequently higher power purchase cost being approved by the Commission. Since the approved energy requirement forms the basis for determination of power purchase quantum and associated power purchase cost. The said omission has a direct bearing on the Aggregate Revenue Requirement approved by the Commission.

11. In view of the above, Petitioner no.1 submitted that units utilized in own premises including construction power ought to be considered as part of the overall utilization of energy while determining the Energy Balance and T&D losses for FY 2006-07 to FY 2011-12. Accordingly, the Energy Balance and losses approved in the present Order may be reviewed and revised after considering such units as part of the overall utilization of energy, and the consequential impact on losses, energy requirement and power purchase cost may be recomputed.

Reply Submitted by DVC (Respondent):

12. Respondent – DVC submitted that the present issue never raised in Objections dated 20.04.2026 and cannot be raised a fresh in review.

13. Respondent DVC submitted that WBERC and JSERC operates under distinct statutory Regulations and prescribed forms only WBERC Form 1.7 (2011 Regulations) requires disclosure of construction power. There is no corresponding JSERC Regulation.

14. It was further submitted that in any event, Energy Balance and T&D Losses were independently scrutinized and approved by JSERC after prudence check.

Commission's Observation and findings

15. The Commission has examined the submissions of Petitioner no.1 regarding the Energy Balance and T&D losses for the relevant years. The Commission notes that the Energy Balance and corresponding loss levels have been determined in accordance with the applicable regulatory framework, based on the data, records, and information

furnished by Petitioner no. 1 during the tariff proceedings.

16. Further, the Commission notes that Petitioner no.1 had claimed, in the review petition that non-consideration of units utilized in own premises including construction power, has allegedly resulted in higher T&D losses, higher Energy Requirement, higher Power Purchase Cost and consequently higher Aggregate Revenue Requirement.

17. The Commission observes that, during the Truing up for FY 2006-07 to FY 2011-12, the units utilized in own premises, including construction power (82 MU, 89 MU, 110 MU, 138 MU, 117 MU and 111 MU respectively), were not considered while determining the Energy Balance, and the assessment was based on the actual energy sales in the DVC command area. The Commission further notes that inclusion of such units in the Energy Balance would have increased the overall energy utilization and, consequently, the energy requirement of DVC. Therefore, the contention of Petitioner no.1 that non-consideration of these units resulted in higher T&D losses, increased energy requirement, higher power purchase cost and consequently a higher Aggregate Revenue Requirement (ARR) is not tenable. On the contrary, consideration of such units would have led to a higher energy requirement and corresponding cost implications.

18. The Commission further observes that the Impugned Order was passed after detailed prudence check of the Petition, supporting documents, and submissions placed on record by Petitioner no.1. The methodology adopted for determination of energy sales, energy balance, and T&D losses is consistent with the applicable Regulations and the principles followed by the Commission in earlier tariff and true-up proceedings.

19. Accordingly, the Commission finds that the Energy Balance and T&D losses approved in the Order dated 15.05.2026 passed by the Commission was determined in accordance with the applicable Regulations and established regulatory practice.

20. Accordingly, in the back drop, this Commission does not find any ground for any change in its earlier order. Hence, the prayer of Petitioner no.1

is not allowed with respect to the above issue.

Issue No.2- Allocation Ratio Adopted for Determination of T&D Cost.

Petitioner No. 1's Submission

21. Petitioner no.1 submitted that while determining the Transmission & Distribution (T&D) Cost, the Commission has allocated the costs attributable to DVC command area consumers based on an allocation ratio. The Commission has allocated the T&D Cost in proportion to the energy made available for firm consumers in the Jharkhand and West Bengal areas of the DVC command area vis-å-vis Petitioner no.1 submitted that in regulatory proceedings relating to DVC, it has been recognized that the system is utilized not only by command area consumers but also by Open Access users and bilateral beneficiaries. In this regard, the Hon'ble APTEL, in its Judgment dated 15.09.2025 in Appeal No. 275 of 2015, observed as under:

> *"161. We hold that the allocation of 100% CERC-approved T&D cost from firm consumers, with bifurcation between West Bengal and Jharkhand consumers, violates Section 61, as it does not take into consideration the utilisation of such DVC's T&D system for supply to bilateral beneficiaries other than firm consumers and its open access usage during the subject control period.*
>
> *.....*
>
> *167. We, therefore, find it just and reasonable to set aside WBERC's erroneous approach or treating the entire T&D cost as attributable to firm consumers without taking into consideration each generating station's allocation of power supply to firm consumers, the quantum of wheeled power through open access, and the supply of power to bilateral beneficiaries.*
>
> *.....*
>
> *169. The excess recovery shall be refunded or adjusted, as the Case may be, with carrying cost, to the command area consumers accordingly within the next six billing cycles"*

22. Petitioner no.1 submitted that the allocation ratio presently adopted by

the Commission appears to have been computed by considering only the energy sold to other licensees while determining the proportion of generation and network costs attributable to command area consumers. However, energy received through wheeling cannot be regarded as energy attributable to firm consumers since such energy is merely transmitted through the DVC network for delivery to wheeling beneficiaries. Similarly, Net Power Purchase (including UI) forms part of the total energy available within the DVC system and contributes to the overall utilization of the generation and network infrastructure.

23. Petitioner no 1. further submitted that while the Commission has applied the aforesaid principles of proportionate allocation of Cost amongst various users of the DVC system while determining the Cost for FY 2006-07 to FY 20011-12. Similar treatment has not been extended in the subsequent True-up Orders for FY 2012-13 onwards. It has been recognized in regulatory proceedings relating to DVC that the system is utilized by multiple beneficiaries including command area consumers, bilateral consumers and Open Access users. and therefore, the T&D Cost attributable to command area consumers is required to be determined on the basis of proportionate utilization of the network.

Reply Submitted by DVC (Respondent):

24. Respondent – DVC submitted that the Hon'ble APTEL Judgment dated 15.09.2025 has not attained finality. It was under challenge before the Supreme Court (CA Nos. 13634–13636/2025); SC vide Orders dated 25.11.2025 and 04.08.2026 has directed that consequential WBERC orders not be given effect and matter listed in January 2027.

25. Respondent DVC submitted that Open Access (OA) charges for DVC's network were recognised by CERC only from FY2017-18 onwards (Order dated 07.08.2023) and no OA determination existed for FY2006-07 to FY 2011-12.

26. It has been submitted by Respondent that supply outside the command area utilised only a negligible (~3.87%) portion of DVC's composite network, via the MTPS/CTPS lines alone.

27. DVC's T&D network is a composite, vertically integrated system for which CERC determines a consolidated (not line-specific) tariff; apportionment as suggested by Petitioner no.1 is neither feasible nor permissible.

28. It has been further submitted that the same allocation methodology has been applied consistently for FY 2006-09 and FY 2009-12, same exercise is itself under DVC's challenge, in CA No. 13634/2025 & batch; hence no error apparent identified. The prayer for extension of the methodology to FY 2012-13 onwards is, in any event, beyond the scope of the Impugned Order, which is confined to FY 2006-07 to FY 2011-12, and cannot be granted in review.

Commission's Observation and findings

29. The Commission observes that the allocation of T&D Cost in the Impugned Order has been carried out following a consistent and logical methodology based on the segregation of costs attributable to different beneficiary categories and areas served by DVC.

30. The Commission notes that all costs, including T&D costs, were first allocated between the power supplied to other beneficiaries and the consumers located within the DVC command area, based on the relevant allocation parameters approved by the Commission. Thereafter, the costs attributable to the DVC command area were further apportioned between the Jharkhand area and the West Bengal area in proportion to the respective energy supplied/sales pertaining to these areas.

31. The Commission further notes that the allocation methodology was adopted after undertaking a detailed prudence check of the data, submissions and records furnished by DVC during the tariff proceedings. Petitioner no.1 has not demonstrated any computational error, omission of material facts, or violation of any statutory provision or regulatory principle that would warrant reconsideration of the methodology adopted in the Impugned Order.

32. The Commission is of the considered view that the allocation ratio adopted in the Impugned Order reasonably reflects the utilization of the

DVC system by the respective categories of beneficiaries and consumers based on the information available on record. Mere disagreement with the methodology adopted by the Commission cannot be constituted a ground for review.

33. The Commission further observes that Petitioner no.1's contention regarding substantial utilisation of DVC's T&D network by Open Access users and beneficiaries outside the DVC command area during FY 2006-07 to FY 2011-12 is not supported by the material available on record. The framework for levy and recovery of Open Access charges in respect of DVC's network was recognised and determined only during subsequent periods, and no such determination was in existence for the period under consideration.

34. The Commission observes that DVC operates a composite and vertically integrated transmission and distribution network, for which the Hon'ble CERC determines a consolidated tariff rather than tariffs for individual lines or network elements. In the absence of line-specific cost and tariff determination, apportionment of the T&D Cost based on the actual utilisation of individual network elements, as proposed by the Review Petitioner no.1, is neither practicable nor supported by the applicable regulatory framework.

35. The Commission further observes that the Hon'ble CERC, for the first time, determined the Open Access charges applicable to DVC's composite T&D network vide Order dated 19.11.2018 passed in Petition No. 153/MP/2017. For reference, the relevant extract of the said Order is reproduced below:

> *"32. In the second prayer, the Petitioner has prayed to authorize to raise bills on the open access customers as per the transmission charges/wheeling charges determined by the Commission. We have considered the submissions of the Petitioner. As per the above table, the open access customers seeking power through the DVC network will pay the open access charges/transmission and wheeling charges at the approved rates. Since Annual Transmission Charges for financial years 2017-18 and 2018-19 of the Petitioner's*

transmission system have not been determined yet, the charges have been calculated as per approved ARR for 2013. However, these charges are subject to revision as and when tariff for 2014-19 period is determined by the Commission."

36. Accordingly, the Commission finds no error apparent on the face of the record in the allocation of T&D Cost carried out in the Impugned Order. Petitioner no.1 has failed to substantiate its contention that the allocation methodology adopted by the Commission is incorrect or has resulted in any prejudice warranting review.

37. Therefore, in view of the above the prayer of Petitioner no.1, seeking revision of the allocation methodology is hereby rejected and the issue is disposed of.

Issue No.3- Consideration of the Principle Governing Admissibility of Sinking Fund Cost.

Petitioner No. 1's Submission

38. The counsel for Petitioner no.1 submitted that the issue relating to admissibility of Sinking Fund contribution was specifically raised during the public hearing proceedings. It was submitted that contribution towards Sinking Fund is inadmissible where depreciation on the same assets is already being allowed, since permitting recovery of both components results in duplication of benefits and double recovery from consumers.

39. Petitioner no.1 submitted that in regulatory proceedings relating to DVC, it has been recognized that recovery of both depreciation on assets created out of bond proceeds and contribution towards Sinking Fund for redemption of the same bonds results in a double allowance and imposes an undue burden on consumers. In this regard, the Order dated 20.08.2024 in Review Petition No. 4 of 2019 observed that DVC is entitled to recover either depreciation on assets created out of bond proceeds or contribution towards Sinking Fund, but not both simultaneously. The relevant extract is reproduced below:

"35. Accordingly, the petition is allowed We hold that allowing depreciation on the capital assets created by utilizing bond amount makes out a case of "duplication" or "double allowance" which would be a double burden for the consumers and thus, not permissible. The 2nd respondent DVC can claim only one of the two elements namely (a) contribution to sinking fund for payment of bond amount to subscribers at the time of redemption or (b) depreciation of capital assets created by utilizing the bond amount, as passthrough in tariff."

40. Petitioner no.1 further submitted that the aforesaid principle is directly applicable to the present True-up for FY 2006-07 to FY 2011-12, since the Sinking Fund contribution allowed during the said period has resulted in recovery of a cost which, as on date, is not admissible for recovery through tariff. Further, as the issue relates to a common methodology adopted by DVC across multiple tariff periods, the same principle equally applies to the subsequent True-up periods from FY 2012-13 to FY 2023-24. Accordingly. the Commission may undertake suitable consequential adjustments in the respective True-up proceedings to ensure that consumers are not burdened with a cost that has been held to be inadmissible.

Reply Submitted by DVC (Respondent):

41. Respondent – DVC submitted that Judgment dated 20.08.2024 has not attained finality. It has been challenged by DVC before the Supreme Court in CA No. 11106/2025; issue sub judice.

42. Respondent DVC submitted that the Sinking Fund contribution is a statutory provision under Section 40 of the DVC Act, 1948 and is therefore required to be recoverable through tariff.

43. Further it was submitted that in any event, the Judgment is confined to the generation tariff of Durgapur TPS for the period 01.04.2009–31.03.2014 (CERC Order dated 07.08.2013) and does not govern the present distribution true-up.

44. The Sinking Fund Contribution is an element of the generation and transmission tariff of DVC, which is determined exclusively by the Hon'ble CERC under the CERC Tariff Regulations. In terms of the settled scheme of the Act, the generation and transmission tariff so determined by the Hon'ble CERC is taken as the input cost for DVC's distribution business and is adopted as such by the State Commission while determining the retail supply tariff. The State Commission cannot independently revisit or disallow it; any modification must first be affected by CERC.

Commission's Observation and findings

45. The Commission observes that the aforesaid Sinking Fund cost as claimed by Petitioner no.1 has been duly examined and approved by the Hon'ble Central Electricity Regulatory Commission (CERC) vide its Order dated 06.08.2009 passed in Petition No. 66/2005.

46. The Commission further notes that the Hon'ble APTEL, vide Judgment dated 20.08.2024 in Review Petition No. 4 of 2019, had held that DVC could claim either the contribution towards the Sinking Fund or depreciation on the capital assets created by utilising the bond proceeds, but not both simultaneously. Aggrieved by the said Judgment, DVC preferred Civil Appeal No. 11106 of 2024 before the Hon'ble Supreme Court.

47. Further, DVC vide a letter dated 03.11.2026, appraised the Commission that Hon'ble Supreme Court has passed its judgment on 30.10.2026 in Civil Appeal No. 11106 of 2024 regarding treatment of Sinking fund and depreciation in tariff.

48. The Hon'ble Supreme Court, vide Judgment dated 30.10.2026 in Damodar Valley Corporation v. Maithan Alloys Limited & Ors., Civil Appeal No. 11106 of 2024, reported as 2026 INSC 1178, set aside the Judgment dated 20.08.2024 passed by the Hon'ble APTEL in Review Petition No. 4 of 2019 and restored the Hon'ble APTEL's original Judgment dated 17.05.2019.

49. The Hon'ble Supreme Court observed that the admissibility of

depreciation along with the contribution towards the Sinking Fund had already been considered and upheld in Bhaskar Shrachi Alloys Limited & Ors. v. Damodar Valley Corporation & Ors., (2018) 8 SCC 281. The Hon'ble Supreme Court further held that there was no scope for reopening, in review, an issue already settled by a binding judgment rendered under Article 141 of the Constitution of India.

50. The Hon'ble Supreme Court further held that Section 40 of the Damodar Valley Corporation Act, 1948, read with Regulation 43(2)(iii) and (iv) of the CERC (Terms and Conditions of Tariff) Regulations, 2009, specifically permits both depreciation and the funds established under Section 40 of the DVC Act to be treated as expenditure recoverable through tariff. Accordingly, the allowance of depreciation together with the contribution towards the Sinking Fund, under the special statutory framework applicable to DVC, does not constitute an impermissible duplication or double recovery.

51. The Commission notes that, in paragraph 30 of the aforesaid Judgment, the Hon'ble Supreme Court allowed the appeal, set aside the Judgment passed by the Hon'ble APTEL in review, and restored the Hon'ble APTEL's original Judgment dated 17.05.2019. Consequently, the very basis of Petitioner no.1's present claim, namely, the Judgment dated 20.08.2024 passed in Review Petition No. 4 of 2019, no longer survives. Relevant extract of said order is reproduced as below:

> "*30. We set aside the impugned decision and restore the order of the Appellate Tribunal at the first instance dated 17.05.2019. We also observe with some consternation that there were no appeals filed from the earlier order to this Court and one of the appellants before the Appellate Tribunal had filed for a review and waited for five years to get it heard.....*"

52. The Commission further observes that the Sinking Fund cost forming part of DVC's generation tariff was examined and approved by the Hon'ble CERC and has been considered by this Commission as an input cost while determining the Aggregate Revenue Requirement. In view of

the binding declaration of law by the Hon'ble Supreme Court under Article 141 of the Constitution of India, there is no legal basis to disallow the Sinking Fund contribution merely on the ground that depreciation has also been allowed on the corresponding assets.

53. Accordingly, the Commission finds no merit in the prayer of the review petition for the modification of the Impugned Order on this issue and thus, is hereby rejected.

Issue No.4 - Determination of Interest on Working Capital for FY 2011-12.

Petitioner No. 1's Submission

54. Petitioner no.1 respectfully submitted that the Commission has, over the years, consistently adopted a specific methodology for determination of Interest on Working Capital ("IoWC") for DVCs distribution business in the Jharkhand Command Area. taking into consideration the integrated nature of DVC's generation, transmission and distribution operations and the absence of segregated accounts. Accordingly, in the tariff Order dated 31.10.2023 FY 2006-07 to FY 2011-12 MYT Order dated 04.09.2014 FY 2013-14 to FY 2015-16, the Order dated of FY 2015-16 and ARR FY 2016-17 to FY 2020-21, as well as in subsequent tariff and true-up orders, the Commission consistently assessed the Working Capital requirement as 1% of the projected revenue from sale of power in the Jharkhand area.

55. Petitioner no.1 submitted that the Commission had consistently recognized that the methodology prescribed under the JSERC Tariff Regulations, 2004, 2007 and 2010 could not be applied in its entirety to DVCs distribution business due to the integrated nature of DVC's operations and the inability to segregate the relevant cost components pertaining exclusively to the distribution business. Accordingly, the Commission evolved and consistently followed the aforesaid 1% revenue-based methodology across multiple tariff periods.

56. Accordingly, the Interest on Working Capital for FY 2011-12 deserves to be recomputed in line with the methodology consistently adopted by the

Commission across its tariff and true-up orders, namely, Working Capital equivalent to 1% of the projected revenue from sale of power in the Jharkhand area. instead of considering two months equivalent of actual revenue from sale of electricity.

Reply Submitted by DVC (Respondent):

57. Respondent – DVC submitted that no objection on this methodology was raised in Objections dated 20.04.2026.

58. Respondent DVC submitted that IoWC was correctly determined for FY 2011-12 as per Regulation 6.26 of the JSERC Tariff Regulations, 2010 (FY 2011-12); the 1%-of-revenue approach followed in earlier orders has no independent basis in the Regulations.

59. Further it is submitted that those earlier orders were themselves disputed by DVC before APTEL. Petitioner no.1 cannot rely on orders, which DVC has been consistently contesting.

60. Respondent DVC submitted that the approach for calculating IoWC is consistent with JSERC's own subsequent Order dated 30.03.2026 in Case No. 33 of 2026 (paras 5.85–5.87).

61. Reliance on Appeal No. 255/2014 is misplaced [Exhibit B @ Pg. 5-8]. Supreme Court orders dated 26.10.2016 (CA 7383/2016) [Exhibit C @ Pg. 9-11] and 02.01.2017 (CA 8317/2016) [Exhibit D @ Pg. 12-15] direct that the true-up be decided independently of that Judgment.

Commission's Observation and findings

62. The Commission has examined the submissions of Petitioner no.1 regarding determination of Interest on Working Capital (IoWC) for FY 2011-12. The Commission notes that the methodology adopted for computation of IoWC has been governed by the provisions of Regulation 6.26 of the JSERC (Terms and Conditions for Determination of Tariff) Regulations, 2010, which was applicable for the said year. The Commission further observes that the IoWC allowed in the Tariff Order for FY 2006-07 to FY 2011-12 was determined in accordance with the applicable regulatory framework and not merely on the basis of the

methodology adopted in previous orders. Relevant extract of the aforesaid regulation is reproduced as below:

> *"6.26 Working capital for the Distribution Business of electricity for the Transition Period shall consist of:*
>
> *a) One-twelfth of the amount of Operation and Maintenance expenses for such financial year; plus*
>
> *b) Maintenance spares at 1% of Opening GFA; plus*
>
> *c) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs; minus*
>
> *d) Amount held as security deposits under clause (a) and clause (b) of subsection (1) of Section 47 of the Act from consumers and Distribution System Users; minus*
>
> *e) One month equivalent of cost of power purchased, based on the annual power procurement plan.*
>
> *.....*
>
> *6.29 Rate of interest on working capital shall be equal to the prime lending rate of SBI as applicable on the 1st April of the relevant financial year."*

63. Accordingly, the Commission finds no error apparent on the face of the record in the Interest on Working Capital carried out in the Order. Further, Petitioner no.1 has failed to substantiate its contention that the allocation methodology adopted by the Commission is not as per the regulations.

64. Therefore, in view of the above the prayer of Petitioner no.1 seeking revision of the allocation methodology is hereby rejected and the issue is disposed of.

Issue No.5- Specification of Mechanism for Adjustment of Revenue Surplus.

Petitioner No. 1's Submission

65. Petitioner no.1 respectfully submitted that the Commission has determined a cumulative Revenue Surplus of Rs. 2,362.79 Crore as at

the end of FY 2011-12 pursuant to the True-up of FY 2006-07 to FY 2011-12. However, while determining the said Revenue Surplus, the Impugned Order does not specify the manner in which the same is proposed to be adjusted, liquidated or passed on to consumers.

66. It is a settled principle of tariff determination that any Revenue Gap or Revenue Surplus identified through a true-up exercise must ultimately be reflected in tariff so as to ensure that consumers neither bear costs in excess of the approved requirement nor are deprived of benefits arising from excess recovery. However, despite determination of a substantial Revenue Surplus in the present Order, the Hon'ble Commission has neither specified any adjustment mechanism nor indicated the timeline within which the benefit of such surplus would be provided to consumers.

67. It is further submitted that, in the Tariff Order dated 30.03.2026 for FY 2026-27, the Commission has approved recovery of a cumulative Revenue Gap of Rs. 1,930.51 Crore through tariff. As per Table 106 of the said Order, the aforesaid amount comprises the Revenue Gap for True-up of FY 2024-25 amounting to Rs. 1,051.97 Crore, carrying cost pertaining to the Revenue Gap of FY 2025-26 amounting to Rs. 218.55 Crore and liquidation of Regulatory Assets as submitted in OP-1 Of 2025 amounting to Rs. 660 Crore. Thus, the Commission has not only recognized historical Revenue Gaps/Regulatory Assets but has also specified a mechanism for their recovery through tariff in FY 2026-27.

68. However, while the Commission has specified a mechanism for recovery of historical Revenue Gaps from consumers. the Impugned Order does not specify any mechanism for treatment or adjustment of the Revenue Surplus of Rs. 2,362.79 Crore determined pursuant to the True-up of FY 2006-07 to FY 2011-12. This results in inconsistent regulatory treatment, whereby historical Revenue Gaps are provided a recovery mechanism, whereas a Revenue Surplus determined in favour of consumers is left without any adjustment mechanism.

Reply Submitted by DVC (Respondent):

69. Respondent – DVC submitted that same ground already raised by JCADVC in Appeal No. 303 of 2026, where DVC has filed its reply. Cannot be raised by the same party in two parallel proceedings (Appeal and Review).

70. Respondent DVC submitted that for FY 2006-07 to FY 2011-12 is a separate, tariff block governed by the APTEL Judgment dated 10.05.2010 (Appeal No. 146/2009), affirmed by the Supreme Court on 03.12.2018, mandating consumer-wise, one-to-one refund/adjustment; which, read with this Hon'ble Commission's own directives dated 23.07.2024 (Para 85) and 10.12.2024 (Para 41), mandates consumer-wise, one-to-one refund/adjustment cannot be set-off against future Revenue Gap/Regulatory Assets.

71. Respondent DVC further submitted that the Consumer-wise reconciliation is already operative: principal refundable amount (Rs. 984.78 Cr., later Rs. 1,011.45 Cr. per the 20th monthly compliance report dated 03.09.2026) is being refunded in 24 monthly instalments since January 2025.

72. Further it is submitted that Quantum of the Revenue Surplus itself is under challenge in DVC's own Review Petition No. 23 of 2026 and Appeal No. 344 of 2026 before the Tribunal; any question of adjustment is premature.

Commission's Observation and findings

73. The Commission notes that, pursuant to the directions of the Hon'ble APTEL and as affirmed by the Hon'ble Supreme Court, DVC has already been directed to refund the revenue surplus pertaining to FY 2006-07 to FY 2011-12 amounting to Rs. 1,011 Crore to consumers through 24 equal monthly/periodic instalments, and the said adjustment mechanism has been duly specified and implemented.

74. The Commission further observes that the treatment of the balance revenue surplus and consequential regulatory adjustments, if any, is

intrinsically linked with the tariff determination and true-up exercises for the subsequent financial years.

75. In this regard, the Commission notes that the issue concerning liquidation of the regulatory assets created up to FY 2023-24 is being dealt with in compliance with the directions issued by the Hon'ble APTEL in O.P. No. 1 of 2025. Pursuant thereto, the Commission has already filed an affidavit before the Hon'ble APTEL setting out the proposed roadmap and mechanism for the phased liquidation of such regulatory assets.

76. The aforesaid affidavit and the proposed liquidation roadmap have also been published on the website of the Commission to ensure transparency and to facilitate access of the relevant information by consumers and other stakeholders.

77. Accordingly, the treatment and adjustment of the balance revenue surplus, if any, shall be considered in accordance with the final directions of the Hon'ble APTEL in O.P. No. 01 of 2025 and the approved roadmap for liquidation of regulatory assets. Therefore, no separate or parallel adjustment mechanism is considered necessary in the present review petition.

Issue No.6- Computation of own generation cost for FY 2011-12.

Issue 6.1- Energy Charge – Calculation of firm consumer's share.

Petitioner No. 2's Submission

78. The counsel for Petitioner no.2 submitted that the Energy Charge of Rs. 2,972.47 Crore was already the charge for the firm consumers only. As recorded in column of the annexed working, this amount was worked out on the energy meant for firm sale, i.e. 14,274.30 MU (out of the total generation of 17,722 MU, the balance 3,448 MU being beneficiary / other sales), multiplied by the energy charge rate. Since it was already calculated on the firm energy alone, no further reduction for the firm's share was required. This has already been recorded by the Commission in its order dated 19.04.2017 and further in the orders dated

18.05.2018, 23.07.2024, 30.10.2023 and 10.12.2024.

79. However, in the 15.05.2026 Order, this Commission has multiplied this already firm Energy Charge by the firm-share percentage once again (column "G" of the working) and has thereby brought it down to Rs. 2,506.18 Crore (column "U" of the working). In other words, the firm's share has been deducted a second time. The relevant extract of the 15.05.2026 order is reproduced below:

> *"5.27 the Commission and available records, has undertaken an independent scrutiny. The commission has allocated the Annual Fixed cost (AFO and Variable cost in proportion to the energy made available for firm consumers in the Jharkhand and West Bengal areas of the DVC command area vis-å-vis the total energy available, including sales to other beneficiaries."*

80. Petitioner no.2 further submitted that the firm share has been applied twice over, once while computing the Energy Charge of Rs. 2,972.47 Crore, and again in the Order dated 15.05.2026, resulting in an excess reduction of Rs. 466.39 Crore. This is a plain error of computation, since the firm energy of 14,274.30 MU and the beneficiary/other sales of 3,448 MU were already recorded in the energy balance of the order dated 19.04.2017 and were available with this Commission.

Commission's Observation and findings

81. The commission observes that DVC filed auditor's certificate in its additional submission no. Coml./Tariff/JSERC/1548 dated 05.03.2026 related to own energy generation from FY 2006-07 to FY 2011-12.

82. The Commission observes that the energy quantum reported for FY 2011-12 in the Energy Balance does not reconcile with that furnished in the Energy Audit Certificate. Further, despite specific directions of the Commission to submit the information reflected in the Energy Balance, DVC has failed to provide the requisite details.

83. The Commission observes that DVC, vide its additional submission, furnished an Auditor's Certificate containing details of energy generated

from its own generating stations. Based on the energy quantum certified therein, the Commission computed the energy charges forming part of the Own Generation Cost. However, the Auditor's Certificate did not indicate that the certified energy quantum excluded the energy supplied to other beneficiaries. In the absence of such segregation, the Commission relied upon the certified information available on record while undertaking the computation.

84. The Commission further notes that the Energy Balance submitted with the tariff petition indicated the availability of 17,722 MUs from DVC's own generating stations for FY 2011-12, whereas the audited information furnished by DVC reflected an energy quantum of 14,274 MUs. Thus, there was a material discrepancy between the Energy Balance and the audited information submitted by DVC.

85. The Commission had specifically directed DVC to furnish the relevant supporting documents and reconciliation explaining the difference between the aforesaid energy quantities. However, DVC failed to furnish adequate documentary evidence or a satisfactory reconciliation substantiating its claim of 17,722 MUs. Consequently, the Commission determined the energy charges on the basis of the audited information available on record.

86. The Commission has also examined the contention raised by the Petitioner no.2 in the present review proceedings that an energy quantum of 17,722 MUs had been considered in the earlier Orders dated 19.04.2017 and 10.12.2024. Upon examination of the available records, the Commission observes that the said figure was not supported by the audited information or other documentary evidence furnished by DVC. Accordingly, its mention in the earlier Orders appears to be a typographical or inadvertent error and cannot, by itself, establish the correctness of the Petitioner no 2's claim.

87. A figure inadvertently recorded in an earlier Order cannot be relied upon to seek review when the same is inconsistent with the audited information and remains unsupported by the underlying records. Since, the Petitioner no 2 has not produced any new or conclusive material in

the present proceedings to demonstrate that the computation undertaken by the Commission suffers from an error apparent on the face of the record.

88. The Commission during the course of the review petition filed by Petitioner no.2 has been passing directions to produce the documents, but Petitioner no.2 failed and did not produce any documents. Accordingly, the Commission finds no merit in Petitioner no.2's contention that the firm share was deducted twice while computing the energy charges forming part of the Own Generation Cost. In the absence of reliable supporting documents substantiating the claimed energy quantum of 17,722 MUs, no ground for review is made out. Therefore, the prayer of the Petitioner no.2 is hereby rejected, and the issue is disposed of.

Issue No.6.2- Fixed Cost – Consideration of Regulation, availability factor and T&D figure.

Petitioner No. 2's Submission

89. Petitioner no.2 submitted that due to the wrong regulation, amounting to Rs. 51.38 Crore has been disallowed. For MTPS Units 4, 5 & 6 and 7 & 8 and CTPS Units 7 & 8, which are the newer units, this Commission applied the recovery formula of the later CERC Regulations of 2014/2019, meant for plants that have not completed ten years, instead of Clause 21 (2) of the CERC Regulations, 2009. The 2009 Regulations alone governed FY 2011-12, and this Commission had itself applied them to these very stations in its earlier orders. A later regulation cannot be applied to a past period that is already closed, and in any case the Fixed Cost fixed by the Hon'ble CERC cannot be reworked by the State Commission. As barred by Rule 8 of the Electricity Rules, 2005 and as affirmed by the Hon'ble Tribunal in its Judgment dated 18.05.2026.

90. It has been further submitted by petitioner no 2 that due to the wrong availability factor, amounting to Rs. 14.13 Crore has been disallowed. For CTPS, the actual Plant Availability Factor for FY 2011-12 was 64%, as recorded in column C of the annexed working and supported by the

Auditor's Certificate. This Commission, however, took it as instead of 64%. It is submitted that even CERC Tariff Regulation 2009 at that time allows to compute the AFC based on the actual PAF achieved. Since recovery of the Fixed Cost depends on the availability actually achieved, the lower figure has Wrongly reduced the Fixed Cost of CTPS. This is a plain error of fact.

91. It was further submitted by petitioner no.2 that due to the wrong T&D figure, amounting to Rs. 14.02 Crore has been disallowed. For the Transmission and Distribution cost, DVC claimed Rs 438.30 Crore, which is the figure approved by the Hon'ble CERC and adopted by the Commission in the earlier orders of and 10.12.2024. This Commission instead took Rs. 424.28 Crore from an older order that already stands superseded, which amounts to not giving effect to the latest CERC determination. Balance amount is on account of delinking the contribution to sinking fund and P & G with the plant availability factor.

92. Petitioner no.2 submitted that the disallowance of Rs. 569.51 Crore in the Own Generation Cost for FY 2011-12 is the result of the two errors explained above — (a) deducting the firm share twice in the Energy Charge (Rs. 466.29 Crore), and (b) using the Wrong Regulation, Availability Factor and T&D figure in the Fixed Cost.

Commission's Observation and findings

93. The Commission had directed Petitioner no.2 to furnish detailed information vide a letter no. JSERC/Case (Tariff) no. 01 of 2026/708 dated 13.02.2026 regarding energy balance, sales to others. However, Petitioner no.2 failed to submit the requisite details within the stipulated time. In view of this, the Commission, exercising its prudence check and based on its own analysis and available records, has undertaken an independent scrutiny. Further, the Commission has allocated the Annual Fixed Cost (AFC) and Variable Cost in proportion to the energy made available for firm consumers in the Jharkhand and West Bengal areas of the DVC command area vis-à-vis the total energy available, including sales to other beneficiaries.

94. AFC cost shall be limited to the AFC cost as allowed by the CERC. If petitioner achieves the plant availability factor more than from normative factor, then 100% AFC cost is allowed. The same treatment has been done by the commission. The matter may be raised before the appropriate forum as the matter is already decided by the Hon'ble CERC. Hence the Commission has rightly decided in the matter and there is no requirement of review.

95. The Commission observes that the Transmission and Distribution cost, Petitioner no.2 claimed Rs 438.30 Crore, which is the figure approved by the Hon'ble CERC and adopted by the Commission in the earlier orders of 18.05.2018, 30.10.2023, 23.07.2024 and 10.12.2024. However, in the impugned order dated 15.05.2026 it is Rs. 424.28 Crore, which is a typographical error. And hence, the differential amount of **Rs. 14.02 Crore** has been allowed as claimed by Petitioner no.2 in the present review Petition. Accordingly, Own Generation cost has been revised from Rs. 4789.08 Crore to **Rs. 4803.10 Crore**.

96. Sinking fund and P&G fund is also the part of the AFC cost, so it will be allowed in the ratio of Plant Availability Factor. Further, in the order dated 15.05.2026 the Commission in para 5.60 has been clearly decided regarding the same and explained the entire calculations. Hence, there is no need to interfere in this order. Relevant extract is reproduced as follows:

> *"5.60 The Commission observes that the aforesaid Sinking Fund cost had claimed by the Petitioner and duly examined and approved by the Hon'ble Central Electricity Regulatory Commission (CERC) vide its Order dated 06.08.2009 passed in Petition No. 66/2005. The Commission also takes note that the Hon'ble APTEL in its Order dated 20.08.2024, the Hon'ble APTEL holds that the sinking fund cost claimed by the Petitioner is not admissible for recovery through Fixed Charges. The Petitioner has preferred an appeal against the aforesaid APTEL Order before the Hon'ble Supreme Court. Pending adjudication of the matter by the Hon'ble Supreme Court, the disallowance of sinking fund cost is made in conformity with the*

prevailing APTEL Order and shall remain subject to the final outcome of the appeal. The Commission shall revisit the admissibility of the sinking fund cost, if required, upon issuance of the final judgment by the Hon'ble Supreme Court. The said cost was accordingly admitted and factored into the Additional Annual Fixed Cost as determined by the Hon'ble CERC. The Commission has allocated the Annual Fixed Cost (AFC) and Variable Cost in proportion to the energy made available for firm consumers in the Jharkhand and West Bengal areas of the DVC command area vis-à-vis the total energy available, including sales to other beneficiaries."

97. Therefore, the grounds of adding of Rs. 14.02 Crore has been allowed as claimed by Petitioner no.2 in the present review Petition. Accordingly, the addition is tenable and it is allowed.

Issue No. 7 - Inclusion of revenue attributable to JBVNL in the determination of Revenue Gap/(Surplus) for FY 2006-07 to FY 2011-12.

Petitioner No. 2's Submission

98. The counsel for Petitioner no.2 respectfully submitted that the determination of Revenue Gap/(Surplus) in the Tariff Order dated 15.05.2026 warrants reconsideration. as the Commission has arrived at the Revenue Gap/(Surplus) figures after taking into account receipts attributable to both JBVNL and consumers.

99. Petitioner no.2 further submited that such an approach is inconsistent with the findings and directions recorded by the Commission in its earlier Orders dated 30.10.2023. 23.07.2024 and 10.12.2024. Wherein the Commission had expressly recognized and acted upon the position that no determination of Revenue Gap/(Surplus) is required in respect of JBVNL up to September 2015, the same having already been settled under the UDAY Settlement Scheme of Govt of India (Ministry of Power). Despite the aforesaid settled position, the inclusion of revenue attributable to JBVNL for the purpose of determination of Revenue Gap/(Surplus) for the relevant years of FY 2006-12 has resulted in an erroneous computation, thereby materially affecting the outcome of the

impugned Order. The said error is apparent on the face of the record and therefore warrants review and rectification by this Commission.

100. DVC further submits that, in its earlier Orders dated 30.10.2023, 23.07.2024 and 10.12.2024, this Commission had expressly recognized and acted upon the position that no determination of Revenue Gap/(Surplus) is required in respect of JBVNL, the same having already been settled under the UDAY Settlement Scheme. Accordingly, the Commission had treated the sales and revenue attributable to JBVNL separately from those of DVCs retail consumers for the purpose of determining the revenue position of DVC's distribution business. In view of the aforesaid settled position, DVC carried out the consumer-wise reconciliation exercise on the basis that revenue attributable to JBVNL would not form part of the Revenue Gap/(Surplus) determination.

101. Accordingly, inclusion of revenue attributable to JBVNL along with revenue from DVCs retail consumers for the purpose of Revenue Gap/(Surplus) determination is contrary to the settled treatment accorded to JBVNL and has resulted in an erroneous computation requiring review and rectification.

102. The counsel for Petitioner no.2 submitted that it is further submitted that, pursuant to the aforesaid directions and after considering the exclusion of JBVNL from the consumer base of DVC, this Commission issued the Tariff Order dated 10.12.2024 for FY 2006-07 to FY 2011-12 after excluding the ARR and revenue attributable to JBVNL. The said order was specifically passed for determination of ARR, Revenue Gap/(Surplus) and category-wise tariff applicable to DVC's distribution consumers (excluding JBVNL) in the State of Jharkhand and formed the very basis of the subsequent consumer-wise reconciliation exercise undertaken by DVC.

103. Accordingly, the treatment of revenue attributable to JBVNL had been a distinct issue in the tariff proceedings concerning DVC for several years. DVC had consistently maintained that the revenue and energy pertaining to JBVNL could not be aggregated with the revenue and energy attributable to DVC’s retail consumers, particularly in view of the

distinct nature of the supply arrangements, full and final settlement under the UDAY Scheme, subsequent reconciliation under the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022.

104. Petitioner no.2 further submitted that the aforesaid departure from the methodology consistently adopted in the earlier orders, despite the Commission's own findings regarding the settlement of JBVNL's dues under the UDAY Scheme and the extinguishment of any further claim of JBVNL for the relevant period of FY 2006-12, has resulted in a fundamentally different computation of ARR and revenue gap/surplus. The said approach is an error apparent on the face of record and warrants reconsideration.

Commission's Observation and findings

105. The Commission has carefully examined the submissions of Petitioner no.2 regarding the erroneous inclusion of revenue attributable to JBVNL in the computation of Revenue Gap/(Surplus) for FY 2006-07 to FY 2011-12. The Commission notes that the Settlement Agreement dated 14.01.2016 executed between DVC and JUVNL/JBVNL under the UDAY Scheme was entered into for the purpose of settlement of outstanding dues and receivables accumulated up to September 2015.

106. The Commission further observes that Clause of the Settlement Agreement dated 14.01.2016, inter alia, provides that:

> "*Accordingly the total amount payable to DVC in full and final settlement under UDAY Yojna has been arrived at Rs. 4770.00 Cr.*
>
> *Further is also agreed that the outcome of the appeal pending before Hon'ble Supreme Court of India in either favour will be effective from Oct 2015. It was agreed by both the companies that no claim besides above will be left aside up to Sep 2015 in any situation and will be deemed to be as full and final settled."*

107. In this regard, the Commission notes that JBVNL is also a consumer of DVC and forms part of the consumer base in the Jharkhand area. Consequently, the revenue realized by the DVC paid by the JBVNL in

full and final settlement under the agreement execute by both the parties. So, this agreement is binding on both the parties and there is no dispute with respect to full and final settlement of the Revenue taken by the Commission for the calculation of the ARR and GAP, therefore the revenue and proportionate cost for JBVNL by DVC shall be excluded.

108. However, the Commission also notes that, in its earlier orders, revenue attributable to JBVNL had been treated separately for the purpose of determination of Revenue Gap/(Surplus), considering the peculiar nature of the dispute and subsequent settlement of dues between the parties. Therefore, in order to maintain consistency with its earlier decisions and avoid double counting of revenue, the Commission finds merit in the contention of Petitioner no.2 that revenue specifically attributable to JBVNL, which has already been settled independently under the Agreement dated 14.01.2016, should not form part of the revenue considered for determination of Revenue Gap/(Surplus) for FY 2006-07 to FY 2011-12.

109. Accordingly, the Commission accepts the submission of Petitioner no.2 on this issue and directs that the revenue attributable to JBVNL shall be excluded from the computation of Revenue Gap/(Surplus) for the relevant years. For the purpose of revision, the revenue attributable to JBVNL shall be segregated and the balance revenue shall be apportioned among the remaining consumer categories, namely HV and EHV consumers and Licensees (excluding JBVNL), in proportion to the energy sold to such categories during the respective years. The Revenue Gap/(Surplus) approved in this Order shall be recomputed accordingly and given effect in the revised calculations.

110. Consequently, the energy purchase cost has also been proportionately segregated and reviewed. Accordingly, the ground of Petitioner no.2 is tenable and the Revenue Gap/(Surplus) approved in this Order shall be revised accordingly.

Issue No. 8 - Additional O&M expenditure on account of pay revision.

Petitioner No. 2's Submission

111. Learned counsel for Petitioner no.2 respectfully submitted that the treatment of Additional O&M Expenditure on account of pay revision in the Order dated 15.05.2026 may require reconsideration in light of the subsequent Judgment dated 18.05.2026 passed by the Hon'ble Tribunal for Electricity in Appeal No. 163 of 2017.

112. It was further submitted that the Hon'ble Tribunal, while examining the issue relating to non-consideration of pay revision expenditure allowed by the Central Electricity Regulatory Commission, has held that the expenditure allowed by Hon'ble CERC was required to be given effect to and could not be excluded while determining tariff. The Hon'ble Tribunal accordingly allowed the issue in favour of DVC and directed inclusion of the amount allowed by Hon'ble CERC as additional O&M expenditure for FY 2006-07 to FY 2008-09 The relevant extract of the Judgement dated 18.05.2026 is already quoted at Para 28 of the present Review Petition.

113. Petitioner no.2 further submitted that the Hon'ble Tribunal has specifically held that the expenditure towards pay revision, having already been recognised and allowed by the Central Commission, ought to be given effect to while determining the applicable tariff and that exclusion of such expenditure would not be consistent with the regulatory framework.

114. Petitioner no.2 further submitted that in view of the aforesaid Judgment dated 18.05.2026, the claim towards Additional O&M Expenditure on account of pay revision along with applicable carrying cost for FY 2006-07 to 2011-12 may kindly be reconsidered and allowed in accordance with the findings of the Hon'ble Tribunal.

Commission's Observation and findings

115. The Commission has examined the submission of Petitioner no.2 regarding allowance of additional Operation & Maintenance (O&M)

expenses on account of pay revision. The Commission notes that the Hon'ble Appellate Tribunal for Electricity (APTEL), vide its Judgment dated 18.05.2026 in Appeal no. 163 of 2017, has allowed additional O&M expenses aggregating to Rs. 210 Crore for the period FY 2006-07 to FY 2008-09 on account of pay revision.

116. In compliance with the Judgment dated 18.05.2026 passed by the Hon'ble APTEL in Appeal No. 163 of 2017, the Commission considers it appropriate to recognise and allow the additional Operation and Maintenance (O&M) expenses incurred on account of pay revision. Accordingly, additional O&M expenses amounting to Rs. 55 Crore for FY 2006-07, Rs. 55 Crore for FY 2007-08 and Rs. 100 Crore for FY 2008-09, aggregating to Rs. 210 Crore are admitted in principle, subject to the consequential determination to be undertaken by the Commission.

117. The Commission further notes that Miscellaneous Petition No. 03 of 2026, filed pursuant to the aforesaid Judgment of the Hon'ble APTEL, is presently pending consideration before the Commission. Since the determination of the consequential impact of the additional O&M expenses, including the corresponding revision of the Aggregate Revenue Requirement, Revenue Gap/(Surplus) and other incidental adjustments, forms the subject matter of the said petition, the Commission considers it appropriate to examine and determine such consequential relief separately in Miscellaneous Petition No. 03 of 2026.

118. Accordingly, Petitioner no 2's claim for recognition of the additional O&M expenses on account of pay revision is allowed in principle. However, the year-wise revision of the ARR and the consequential financial adjustments shall be determined separately in Miscellaneous Petition No. 03 of 2026, after considering the material and submissions placed on record in the said proceedings.

Conclusion

119. The Review Petition No. 23 of 2026 filed by Damodar Valley Corporation

and Review Petition No. 20 of 2026 filed by the Association of DVC HT Consumers of Jharkhand arise out of the same Impugned Tariff Order dated 15.05.2026 passed by the Commission in Case (Tariff) No. 01 of 2026, the Commission considers it appropriate to pronounce the order for both petitions together and dispose them of by way of this common Order.

120. In view of the foregoing observations, findings and reasons recorded in this Order, the Commission hereby is passing the following order:

A. Review Petition No. 20 of 2026

The grounds raised by Petitioner no.1 in this review petition is hereby rejected. Further, the ground concerning adjustment of the balance revenue surplus shall be dealt with in accordance with the directions of the Hon'ble APTEL in O.P. No. 1 of 2025 and the roadmap filed by the Commission for liquidation of regulatory assets.

B. Review Petition No. 23 of 2026

The grounds raised by Petitioner no.2 regarding the issues relating to Erroneous computation of own generation cost for FY 2011-12 is hereby rejected except for the T&D Cost for FY 2011-12 which is allowed and the revised Annual Revenue Requirement (ARR) and standalone surplus for FY 2011-12 as below:

Table (a)

Sr. No.	Particulars	In Rs. Crore
A	Annual Revenue Requirement (ARR) as per the Tariff Order dated 15.05.2026	3202.22
B	Additional T&D Cost allowed in Issue No. 6.2	14.02
C	Share of Jharkhand in additional T&D Cost (B * 58.86%)	8.25
D	**Revised ARR for FY 2011-12 (A+C)**	**3,210.47**
E	Net Receipts including JBVNL for FY 2011-12	3550.9
F	**Revised Revenue Surplus for FY 2011-12 (D-E)**	**(340.43)**

121. Further, the impact of the exclusion of revenue attributable to JBVNL in

the determination of revenue gap/(surplus) for FY 2006-07 to FY 2011-12, is allowed and the revised Annual Revenue Requirement (ARR) and standalone gap/(surplus) for FY 2006-07 to FY 2011-12 as below:

Table (b)

Sr. No.	Particulars	FY 2006-07	FY 2007-08
A	Annual Revenue Requirement (ARR) as per Order dated 28.10.2026 in M.P. No. 03 of 2026	1,948.21	1,935.57
B	Energy sold to consumers in Jharkhand (MU)	6,761.63	7,394.84
C	Energy Sold to HV & EHV Consumers & licensees excluding JBVNL (MU)	4,032.52	4,379.53
D	ARR recoverable from HV & EHV Consumers & licensees excluding JBVNL (Rs. Crore) (A*(C/B))	1,161.88	1,146.32
E	Revenue excluding JBVNL (Rs. in Crore)	1,369.90	1,261.55
F	**Revised Revenue Surplus (D-E)**	**(208.02)**	**(115.23)**

Table (c)

Sr. No.	Particulars	FY 2008-09	FY 2009-10
A	Annual Revenue Requirement (ARR) for FY 2009-10 as per the Tariff Order dated 15.05.2026, and for FY 2008-09 as per Order dated 28.10.2026 in M.P. No. 03 of 2026	2,185.18	2,654.34
B	Energy sold to consumers in Jharkhand (MU)	7,740.31	8,093.99
C	Energy Sold to HV & EHV Consumers & licensees excluding JBVNL (MU)	4,659.63	4,908.43
D	ARR recoverable from HV & EHV Consumers & licensees excluding JBVNL (Rs. Crore) (A*(C/B))	1,315.47	1,609.67
E	Revenue excluding JBVNL (Rs. in Crore)	1,348.68	1,703.93
F	**Revised Revenue Surplus (D-E)**	**(33.21)**	**(94.26)**

Table (d)

Sr. No.	Particulars	FY 2010-11	FY 2011-12
A	Annual Revenue Requirement (ARR) as per the Tariff Order dated 15.05.2026	2,859.78	3,210.47
B	Energy sold to consumers in Jharkhand (MU)	8,549.47	8,899.12
C	Energy Sold to HV & EHV Consumers & licensees excluding JBVNL (MU)	5,244.78	5,438.63
D	ARR recoverable from HV & EHV Consumers & licensees excluding JBVNL (Rs. Crore) (A*(C/B))	1,754.37	1,962.05
E	Revenue excluding JBVNL (Rs. in Crore)	1,893.44	2,223.97
F	**Revised Revenue Surplus (D-E)**	**(139.07)**	**(261.91)**

122. Further, the impact of the additional O&M expenses arising from pay revision on the ARR and Standalone Revenue Surplus, in compliance with the Hon'ble APTEL's Judgment dated 18.05.2026 in Appeal No. 163 of 2017, has been examined and determined separately in Commission's Miscellaneous Petition No. 03 of 2026.

Accordingly, with the aforesaid observations and directions, the instant Petition hereby stands **disposed of**.

Sd/-
Member (L)

Sd/-
Chairperson