

# Jharkhand State Electricity Regulatory Commission



Order on

True-up for FY 2006-07 to FY 2011-12  
for Distribution Business of Damodar Valley  
Corporation Limited in the state of Jharkhand

Ranchi

May 15, 2026



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## List of Abbreviations

| Abbreviation    | Description                               |
|-----------------|---|
| <b>ABR</b>      | Average Billing Rate                      |
| <b>ACS/ACoS</b> | Average Cost of Supply                    |
| <b>AFC</b>      | Annual Fixed Charges                      |
| <b>APPC</b>     | Average Power Procurement Cost            |
| <b>APR</b>      | Annual Performance Review                 |
| <b>APTEL</b>    | Appellate Tribunal for Electricity        |
| <b>ARR</b>      | Aggregate Revenue Requirement             |
| <b>BCCL</b>     | Bharat Coking Coalfields Limited          |
| <b>BG</b>       | Bank Guarantee                            |
| <b>BTPS</b>     | Bokaro Thermal Power Station              |
| <b>CAGR</b>     | Compound Average Growth Rate              |
| <b>CCL</b>      | Central Coalfields Limited                |
| <b>CERC</b>     | Central Electricity Regulatory Commission |
| <b>CGRF</b>     | Consumer Grievance Redressal Forum        |
| <b>CSGS</b>     | Central Sector Generating Stations        |
| <b>CSS</b>      | Cross Subsidy Surcharge                   |
| <b>CTPS</b>     | Chandrapura Thermal Power Station         |
| <b>DPS</b>      | Delayed Payment Surcharge                 |
| <b>DVC</b>      | Damodar Valley Corporation                |
| <b>DSTPS</b>    | Durgapur Steel Thermal Power Station      |
| <b>DTPS</b>     | Durgapur Thermal Power Station            |
| <b>EA</b>       | Electricity Act, 2003                     |
| <b>ECR</b>      | Energy Charge Rate                        |
| <b>EHT</b>      | Extra High Tension                        |
| <b>ERPC</b>     | Eastern Region Power Committee            |
| <b>FPA</b>      | Fuel Purchase Adjustment                  |
| <b>FSTPS</b>    | Farakka Super Thermal Power Station       |
| <b>FY</b>       | Financial Year                            |
| <b>GFA</b>      | Gross Fixed Assets                        |
| <b>GoI</b>      | Government of India                       |
| <b>GoJ</b>      | Government of Jharkhand                   |
| <b>GOMD</b>     | Grid Operation and Maintenance Division   |
| <b>HP</b>       | Horsepower                                |
| <b>HT</b>       | High Tension                              |
| <b>IAS</b>      | Irrigation and Agriculture Services       |
| <b>IEX</b>      | Indian Energy Exchange                    |
| <b>IoWC</b>     | Interest on Working Capital               |



| <b>Abbreviation</b> | <b>Description</b>  |
|---------------------|---|
| <b>IPP</b>          | Independent Power Producer  |
| <b>JBVNL</b>        | Jharkhand Bijli Vitran Nigam Limited                                  |
| <b>JSEB</b>         | Jharkhand State Electricity Board                                     |
| <b>JSERC</b>        | Jharkhand State Electricity Regulatory Commission                     |
| <b>JUSCO</b>        | Jamshedpur Utilities & Services Company                               |
| <b>KBUNL MTPS</b>   | Kanti Bijlee Utpadan Nigam Limited- Muzaffarpur Thermal Power Station |
| <b>KHTPS</b>        | Kahalgaon Thermal Power Station                                       |
| <b>KTPS</b>         | Koderma Thermal Power Station   |
| <b>kVA(h)</b>       | kilo Volt-Ampere (hour)   |
| <b>kW(h)</b>        | kilo Watt (hour)  |
| <b>LF</b>           | Load Factor   |
| <b>LT</b>           | Low Tension   |
| <b>LTIS</b>         | Low Tension Industrial Services                                       |
| <b>MD</b>           | Maximum Demand  |
| <b>MDI</b>          | Maximum Demand Indicator  |
| <b>MES</b>          | Military and Engineering Services                                     |
| <b>MHS</b>          | Maithon Hydropower Station  |
| <b>MOD</b>          | Merit Order Despatch  |
| <b>MoP</b>          | Ministry of Power   |
| <b>MPL</b>          | Maithon Power Limited   |
| <b>MTPS</b>         | Mejia Thermal Power Station   |
| <b>MU</b>           | Million Units   |
| <b>MVA</b>          | Mega Volt Ampere  |
| <b>MW</b>           | Megawatt  |
| <b>MYT</b>          | Multi Year Tariff   |
| <b>NTI</b>          | Non-Tariff Income   |
| <b>O&amp;M</b>      | Operation & Maintenance   |
| <b>P&amp;G</b>      | Pension & Gratuity  |
| <b>PAF</b>          | Plant Availability Factor   |
| <b>PF</b>           | Power Factor  |
| <b>PGCIL</b>        | Power Grid Corporation of India Limited                               |
| <b>PHS</b>          | Panchet Hydropower Station  |
| <b>POSO</b>         | Power System Operation Corporation Limited                            |
| <b>PPA</b>          | Power Purchase Agreement  |
| <b>PSU</b>          | Public Sector Undertaking   |
| <b>RE</b>           | Renewable Energy  |
| <b>REC</b>          | Renewable Energy Certificates   |
| <b>RPO</b>          | Renewable Purchase Obligation   |
| <b>RTPS</b>         | Raghunathpur Thermal Power Station                                    |
| <b>RTS</b>          | Railway Traction Services   |
| <b>SAIL</b>         | Steel Authority of India Limited                                      |



| <b>Abbreviation</b> | <b>Description</b>   |
|---------------------|--|
| <b>SBI</b>          | State Bank of India  |
| <b>SD</b>           | Security Deposit   |
| <b>SERC</b>         | State Electricity Regulatory Commission                    |
| <b>SS</b>           | Streetlight Services                                       |
| <b>T&amp;D</b>      | Transmission & Distribution                                |
| <b>THS</b>          | Tilaiya Hydropower Station                                 |
| <b>TOD</b>          | Time of Day  |
| <b>TSL</b>          | Tata Steel Limited   |
| <b>TSTPS</b>        | Talcher Super Thermal Power Station                        |
| <b>TVS</b>          | Technical Validation Session                               |
| <b>UDAY</b>         | Ujwal Discom Assurance Yojana                              |
| <b>UI</b>           | Unscheduled Interchange                                    |
| <b>USO</b>          | Universal Supply Obligation                                |
| <b>WB</b>           | West Bengal  |
| <b>WBERC</b>        | West Bengal Electricity Regulatory Commission              |
| <b>WBSEB</b>        | West Bengal State Electricity Board                        |
| <b>WBSEDCL</b>      | West Bengal State Electricity Distribution Company Limited |



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**BEFORE**

**Jharkhand State Electricity Regulatory Commission, Ranchi**

**Case (Tariff) No.: 01 of 2026**

**In the matter of:**

**Petition for**

**True-up for FY 2006-07 to FY 2011-12,**

**In the matter:**

Damodar Valley Corporation (DVC)

DVC Towers, V.I.P. Road, Kolkata- 700 054..... **Petitioner**

**PRESENT**

Shri. Navneet Kumar

Chairperson

Shri. Mahendra Prasad

Member (Legal)

**Order dated May 15, 2026**

Damodar Valley Corporation (hereinafter referred to as 'DVC' or the 'Petitioner') has filed Petition dated December 24, 2025, for approval of True-up for FY 2006-07 to FY 2011-12.



# **CHAPTER 1: INTRODUCTION**



## **1. INTRODUCTION**

### **Jharkhand State Electricity Regulatory Commission**

- 1.1. The Jharkhand State Electricity Regulatory Commission (hereinafter referred to as the JSERC or the Commission) was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational with effect from April 24, 2003.
- 1.2. The Government of Jharkhand vide its notification dated August 22, 2002 had defined the functions of JSERC as per Section 22 of the Electricity Regulatory Commission Act, 1998 to be the following, namely:
  - (a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in Section 29;
  - (b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29;
  - (c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
  - (d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.
- 1.3. After the Electricity Act, 2003 came into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the functions of State Electricity Regulatory Commissions (SERCs) are now defined under Section 86 of the Act.
- 1.4. In accordance with Section 86 (1) of the Act, the JSERC discharges the following functions:
  - (a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:



provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

- (b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c) facilitate intra-state transmission and wheeling of electricity;
- (d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- (f) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
- (g) levy fee for the purposes of this Act;
- (h) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
- (i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (j) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
- (k) discharge such other functions as may be assigned to it under this Act.

1.5. The Commission has also to advise the State Government as per sub section 2 of Section 86 of the Act, on all or any of the following matters, namely:

- (a) promotion of competition, efficiency and economy in activities of the electricity industry;
- (b) promotion of investment in electricity industry;
- (c) reorganisation and restructuring of electricity industry in the State;
- (d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.



- 1.6. The State Commission ensures transparency while exercising its powers and discharging its functions.
- 1.7. In discharge of its functions, the State Commission is also guided by the National Tariff Policy as brought out by GoI in compliance to Section 3 of the Act. The objectives of the National Tariff Policy are to:
- (a) ensure availability of electricity to consumers at reasonable and competitive rates;
  - (b) ensure financial viability of the sector and attract investments;
  - (c) promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
  - (d) promote competition, efficiency in operations and improvement in quality of supply.

### **Damodar Valley Corporation (DVC)**

- 1.8. Damodar Valley Corporation (hereinafter referred to as DVC or the Petitioner), is a statutory body incorporated under the Damodar Valley Corporation Act, 1948, having multifarious functions. Regarding the electricity, DVC undertakes generation of electricity and is therefore a generating company within the meaning of Section 2 (28) of the Electricity Act, 2003. DVC also undertakes transmission of electricity in the Damodar valley area which falls within the territorial limits of the two states namely, West Bengal and Jharkhand. It, therefore, undertakes inter-state transmission of electricity and operates inter-state transmission system within the meaning of Section 2 (36) of the Electricity Act, 2003. DVC also undertakes the sale of electricity to West Bengal State Electricity Distribution Company Limited (WBSEDCL) and Jharkhand Bijli Vitran Nigam Limited (JBVNL) in its capacity generally as a generating company. This is bulk sale of electricity by a generating company to a distribution licensee within the meaning of Section 62 (1) (a) of the Electricity Act, 2003. In addition to the above, DVC undertakes the retail sale and supply of electricity to the consumers in the Damodar Valley area under the provisions of Section 62 (d) read with Section 86 (1) of the Electricity Act, 2003.
- 1.9. DVC, being a statutory body constituted under the DVC Act, 1948, is a Public Sector Undertaking (PSU). As envisaged under Section 79 (1) (a) of the Electricity Act, 2003, the tariff for generation of electricity is to be decided by the Central Electricity Regulatory Commission (CERC). Similarly, with regards to the inter-state transmission, DVC again is



regulated by CERC and tariff for composite (inter-state) generation & transmission is to be determined by the CERC in terms of Section 79 (1) (c) and (d) of the Electricity Act, 2003.

1.10. With regards to the retail sale and supply of electricity, DVC covers the entire Damodar Valley area which falls in two contiguous States, namely, the State of West Bengal and the State of Jharkhand. Thus, tariff for retail sale and supply of electricity in the Damodar Valley area is governed by the provisions of Section 62 (d) read with Section 86 (1) of the Electricity Act, 2003 and has to be determined by the respective Electricity Regulatory Commissions in the states of West Bengal and Jharkhand. The Petitioner is a Distribution Licensee under the provisions of the Electricity Act, 2003 (EA, 2003) having licence to supply electricity in the State of Jharkhand.

### **The Petitioner's Prayers**

1.11. The Petitioner in this Petition has made the following prayers

- a) Admit the present petition, determine the Trued-up of Aggregate Revenue Requirement (ARR) for FY 2006-07 to FY 2011-12 based on the submissions herein made by DVC.
- b) Settle other commercial terms and conditions as proposed in the instant petition.
- c) Pass such other order(s) as the Hon'ble Commission may deem fit and proper keeping in view the facts and circumstances of the case.



# **CHAPTER 2: PROCEDURAL HISTORY**



## **2. PROCEDURAL HISTORY**

### **Background**

- 2.1 The Commission issued Order on True-up for FY 2016-17, Annual Performance Review for FY 2017-18 & FY 2018-19 and determination of ARR & Tariff for FY 2019-20 dated May 28, 2019.
- 2.2. The Commission has also issued Order on True-up for FY 2017-18 vide its Order dated September 29, 2020.
- 2.3. The Commission has approved the True up for FY 2018-19, Annual Performance Review for FY 2019-20 and ARR & Tariff for FY 2020-21 on September 30, 2020, while disposing the Petition No. 01 of 2020 & 02 of 2020.
- 2.4. The Commission has approved the True-up for FY 2019-20 and Annual Performance Review for FY 2020-21 vide Order dated January 30, 2023.
- 2.5. Further, the Commission vide Order dated January 30, 2023, has approved the Petition for MYT for the Control Period from FY 2021-22 to FY 2025-26 and Tariff determination for FY 2021-22.
- 2.6. The Commission has passed the Order on True-up for FY 2020-21, APR for FY 2021-22 and ARR & Tariff for FY 2022-23 vide Order dated January 22, 2024.
- 2.7. The Commission had passed the True-up for FY 2021-22, Annual Performance Review for FY 2022-23, and Aggregate Revenue Requirement & Tariff for FY 2023-24 vide Order dated January 22, 2024, before the Commission.
- 2.8. The Commission had passed the True-up for FY 2022-23, Annual Performance Review for FY 2023-24, and Aggregate Revenue Requirement & Tariff for FY 2024-25, and Business Plan for 11 kV vide Order dated September 30, 2024.
- 2.9. The Commission had passed the True-up for FY 2023-24, Annual Performance Review for FY 2024-25, and Aggregate Revenue Requirement & Tariff for FY 2025-26 vide Order dated May 27. 2025.



2.10. The Commission issued an Order on True-up from FY 2006-07 to FY 2013-14 and Annual Performance Review for FY 2014-15 on April 19, 2017. The Petitioner has submitted a separate petition for determination of ARR and category wise tariff schedule for the period from FY 2006-07 to FY 2011-12 and adjustment of Revenue Gap/(Surplus) till FY 2014-15 for distribution activity of DVC in the State of Jharkhand. The Commission, vide its Order dated 10th December 2024, had determined the Aggregate Revenue Requirement (ARR) and category-wise tariff for the period FY 2006-07 to FY 2011-12. The said Order was issued in pursuance of and in compliance with the final outcome of Appeal No. 332 of 2024 passed by the Hon’ble Appellate Tribunal for Electricity (APTEL), wherein the following directions were, inter alia, issued:

“.....

45. Based on the above deliberations, the impugned order is stayed to the extent that it considers entire balance NTI, other than DPS, as NTI for distribution business and JSERC is directed, as observed in the impugned order, to calculate category wise tariff for the period under consideration, taking into account only delayed payment Surcharge (DPS) as non-tariff Income for Distribution Business, after apportioning it to Jharkhand area of sales vs total sales of DVC. Needless to state that the above directions are subject to the result of main appeal.

46. With the above directions, the IA is disposed of. After pleadings are complete, Registry to verify the same and then include the appeal in the ‘List of finals’ to be taken up from there, in its turn  
.....”

2.11. The Commission had passed the True-up for FY 2024-25, Annual Performance Review for FY 2025-26, and Aggregate Revenue Requirement for MYT period form FY 2026-27 to FY 2030-31 and determination of Tariff for FY 2026-27 vide Order dated March 30. 2026.

2.12. The Petitioner in the instant Petition, filed on December 24, 2025, has sought approval of Trued-up of ARR for FY 2006-07 to 2011-12.

**DVC Case History**

2.13. Central Electricity Regulatory Commission (CERC) by Order dated October 3, 2006, decided the tariff for DVC for its functions of inter-state generation and transmission of electricity and directed that the tariff so determined should be made effective for the period April 1, 2006, to March 31, 2009.



- 2.14. DVC, aggrieved by the order dated October 3, 2006, passed by CERC, had filed an appeal against the said Order before the Hon'ble APTEL. Hon'ble APTEL, before passing its final Judgment in the appeal filed by DVC against the aforementioned Order by CERC, issued several interim orders dated December 6, 2006, January 15, 2007, and February 26, 2007, restraining the State Commissions of West Bengal and Jharkhand from passing orders for determination of distribution and retail tariffs for DVC till its final judgment. Hon'ble APTEL, by Judgment dated November 23, 2007, allowed the appeal filed by DVC and directed CERC to determine the revenue requirements and inter-state generation and transmission tariff for DVC for the period FY 2006-07 to FY 2008-09, *de-novo*, in the terms laid down in its Order. Subsequently, the CERC in accordance with the directions of the Hon'ble APTEL revised the ARR and tariff for inter-state generation and transmission of electricity for the period FY 2006-07 to FY 2008-09 by its Order dated August 6, 2009.
- 2.15. Aggrieved by the Order passed by the CERC on August 6, 2009, DVC again filed an appeal against the said Order before Hon'ble APTEL. Hon'ble APTEL vide Interim Order dated September 16, 2009, allowed WBERC and JSERC to fix the retail supply tariff for FY 2010-11 after considering the generation tariff as fixed by CERC in its Order dated August 6, 2009, as the input cost but not issue any final orders in this regard. Consequently, DVC filed the Petition for determination of ARR and retail tariffs for the period FY 2006-07 to FY 2010-11 to the Commission on October 31, 2009. Since the matter was sub-judice before the Hon'ble APTEL and there was a direction for not passing any final retail tariff Order, the Commission kept the Petition pending awaiting final order of the Hon'ble APTEL.
- 2.16. The Hon'ble APTEL, vide its Order dated May 10, 2010, directed DVC to implement the generation tariff as determined by the CERC in its Order dated August 6, 2009, and to give effect to any refund to its consumers arising out of implementation of the said Order. The relevant extract of the said Order is reproduced below:

*“107. Since we do not find any substance in the grounds raised in the Appeal, we deem it fit to dismiss the Appeal as devoid of merits. Consequently, we **direct the Appellant (DVC) to implement the Tariff as determined by the Central Commission vide its Order dated, 6th August 2009.** DVC is also directed to revise the electricity bills raised by it for electricity consumption during April, 2006 onwards of its licensees and HT consumers and **refund the excess amount billed and collected along with the interest at the rate of 6 per cent per annum in line with Section 62 (6) of The Electricity Act, 2003...**” (Emphasis added)*



2.17. Aggrieved by the said Order of the Hon'ble APTEL, DVC filed an appeal before the Hon'ble Supreme Court of India, bearing No. C.A. No. 4881/ 2010. The Hon'ble Supreme Court in its Order dated July 9, 2010, stayed refund. The relevant part of the said Order is reproduced below:

*“In the meantime, parties will submit before us the various disputed items to be taken into account in Tariff Fixation as well as the relevant documents on which Damodar Valley Corporation would be relying upon at the final hearing... **Until further orders, there shall be stay on refund.**” (Emphasis added)*

2.18. From the said Order, it is clear that the entire Order of the Hon'ble APTEL has not been stayed by the Hon'ble Supreme Court, and the stay is related to only refund.

2.19. The Commission, in line with the Judgment dated May 10, 2010, of the Hon'ble APTEL in its aforementioned Order, initiated the process of review of the Tariff Petitions submitted by the Petitioner and issued the provisional Order on ARR for FY 2006-07 to FY 2012-13 on November 22, 2012.

2.20. The Petitioner subsequently submitted the final True-up Petition for FY 2006-07 to FY 2012-13 along with the MYT Petition for the Control Period from FY 2013-14 to FY 2015-16 on February 28, 2014. The Commission while issuing the MYT Order for the Control Period FY 2013-14 to FY 2015-16 on September 04, 2014, did not undertake the final True-up for FY 2006-07 to FY 2012-13 as the matter was sub-judice. The Commission, in the said Order, observed as follows:

*“5.7 In the Tariff Order dated 22nd November 2012, the Commission had approved a cumulative revenue surplus of Rs.424.38 Cr for the period FY 2006-07 to FY 2008-09. However, as the true up for the above-mentioned years was provisional subject to the final decision of the Hon'ble Supreme Court in its appeal C.A. No. 4881/2010, the Commission had not allowed any pass through of this surplus along with the revenue gap approved for FY 2010-11 and FY 2011-12 to be adjusted once the final decision is made in this regard.*

*5.8 In view of above, the Commission is of the opinion that as the True up for period FY 2006-07 to FY 2008-09 is still subject to final judgement of the Hon'ble Supreme Court with respect to the appeal No. C.A. No. 4881/2010 filed by DVC against the Order of ATE dated 10th May 2010; the Commission has not made any adjustment in revenue surplus approved for this period. This would be a pass through once the final*



*judgement is issued in this matter.*

*5.9 With respect to True up for FY 2009-10 to FY 2012-13 in accordance with the Final Tariff orders issued by CERC, the Commission is of the view that detailed analysis should be carried out to assess the impact of the orders. In this regard, several consumers have represented in front of the Commission for approval of compensation as per the CERC regulations due to them for refund of excess capacity charges recovered by DVC. M/s Bihar Foundry & Castings Ltd being a HT consumer within the command area of DVC has preferred an appeal before the Hon'ble Supreme Court vide appeal No. SLP (Civil) No 10945 of 2012 for refund of excess of capacity charges realised by DVC.*

....

*5.14 In view of above, the Commission is of the opinion that final true up for the period FY 2009-10 to FY 2012-13 shall be undertaken on finalisation of compensation as per the CGRF and final judgement of Supreme Court in appeal no. SLP (Civil) No 10945 of 2012 for refund of excess of capacity charges realised by DVC.*

*5.15 Accordingly, the Commission has not considered any true up for previous years revenue gap/surplus in this order.”*

2.21. One of the HT consumers of DVC, Anjaney Ferro Alloys, filed an Appeal before the Hon'ble APTEL, against the Commission's Order dated September 04, 2014, submitting that the Commission ought to have undertaken final True-up of the of ARR for FY 2006-07 to FY 2012-13. The Hon'ble APTEL, agreeing with the view of the Commission that the matter of True-up was sub-judice, upheld the Order of the Commission. Anjaney Ferro Alloys preferred an appeal before the Hon'ble Supreme Court of India (CA No. 7383/2016) against the Order dated March 23, 2016, passed by the Hon'ble APTEL.

2.22. The Hon'ble Supreme Court of India, vide its judgment dated October 26, 2016, directed the Commission to take-up the issue of True-up of previous years and make the decision subject to the result of Civil Appeal No. 4881 of 2010. It reads as:

*“.. Therefore, this appeal is disposed of with a direction to Respondent No.1-Jharkhand State Electricity Regulatory Commission to take up the true-up issue and pass the required Orders within a period of six months from today.*

*However, the Commission is free to make the decision subject to the result of*



*Civil Appeal No. 4881 of 2010 in case the said civil appeal is not disposed of before the said period.”*

2.23. In accordance with the above, the Commission issued an Order on True-up from FY 2006-07 to FY 2013-14 and Annual Performance Review for FY 2014-15 on April 19, 2017, and the Order on True-up for FY 2015-16 and ARR for FY 2016-17 to FY 2020-21 on May 18, 2018.

2.24. The Commission in its MYT Order dated May 18, 2018, has not considered the surplus till FY 2014-15 to be passed on to the consumers considering the following Judgment in Order dated 19.01.2018 in Case No 07 of 2017:

*“In view of the said admitted position and the facts and circumstances appearing on record, we are of the view that during the pendency of Appeal No. 198 of 2017 filed by the petitioner in this case and Appeal No. 163 of 2017 filed by the respondent, DVC, before the Hon’ble Appellate Tribunal for Electricity, the order dated 19.4.2017 passed in Case (T) No. 02 of 2016 cannot be said to have attained its finality and it would not be proper to pass any order in the instant case for refund of excess charges claimed by the petitioners at this stage.”*

2.25. The Hon’ble Supreme Court in its Judgment in Civil Appeal No. 4881 of 2010, dated December 3, 2018, dismissed the appeal as:

*“... The upshot of the above discussion is that the appellant has not made out a case for interference. **The appeal fails and is dismissed.** The parties will bear their respective costs.” (Emphasis Added)*

2.26. The Commission in its Order dated May 28, 2019, also directed the Petitioner as below:

*“... 8.10 In addition, since the Appeal I.A. no. 1188 of 2018 & DFR No. 2430 of 2018, filed on the Order of the Commission dated May 18, 2018, is sub-judice, the Commission has not proposed any recovery for the past gaps.*

*8.11 The Commission however notes that the said surplus shall increase as*



*carrying cost is to be allowed on the amount not adjusted/refunded. It would be very difficult to refund/adjust the previous years' surplus if it is not gradually reduced.*

*8.12 The Commission, therefore, directs the Petitioner to propose a roadmap for adjustment of the abovementioned surplus clearly stating the period of treatment and the manner in which it proposes to do within two months of issue of this Order.”*

2.27. The Petitioner has submitted a separate petition for determination of ARR and category wise tariff schedule for the period from FY 2006-07 to FY 2011-12 and adjustment of Revenue Gap/(Surplus) till FY 2014-15 for distribution activity of DVC in the State of Jharkhand. The above said petition has been disposed off vide Order dated October 31, 2023.

2.28. Aggrieved by the Order dated October 31st, 2023, DVC had filed Appeal No. 845 of 2023 before the Appellate Tribunal for Electricity ('the APTEL') challenging the limited issue of computation of NTI as approved by the Commission in the Impugned Order.

2.29. Thereafter, the Hon'ble APTEL vide its Order dated February 05th, 2024 disposed of Appeal No. 845 of 2023 & IA No. 2377 of 2023, remanding the matter back to the Commission for re-determination of the NTI, and then pass an order afresh in accordance with the law.

2.30. The Commission vide dated July 23rd, 2024 had passed a fresh Order in accordance with law as per direction of Hon'ble APTEL. The brief summary of aforesaid order is highlighted as hereunder.

“.....  
.....

*a) In reply to data discrepancies the petitioner has failed to provide any such segregation of accounts in its submission dated 23.02.2024, 15.04.2024 and 05.07.2024, despite of the several directions by this Commission and the Hon'ble APTEL in this regards*

*b) Furthermore, the Commission holds the opinion that Non-Tariff Income (NTI), as per the Electricity Act, 2003, and the JSERC Tariff Regulation, includes both income generated from the licensed business (i.e., the retail supply activity of petitioner's*



*distribution business) aside from tariff income, as well as income generated from its other businesses.*

*c) Therefore, the Commission is of the view that the entire ‘Other Income’ based on the audited accounts, in absence of any segregation for the reasons set out herein before is liable to be deducted from the ARR of the distribution/retail supply tariff of petitioner.”*

2.31. The Commission in light of the Order of Hon’ble APTEL, passed the remand Order dated 23.07.2024. The petitioner aggrieved by the remand Order dated July 23rd, 2024 in the matter of determination of ARR and category-wise tariff for the period FY 2006-07 to FY 2011-12 challenged it in Appeal No. 332 of 2024 & IA No. 1282 of 2024 before the Hon’ble APTEL. The ground raised by petitioner was limited to the incorrect treatment of non-tariff income i.e., without segregating of such income in generation, transmission, and distribution activity, and without ascertaining whether it was confined solely to its distribution activities, as the entire income considered towards its distribution business.

2.32. The Hon’ble APTEL vide its Order dated October 15th, 2024 in IA No. 1282 of 2024, has passed following order:

.....

*“45. Based on the above deliberations, the impugned order is stayed to the extent that it considers entire balance NTI, other than DPS, as NTI for distribution business and JSERC is directed, as observed in the impugned order, to calculate category wise tariff for the period under consideration, taking into account only delayed payment Surcharge (DPS) as non-tariff Income for Distribution Business, after apportioning it to Jharkhand area of sales vs total sales of DVC. Needless to state that the above directions are subject to the result of main appeal.*

*46. With the above directions, the IA is disposed of. After pleadings are complete, Registry to verify the same and then include the appeal in the ‘List of finals’ to be taken up from there, in its turn”*

2.33. Based on the direction of Hon’ble APTEL this Commission has re-computed the ARR and category-wise tariff for the period FY 2006-07 to FY 2011-12 vide order dated December 10th, 2024

### **Information Gaps in the Petition**

2.34. As part of tariff determination exercise, several deficiencies/information gaps were observed in the Petition submitted by the Petitioner which was communicated to the Petitioner vide letter no. JSERC/Case (Tariff) no.: 1 of 2026/708 dated February 13, 2026.



- 2.35. In response to the aforesaid letter the Petitioner has furnished additional data/information letter no. Coml./Tariff/JSERC/(16)1548 dated March 05, 2026.
- 2.36. As part of tariff determination exercise, several deficiencies/information gaps were observed in the Petition submitted by the Petitioner which was communicated to the Petitioner vide letter no. JSERC/Case (Tariff) no.: 1 of 2026/740 dated March 12, 2026.
- 2.37. In response to the aforesaid letter the Petitioner has furnished additional data/information letter no. ED/Coml./Tariff/JSERC/1632 dated March 30, 2026.
- 2.38. As part of tariff determination exercise, several deficiencies/information gaps were observed in the Petition submitted by the Petitioner which was communicated to the Petitioner vide letter no. JSERC/Case (Tariff) no.: 1 of 2026/22 dated April 07, 2026.
- 2.39. In response to the aforesaid letter the Petitioner has furnished additional data/information letter no. ED/Coml./Tariff/JSERC/1668 dated April 13, 2026.
- 2.40. The Commission has scrutinized the additional data/information submitted by the Petitioner in response to the discrepancies pointed out and has considered the same while passing this Order.
- 2.41. In order to provide adequate opportunity to all stakeholders and general public as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of Regulation(s) framed by the Commission and further in order to ensure transparency in the process of tariff determination, the Commission decided to conduct public hearings on April 25, 2025 at Hazaribagh at Auditorium of Soil Conservation office for inviting comments / suggestion / objection.

### **Inviting Public Comments/Suggestions**

- 2.42. After the initial scrutiny of Petition filed by the Petitioner, the Commission directed the Petitioner to issue a public notice inviting comments/ suggestions on the Petition from public and to make available copies of the Petitions to the members of general public on request.



2.43. The public notice was subsequently issued by the Petitioner in various newspapers and a period of twenty-one (21) days was given to the members of the general public for submitting their comments/suggestions.

**Table 1: List of newspapers and dates of publication of public notice by the Petitioner**

| List of Hindi News Paper | List of English News Paper | Date of Publication |
|--------------------------|----------------------------|---------------------|
| Prabhat Khabar           | The Times of India         | 31.01.2026          |
| Dainik Bhasker           | The Hindustan Times        |                     |
| Sunmarg                  | Times of India             | 01.02.2026          |
| Dainik Jagran            | The Hindustan Times        |                     |

2.44. The Commission has also organized a public hearing April 25, 2026, where an additional opportunity was provided to all the Stakeholders to submit their comments/suggestions on the above said Petition. The details of newspapers wherein the notice was published by the Commission are as under:

**Table 2: List of newspapers and dates of publication of public notice by the Commission**

| List of Hindi News Paper | List of English News Paper | Date of Publication |
|--------------------------|----------------------------|---------------------|
| Prabhat Khabar           | The Times of India         | 14.04.2026          |
| Dainik Bhasker           | The Hindustan Times        |                     |
| Hindustan                | Times of India             | 28.04.2026          |
| Dainik Bhasker           | The Pioneer                |                     |

### **Submission of Comments/Suggestions and Conduct of Public Hearing**

2.45. Written objections/ comments/ suggestions on the Petitions were received from various stakeholders. In addition to the written suggestions, various stakeholders also gave their comments/suggestions on the Petitions filed during the Hearings. The objections/ comments/ suggestions of the Public, Petitioner's responses and Commission's views thereon are detailed in **Section A 4** of this Order.



# **CHAPTER 3: BRIEF FACTS OF THE PETITION**



### 3. BRIEF FACTS OF THE PETITION

#### True Up for FY 2006-07 to FY 2011-12

- 3.1 DVC has filed the present Petition with respect to the retail supply of power in the Damodar Valley Area falling within the State of Jharkhand and includes following:
- True-up of Annual Revenue Requirement (ARR) for FY 2006-07 to FY 2011-12 based upon the actual information submitted by the Petitioner for the aforementioned years;
- 3.2 The Summary of True-up of Aggregate revenue requirement for the period from FY 2006-07 to FY 2011-12 is summarized as below in tabulated form:

**Table 3: ARR submitted by Petitioner for FY 2006-07 to FY 2011-12 (Rs. Cr)**

| Sl. No. | Particulars   | 2006-07  | 2007-08  | 2008-09  | 2009-10                                | 2010-11  | 2011-12  |
|---------|---|----------|----------|----------|--|----------|----------|
| 1       | Own Generation Cost   | 2,523.16 | 2,466.62 | 2,601.92 | 3,837.72                               | 4,206.96 | 5,358.69 |
| 2       | Power purchase cost   | 35.42    | 84.92    | 82.10    | 753.11                                 | 600.05   | 555.00   |
| 3       | T&D Cost  | 164.32   | 173.19   | 173.73   | <i>Included in own Generation Cost</i> |          |          |
| 4       | Pension as allowed by CERC  | 628.19   | 628.19   | 628.19   |  |          |          |
| 5       | Sinking fund contribution as allowed by CERC                                    | 40.43    | 30.72    | 27.55    |  |          |          |
| 6       | Pension for distribution activity   | 1.23     | 1.23     | 1.23     | 0.49                                   | 0.49     | 0.49     |
| 7       | Additional O&M expenses for pay revision  | 55.00    | 55.00    | 100.00   | -                                      | -        | -        |
| 8       | Others Costs (incl. Of Tariff filing & Pub. Exp.)                               | 0.25     | 0.25     | 0.33     | 1.12                                   | 1.17     | 1.38     |
| 9       | Income Tax  | 227.37   | 129.55   | 84.26    | -                                      | -        | -        |
| 10      | Water and Pollution Cess  | 2.76     | 2.27     | 1.84     | 2.79                                   | 2.75     | 2.06     |
| 11      | Interest on Temp. Financial accommodation                                       | 5.12     | 8.18     | 16.24    | 1.27                                   | 5.11     | 19.10    |
| 12      | Legal Expenses  | 0.02     | 0.21     | 0.17     | 0.84                                   | 0.87     | 1.26     |
| 13      | Total Cost (=Sum of 1 to 12)  | 3,683.26 | 3,580.33 | 3,717.55 | 4,597.32                               | 4,817.39 | 5,937.99 |
| 14      | Less: Non-Tariff income   | 7.65     | 12.22    | 24.26    | 1.89                                   | 7.63     | 28.54    |
| 15      | Net Cost (=13-14)   | 3,675.61 | 3,568.11 | 3,693.29 | 4,595.43                               | 4,809.76 | 5,909.45 |
| 16      | Ratio of sales in Jharkhand area to total DVC area*                             | 62.77%   | 59.71%   | 60.00%   | 58.35%                                 | 59.47%   | 58.86%   |
| 17      | Allocation of cost to Jharkhand area in ratio of energy sales in Jharkhand area | 2,307.05 | 2,130.62 | 2,216.03 | 2,681.25                               | 2,860.21 | 3,478.54 |
| 18      | Add: Tariff filing & Publication Expense JSERC*                                 | 0.24     | 0.23     | 0.27     | 0.63                                   | 0.66     | 0.34     |



*DVC Order on True-up for FY 2006-07 to FY 2011-12*

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|    |   |          |          |          |          |          |          |
|----|---|----------|----------|----------|----------|----------|----------|
| 19 | Add: Interest on working capital                | 2.37     | 2.61     | 2.72     | 3.29     | 53.58    | 73.45    |
| 20 | Add: Interest on security deposit               | -        | -        | -        | -        | -        | 1.02     |
| 21 | Total ARR for Jharkhand area (=sum of 17 to 20) | 2,309.65 | 2,133.46 | 2,219.01 | 2,685.17 | 2,914.45 | 3,553.35 |



# **CHAPTER 4: PUBLIC CONSULTATION PROCESS**



#### **4. PUBLIC CONSULTATION PROCESS**

4.1 The Petition filed by the Petitioner evoked responses from several Stakeholders. Public hearings were held on April 25, 2026, at Hazaribagh to ensure maximum Public participation and transparency wherein Stakeholders can air their comments and suggestions before the Commission in the presence of the Petitioner. The list of the attendees is attached as Annexure-I to this Order.

4.2 The Comments/Suggestion of the members of the Public along with the response thereon of the Petitioner and the views of the Commission are detailed hereunder: The Jharkhand State Electricity Regulatory Commission (hereinafter referred to as the JSERC or the Commission) was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational with effect from April 24, 2003.

4.3 The Commission wishes to inform that the annexures referred to in this Chapter on the Public Consultation Process were submitted by the Petitioner as part of its replies to the objections/comments received during the public hearing. The Commission further clarifies that the annexures so referred to in the Petitioner's replies have not been annexed or reproduced as part of the present Order, as they form part of the Petitioner's response submissions already available on record. However, the Commission has duly considered the contents of the said annexures while examining the objections raised and finalising the issues dealt with in this Order.

#### **OBJECTOR: - ASSOCIATION OF DVC HT CONSUMER**

##### **Transmission and Distribution Cost**

4.4 The Objector submitted that the Petitioner has claimed the T&D cost from the command area consumers in entirety without submitting the details in respect of beneficiaries of its T&D system. Evidently, the sale portfolio of DVC can be divided into the following categories:

- Sale to firm consumers in the States of Jharkhand and West Bengal
- Export to PPA beneficiaries under schedule mode



- Sale of power to JBVNL, SAIL-BSL, JUSCO, TATA Steel, Indian Railways etc. at some points in consumer mode through its own transmission and distribution (T&D) network.

4.5 The recoverable Fixed Charges for T&D system of DVC is based on the CERC Orders and Transmission Availability based on which the recoverable Charges towards T&D system is to be computed. However, it is respectfully submitted that T&D network of DVC is being utilised for (i) export of power to PPA beneficiaries under schedule mode outside and (ii) sale to JBVNL, SAIL-BSL, JUSCO, TATA Steel, Indian Railways etc. in consumer mode hence, the T&D systems costs ought to be shared with such entities as well.

4.6 It is worthwhile to mention that DVC's own generating stations have been supplying power to outside command area consumers utilizing its own composite T&D system under various bilateral arrangements which indicates that burden of such utilization should not fall upon the command area consumers. The said principle has been duly acknowledged by the Ld. APTEL in judgement dt. 275 of 2015 and batch.

4.7 In this regard, for the purposes of bilateral exchange, DVC through submissions made before the Commission has maintained that 400 KV lines (non-ISTS line carrying ISTS power) (hereinafter referred to as "*400 KV ISTS lines*") have been utilized for the purposes of bilateral exchange from CTU connected Gencos namely DSTPS, KTPS, etc. The Objector humbly submitted that such 400 KV ISTS lines (4 assets) lines got commissioned in 1.2.2011, 1.7.2012, 1.8.2013 and 30.8.2017. The following facts are pertinent to be mentioned in regards to the 400 KV ISTS lines:

- The Objector submits that, insofar as tariff recovery is concerned, the 400 kV ISTS lines were bundled with DVC's composite (non-ISTS) T&D system up to 31.03.2017, as elaborated herein below.
- Consequently, DVC continued to recover tariff attributable to such 400 kV ISTS lines from the command area consumers prior to 31.03.2017.
- In effect, prior to 01.04.2017, the entire T&D charges pertaining to DVC's transmission system--comprising both the 400 kV ISTS lines and the composite T&D network--were being recovered solely from the command area consumers.
- It is only pursuant to the Ld. Central Electricity Regulatory Commission Order dated 05.02.2020 in Petition No. 334ITT/2018 that the Objector became aware that DVC had



been recovering the entirety of such T&D charges exclusively from command area consumers.

- In view of the above, the Objector submits that DVC has effectively over-recovered T&D charges during the period 01.04.2006 to 31.03.2017. Such over-recovery persisted, inter alia, due to limited and inadequate disclosures/submissions made by DVC before the Commission and the Ld. Central Electricity Regulatory Commission, which resulted in the continued recovery of these charges solely from command area consumers.

4.8 In this regard, the Objector respectfully submits that, as clarified for the first time in the Ld. Central Electricity Regulatory Commission Tariff Order dated 05.02.2020 in Petition No. 334ITT/2018 (read with Order dated 28.02.2022 in Petition No. 466ITT/2020), the 400 kV ISTS elements (Asset-I, Asset-II and Asset-ID) formed part of the capital base of the existing transmission system only up to 31.03.2017. Subsequently, with effect from 01.04.2017, these assets were excluded from the capital base, pursuant to the decision of the Eastern Regional Power Committee (ERPC) declaring these lines as non-ISTS lines, despite their continued usage for carrying ISTS power. The relevant extract from the CERC Tariff Order dated 28.02.2022 is reproduced below:

*"3.g) However, the Petitioner, in Petition No. 150/IT/2018, later sought removal of Asset-I, Asset-II and Asset-III from the capital base of the existing T&D System from 1.4.2017 as ERPC has declared these lines as non-ISTS lines carrying ISTS power. Accordingly, these lines were removed from the existing asset base of T&D System w.e.f. 2017-18. However, these assets were part of the capital base of the existing T&D System of the Petitioner up to 31.3.2017. Asset-IV, which was put into commercial operation on 30.8.2017, was not part of the capital cost of the existing T&D System."*

4.9 It is therefore evident that, up to FY 2017-18, the Petitioner has recovered T&D costs from command area consumers by including assets which were not exclusively utilized for their benefit, including assets used for ISTS power transmission. Such recovery is incorrect and liable to be rejected, as it results in loading of costs unrelated to the consumption of command area consumers.

4.10 In a similar matter, the Hon'ble APTEL, under Issue No. 3 of its Judgment dated 15.09.2025 in Appeal No. 275 of 2015 & IA No. 724 of 2025 (DVPCA & Shree Ambey Ispat Pvt. Ltd vs



WBERC & DVC), has categorically held that loading 100% of the CERC-approved T&D cost exclusively on command area consumers violates Section 61 of the Electricity Act, 2003, as it ignores utilization of DVC's network for bilateral supply, export of power, and open access wheeling. The Hon'ble Tribunal observed that DVC's network was used for supply to beneficiaries outside the command area and for open access users, and that such usage must be reflected in cost allocation.

4.11 The Hon'ble APTEL further held that where DVC had agreed under bilateral PPAs to bear transmission charges up to the delivery point, it could not subsequently saddle command area consumers with such charges. Failure to conduct a prudence check resulted in unjust loading of transmission costs far beyond the consumers' proportionate utilization. The Tribunal also directed that allocation must be undertaken in two stages - first between command and non-command area users based on actual utilization, and thereafter between West Bengal and Jharkhand consumers based on sales-while excluding costs attributable to export through 400 kV lines and open access wheeling. The extract of the APTEL Judgment is given below:

*"166. It is recorded before us that the 400kV network, since its inception, was meant for the export of power to the northern and western regions. The formal recognition of 400 kV lines as ISTS lines by the ERPC on 24.8.2017 did not entitle DVC to recover the transmission charges in respect of 400 kV lines from the firm consumers, when such lines were not utilised for the supply of power to them. Indisputably, the command area consumers of DVC had nothing to do with the recognition of such lines as ISTS lines.*

*167. We, therefore, find it just and reasonable to set aside WBERC's erroneous approach of treating the entire T&D cost as attributable to firm consumers wit/tout taking into consideration each generating station's a/location of power supply to firm consumers, the quantum of wheeled power through open access, and lite supply of power to bilateral beneficiaries.*

...

*179. In view of the above, we hold that the entire T&D cost approved by CERC ought not to have been loaded exclusively onto command area consumers in West Bengal without proper apportionment for power supplied or wheeled to external beneficiaries, including discoms outside the command area and third-party wheeling users. Failure to allocate*



*T&D cost proportionately violates the principle of reasonable cost recovery and equity and leads to unjust enrichment of DVC at the expense of consumers.*

*180. The allocation should have been performed in two stages:*

- a) firstly between command and non-command area users based on actual utilization of DVC's T&D network, and*
- b) secondly within the command area between West Bengal and Jharkhand consumers based on sales. The record indicates that such allocation was not undertaken and must be enforced in future tariff processes.*

*181. The costs attributable to the usage of identified 400 kV ISTS lines dedicated to external beneficiaries should not have been recovered from command area consumers before their segregation as ISTS lines by CERC effective 01.04.2017. The Commission and DVC are directed to take corrective action to ensure cost reflectivity on this account.*

*...*

*184. Accordingly, we hold that both the State Commission and DVC have erred in loading the entire T&D cost exclusively on command area consumers without due allocation and in recovering costs for units utilized in DVC's own premises through consumer tariffs. The matter deserves to be rectified in ongoing and future tariff proceedings with strict adherence to regulatory principles and equitable cost allocation, Hence, based on the above discussion, the Objector submits that the T&D Cost should be approved only for energy supplied to the command area, excluding costs related to 400 kV lines, ISTS usage, export of power, and other non-command area usage. The Objector has recalculated the T&D charges by comparing the command area energy with the total network usage (including West Bengal and external supply) and applying this proportion to the total transmission charges claimed by the Petitioner. Accordingly, only 10% of the total transmission charges has been considered as applicable to the command area, and the remaining portion has been excluded. The difference between the claimed and recalculated amount represents the disallowance in T&D cost to uphold the interests of consumers and the integrity of the tariff regime."*



- 4.12 The Objector respectfully submits that, although the aforesaid issue has been raised in earlier proceedings before this Hon'ble Commission in matters pertaining to DVC, the position now stands conclusively settled by the Judgment dated 15.09.2025 passed by the Hon'ble Appellate Tribunal for Electricity in Appeal No. 275 of 2015 and batch. The said judgment unequivocally affirms the principles underlying the Objector's submissions and casts a clear obligation upon this Hon'ble Commission to ensure equitable and appropriate allocation of T&D charges claimed by DVC.
- 4.13 In light of the aforesaid authoritative pronouncement, the Objector further submits in addition to the True up for FY 2006-12, the True-up for the intervening years, i.e., FY 2012- 13 to FY 2024-25 also warrants reconsideration in accordance with the principles now settled. This assumes greater significance since the utilization of DVC's T&D network appears to be manipulated by the Petitioner all these years; and the issue pertains to the methodology of cost allocation, which has attained clarity at this stage. It is further pertinent to note that the Hon'ble State Commissions, including the Jharkhand State Electricity Regulatory Commission and the West Bengal Electricity Regulatory Commission, have, in their recent True-up Orders for FY 2023-24 and FY 2024-25, undertaken allocation of DVC's T&D costs. In such circumstances, any failure to undertake appropriate allocation at this stage would result in grave prejudice to consumers, particularly industrial consumers within the Jharkhand command area, and cause irreparable financial impact.
- 4.14 In view of the foregoing, the Objector submits that T&D costs ought to be approved strictly to the extent attributable to energy supplied within the command area, and should exclude costs relating to 400 kV lines, ISTS usage, export of power, and other non-command area utilization. For this purpose, the Objector has computed the admissible T&D charges by (i) considering own generation figures as approved in the Tariff Order dt. 19.04.2017 (True-up for FY 2006-07 to FY 2013-14), (ii) determining the proportion of command area energy vis-a-vis total network usage, including wheeling and non-command supply, and (iii) applying such proportion to the total transmission charges claimed by the Petitioner. Accordingly, only the proportionate transmission charges attributable to command area consumers have been considered as recoverable, while the balance has been excluded. The resultant differential represents the disallowance in T&D cost, as set out in the table below.

**Table 4: T&D Cost as per Objector's assessment**

| Sl. No    | Particulars   | 2006-07     | 2007-08     | 2008-09      | 2009-10      | 2010-11      | 2011-12      |
|-----------|---|-------------|-------------|--------------|--------------|--------------|--------------|
| 1         | Own generation (MUs) as per the T.O April 2017  | 12496.62    | 13518.31    | 13944.77     | 13303.02     | 14905.56     | 17722.00     |
| 2         | Own generation- Command Area (MUs) as per the T.O April 2017  | 12496.62    | 13456.42    | 12783.61     | 12149.02     | 12585.56     | 14274.30     |
| 3         | Own generation- Non Command Area (MUs) (1-2)  | 0.00        | 61.89       | 1161.16      | 1154.00      | 2320.00      | 3447.70      |
| 4         | Energy wheeled (MUs) as per the T.O April 2017  | 409.00      | 358.00      | 275.00       | 304.00       | 276.00       | 347.00       |
| 5         | Sales to JH as claimed  | 6761.61     | 7394.85     | 7740.31      | 8094.00      | 8549.47      | 8899.12      |
| 6         | Sales to WB as claimed  | 4011.08     | 4989.16     | 5159.90      | 5778.43      | 5827.43      | 6218.97      |
| 7         | Total Sales Claimed (MUs) (5+6)   | 10772.69    | 12384.02    | 12900.21     | 13872.44     | 14376.91     | 15118.08     |
| 8         | Total Energy through composite T&D System (MUs) (3+4+7)   | 11181.69    | 12803.91    | 14336.37     | 15330.44     | 16972.91     | 18912.78     |
| 9         | % share of JH and WB (7/8)  | 96.34%      | 96.72%      | 89.98%       | 90.49%       | 84.71%       | 79.94%       |
| 10        | Transmission charges as claimed from FY 2006-07 to FY 2008-09 and as per CERC Order for FY 2009-2012 (Rs. Cr) | 164.32      | 173.19      | 173.73       | 385.51       | 413.96       | 438.30       |
| 11        | Transmission charges recoverable from command area as per Objector (10*9) (Rs.Cr)                             | 158.31      | 167.51      | 156.33       | 348.85       | 350.65       | 350.36       |
| <b>12</b> | <b>Disallowance in T&amp;D Cost (Rs. Cr)</b>  | <b>6.01</b> | <b>5.68</b> | <b>17.40</b> | <b>36.66</b> | <b>63.32</b> | <b>87.94</b> |

4.15 Accordingly, the Objector requests the Hon'ble Commission to approve the T&D Cost as per the above calculations for FY 2006-07 to FY 2008-09. Further, the Objector requests that the disallowance of T&D Cost for FY 2009-10 to FY 2011-12, as per the table above, be adjusted in the Own Generation Cost, since the T&D Cost was included as part of the generation tariff from FY 2009-10 onwards.

4.16 It may also be relevant to point out that the Petitioner has relied on the approval of T&D Cost accorded by the Hon'ble Commission in the Tariff Order dated 10.12.2024; however, the said approval cannot be treated as final in view of the subsequent Judgment of the Hon'ble APTEL dated 15.09.2025, which has clearly laid down the correct principles of cost allocation. It is pertinent to note that the aforesaid approval of T &D Cost in the Tariff Order dated 10.12.2024 was based solely on the information and submissions disclosed by the Petitioner at the time



of approval. However, it is now evident that complete and accurate disclosure regarding the actual utilization of assets, particularly with respect to non-command area usage and ISTS-linked assets, was not made, resulting in incorrect allocation of T&D costs.

4.17 Further, since the Hon'ble APTEL Judgment dated 15.09.2025 was rendered subsequent to the said Tariff Order, the Hon'ble Commission is fully empowered to revisit, update, and align its earlier approval dated 10.12.2024 in light of the binding judicial pronouncement. Therefore, the approved T&D Cost, having been determined on the basis of incomplete disclosures and prior to the clarification of law by the Hon'ble APTEL, cannot attain finality and warrants reconsideration and correction.

In this regard, it is well settled that tariff determination is a continuous regulatory process. As held by the Hon'ble Supreme Court in UPPCL vs. NTPC Ltd. (2009) 6 SCC 235:

*"tariff determination and truing-up are continuous regulatory processes. The Commission retains the power to correct errors, miscalculations, or omissions in an earlier ARR/APR, and such rectifications do not amount to Review. Even the principle of Res Judicata does not apply to tariff proceedings."*

4.18 Accordingly, the Commission is fully empowered to revise the approved T&D cost to ensure proper cost allocation, eliminate unjustified recovery, and align the tariff with the principles of equity, prudence, and cost reflectivity, as mandated by the Hon'ble APTEL.

### ***Petitioner's Response***

4.19 It is respectfully submitted that, in terms of the DVC Act, 1948, DVC is a vertically integrated power utility having its own Generation, Transmission and Distribution verticals under the same fold and has been functioning accordingly. There is one single Balance Sheet and P&L statement for the entire activities of the Petitioner, and the assets are also not distinguishable between Generation, Transmission and Distribution activities. Further, in terms of the Regulation 1.3(ii) of IEGC 2010, DVC was granted the status similar to a SEB after taking into the consideration vertically integrated structure which is similar to that of SEB and has its own generation, transmission and distribution activity.

4.20 It may be pertinent to note that the T&D tariff of DVC's existing network is determined in a consolidated manner, and any line-specific tariff is not approved by the Central Commission,



unlike that done for Power Grid Corporation of India Ltd. ("PGCIL") (i.e. line specific tariff). Hence, the cost of utilization of a very minor portion of the network cannot be determined for giving any adjustment in this regard. Notably, DVC does not claim AFC of its composite T&D network as determined by CERC from its beneficiaries situated outside the command area. The allocation methodology seems not appropriate in terms of the distinct nature of DVC's power sale arrangement to beneficiaries beyond the command area.

4.21 The petitioner would like to submit that Hon'ble Central Commission for the first time recognized the open access charges for the DVC network in the CERC order dated 19.11.2018 (Petition No 153/MP/2017). That regulatory determination is the main reason why the open access revenue adjustment in ARR appears only from 2017-18 and not for earlier years. This can be inferred from the Hon'ble WBERC APR order dated 31.03.2025 wherein the WBERC commission has adjusted the open access charges pertaining to past years from FY 2017 onwards. It is pertinent to mention here that the Hon'ble JSERC has also followed the similar approach and has adjusted the open access charges /arrears from Financial Year 2017-18 onwards and the same has been recorded by the Hon'ble JSERC in its true up order dated 27.05.2025 from paragraph 5.63 to 5.66. Further it is added that no open access charges with bills and summary statement were being sought by the Hon'ble Commission while approving the ARR for the period FY 2006-12 in its order dated 31.10.2023 read with order dated 10.12.2024. Regardless of above, it is to submit that no open access bills as raised by DVC could be traced out for the consideration period i.e. FY 2006-12.

4.22 It is important to note that nearly all new generating stations commissioned by Damodar Valley Corporation (DVC), from which power is supplied to beneficiaries outside the Valley area, have been directly connected to the Central Transmission Utility of India Ltd (CTUIL) network at their respective station buses. The only exceptions to this arrangement are Mejia Thermal Power Station (MTPS) Units 5 & 6 and Chandrapura Thermal Power Station (CTPS) Units 7 & 8.

4.23 In these exceptional cases, power supplied to beneficiaries outside the Valley does not significantly utilize DVC's existing transmission and distribution (T&D) network. Owing to the adequate capacity available in the existing lines at MTPS and CTPS, the generating



stations were not connected to the CTU at the station bus. Instead, connectivity to the CTU network was achieved through proximate DVC substations as given below:

- a. MTPS Units 5 & 6 are connected to the CTU at Kalyaneswari Substation via the MTPS-Kalyaneswari transmission line, spanning 134.2 km.
- b. CTPS Units 7 & 8 are connected to the CTU at Dhanbad Substation via the CTPS-Dhanbad transmission line, spanning 45.6 km.

These lines form only a negligible portion of DVC's total T&D network of **4671 km** - specifically, 2.9% in the case of MTPS 5-6 and 0.97% in the case of CTPS 7-8. Therefore, had the concerned lines (MTPS - Kalyaneswari & CTPS- Dhanbad SS) exclusively used for supplying power to beneficiaries from MTPS#5&6 and CTPS#7&8, the utilisation of DVC's T&D system for export of power beyond the command area would have been attributable to 3.87% (0.97% +2.9%) only.

4.24 Moreover, these interconnecting lines are not exclusively dedicated to power evacuation for supply to outside beneficiaries. They are multi-purpose lines used for:

- a. Supplying power to DVC's own consumers from the aforementioned generating stations.
- b. Facilitating the transmission of power procured by DVC from external sources to meet internal Valley demand.
- c. Hence, the quantum of utilisation of these lines for supplying power to external beneficiaries may be treated as marginal in comparison to their utilisation for DVC's firm consumer obligations. However, it is pertinent to mention that commercial operation of the MTPS 5 & 6 and CTPS 7 & 8 started from the year 2007-08 and 2011-12 respectively.

In addition to the above, it is pertinent to mention here that, since the commencement of the Electricity Act, 2003, the determination of Generation & Transmission tariff of DVC falling under the purview of the Hon'ble Central Commission herein "CERC" whereas the determination of the retail supply tariff falls under the purview of the Hon'ble SERCS (WBERC & JSERC). Due to being a vertically integrated organisation, these costs (fixed cost



and variable costs) become the input cost of DVC's distribution business and are used to determine the retail supply tariff. Thus, once the Ld. CERC has determined the relevant input costs for such assets, the State Commission is obligated to adopt these costs as input parameters for retail tariff determination.

4.25 The aforementioned principle was even upheld by the Hon'ble Tribunal's Judgement dated 23.11.2007 and later by Hon'ble Supreme Court's judgement dated 23.07.2018. Therefore, it is a well settled principle in accordance with law and has already been adopted by the respective Hon'ble Commissions (both Central and State) during determination of tariff.

4.26 In view of the above and in lieu of regulatory and accounting limitations, apportioning the T&D costs in accordance with the actual usage between command and non-command areas is not feasible.

4.27 Further, it is submitted that with regard to the observations of the Hon'ble Supreme Court of India in its Order dated 25.11.2025, the petitioner respectfully submits that the Hon'ble Court has, inter alia, directed that "final orders may not be given effect to" till the next date of hearing, while expressly clarifying that the proceedings before the State Commission have not been stayed.

4.28 It is respectfully submitted that the matter pertaining to the subject under consideration is currently pending adjudication before the Hon'ble Supreme Court of India. Consequently, the Commission's observations and directions must be considered in light of the ongoing proceedings before the Hon'ble Supreme Court.

4.29 It is further submitted that since the issue of T&D is sub judice before the Hon'ble Supreme Court, any submissions before this Hon'ble Commission, including furnishing of detailed information related to DVC's T&D network, seems to have a direct bearing on the matters under adjudication.

4.30 The petitioner further submits that, on similar lines, the West Bengal Electricity Regulatory Commission has also filed an Interlocutory Application in Civil Appeal No. 13634-36 of 2025 before the Hon'ble Supreme Court, inter alia praying that the Central Electricity Regulatory



Commission be directed as the sole competent statutory authority to undertake the formal exercise of identification and segregation of distribution assets from the composite T&D system of DVC.

- 4.31 Further, it is humbly submitted that the Hon'ble WBERC, in its Interlocutory Application (IA) in the above Civil Appeal, has elaborately brought on record the insurmountable jurisdictional deadlocks and practical impossibilities in implementing the specific directions contained in the APTEL Order dated 15.09.2025, rendering the said directions structurally incapable of execution.
- 4.32 Without prejudice to the above, the petitioner respectfully submits that the Hon'ble Supreme Court, in its Order dated 25.11.2025, has categorically directed that the order of the Appellate Tribunal for Electricity shall not be given effect to till the matter is under consideration before the Hon'ble Court. In such circumstances, any determination relating to the usage and allocation of DVC's T&D system, which is intrinsically linked to the issues under challenge, may be appropriately considered subject to the final outcome of the proceedings before the Hon'ble Supreme Court.

### **Own Generation Cost**

- 4.33 The Objector submits that the Own Generation Cost for the period FY 2006-07 to FY 2011-12 has already been examined in detail and conclusively determined by the Hon'ble Commission in its Tariff Order dated 31.10.2023, wherein the Own Generation Cost was approved after due prudence check and verification. The said position has been reaffirmed by the Hon'ble Commission in its subsequent Tariff Order dated 10.12.2024 in Case No. 09 of 2020. The relevant extracts of the Tariff Order dated 10.12.2024 demonstrate that the Own Generation Cost stands as under:

*"39. Based on the direction of Hon'ble APTEL this Commission has recomputed the ARR and category-wise tariff for the period FY 2006-07 to FY 2011-12 subject to final outcome of Appeal No 332 of 2024 as tabulated hereunder.*

**Table 5: Summary of ARR Components (Rs. Crore) as approved by the Commission**

| Particulars                                       | UoM     | 2006-07        | 2007-08        | 2008-09        | 2009-10                         | 2010-11        | 2011-12        |
|---|---------|----------------|----------------|----------------|---------------------------------|----------------|----------------|
| Own Generation Cost                               | Rs. Cr. | 2523.16        | 2466.62        | 2601.92        | 3786.35                         | 4189.29        | 5332.87        |
| Power purchase cost                               | Rs. Cr. | 35.42          | 84.92          | 82.10          | 753.11                          | 600.04         | 555.00         |
| T&D Cost  | Rs. Cr. | 164.32         | 173.19         | 173.73         | Included in own generation cost |                |                |
| Pension as allowed by CERC                        | Rs. Cr. | 628.19         | 628.19         | 628.19         |                                 |                |                |
| Sinking fund contribution as allowed by CEBC      | Rs. Cr. | 40.43          | 30.72          | 27.55          |                                 |                |                |
| Pension for distribution activity                 | Rs. Cr. | 1.23           | 1.23           | 1.23           | 0.49                            | 0.49           | 0.49           |
| Others Costs (incl. Of Tariff filing & Pub. Exp.) | Rs. Cr. | 0.25           | 0.25           | 0.33           | 1.12                            | 1.17           | 1.38           |
| Income tax  | Rs. Cr. | 33.76          | 20.43          | 21.19          | -                               | -              | -              |
| Water and Pollution Cess                          | Rs. Cr. | 2.76           | 2.27           | 1.84           | 2.79                            | 2.75           | 2.06           |
| Rebate on Sale of Power                           | Rs. Cr. | -              | -              | -              | -                               | -              | -              |
| Interest on Temp financial accommodation          | Rs. Cr. | -              | -              | -              | -                               | -              | -              |
| Legal Expenses                                    | Rs. Cr. | -              | -              | -              | -                               | -              | -              |
| <b>Total</b>                                      | Rs. Cr. | <b>3492.52</b> | <b>3407.82</b> | <b>3538.07</b> | <b>4543.86</b>                  | <b>4793.74</b> | <b>5891.80</b> |

4.34 In light of the above, it is submitted that the Own Generation Cost should be strictly allowed as approved by the Hon'ble Commission in the Tariff Orders dated 31.10.2023 and 10.12.2024. The Own Generation Cost for all the years from FY 2006-07 to FY 2011-12 has been determined based on the Audited Accounts after due prudence check, and has therefore attained finality, leaving no scope for any deviation. Accordingly, any attempt by the Petitioner to seek revision of the approved Own Generation Cost would amount to reopening settled and verified financial parameters. Further, The Commission demand the data gap vide a Letter no. JSERC/Case (Tariff) no. 01 of 2026/708 dated 13<sup>th</sup> Feb, 2026 but the Petitioner has failed to



provide any justification, supporting evidence, or regulatory basis for the variation in Power Purchase Cost for the years FY 2009-10 to FY 2011-12.

4.35 Accordingly, the Hon'ble Commission may be pleased to strictly retain the Own Generation Cost as already approved in the Tariff Orders dated 31.10.2023 and 10.12.2024, and to reject any variation or deviation sought by the Petitioner in toto.

4.36 Further, as submitted above and reflected in Table (T&D Cost as per Objector's assessment) under the T&D section above, the Objector requests that the disallowance of T&D Cost for FY 2009-10 to FY 2011-12 be adjusted in the Own Generation Cost, since the T&D Cost was included as part of the generation tariff from FY 2009-10 onwards. The table below represents the Own Generation Cost that ought to be allowed:

**Table 6: Own Generation Cost as per Objector's assessment (Rs. Crore)**

| Sl. No. | Particulars   | Claimed         |                 |                 | To be approved as per the T.O dated 10.12.2024 |                 |                 |
|---------|---|-----------------|-----------------|-----------------|--|-----------------|-----------------|
|         |   | 2009-10         | 2010-11         | 2011-12         | 2009-10  | 2010-11         | 2011-12         |
| 1       | Own Generation Cost   | 3,837.72        | 4,206.96        | 5,358.69        | 3,786.35                                       | 4,189.29        | 5,332.87        |
| 2       | Less: T&D Cost Disallowed from FY 2009-2012 as per Objector | -               | -               | -               | 36.67  | 63.32           | 87.94           |
| 3       | <b>Total Own generation</b>                                 | <b>3,837.72</b> | <b>4,206.96</b> | <b>5,358.69</b> | <b>3,749.68</b>                                | <b>4,125.97</b> | <b>5,244.93</b> |

***Petitioner's Response***

4.37 The petitioner respectfully submits that the deviation in the own generation costs from the earlier approved orders of the commission including order of 10.12.2024 pertains only to the years 2009-12, and for the years 2006-09 the same own generation cost has been claimed as approved by the Hon'ble commission in its order of 10.12.2024. The deviation for the aforesaid years, that is for 2009-2012 period, pertains solely to the calculation of fixed costs in which the Petitioner has claimed Pension & Gratuity (P&G) fund and Contribution to the



Sinking Fund in actual without linking it with Plant Availability Factor (PAF) which resulted in the variation of the own generation cost for 2009-12 period.

- 4.38 It is respectfully submitted that the contribution towards Pension and Gratuity Fund, interest and contribution towards the Sinking Fund, constitutes a legitimate and unavoidable cost forming part of the ARR of DVC. Such expenditure arises from statutory and service conditions applicable to employees and is not linked to the availability or operational performance of individual generating stations.
- 4.39 The Hon'ble CERC, in paragraphs 152 to 157 of its Order dated 08.05.2013, has computed and allowed the contribution towards Pension and Gratuity Fund for DVC after due examination. The said contribution was determined as a part of the overall employee cost and does not bear any nexus with the availability of thermal power stations. Once so determined by the Hon'ble CERC, the said cost forms an integral part of DVC's ARR.
- 4.40 It is submitted that this Hon'ble Tribunal, in its judgment dated 23.11.2007 passed in Appeal No. 271 of 2006 and batch, has duly recognized the necessity of funding the Pension and Gratuity Fund, as well as interest and contribution towards the Sinking Fund, as legitimate tariff elements.
- 4.41 Further, as per Regulation 14 and Regulation 21 of the CERC (Terms and Conditions of Tariff) Regulations, 2004, the elements of fixed charges include return on equity, interest on loan capital, depreciation, interest on working capital, O&M expenses and special allowance for R&M expenses. Pension and Gratuity Fund contribution and Sinking Fund costs do not fall within the ambit of Plant Availability Factor and therefore cannot be curtailed or disallowed on the basis of availability norms.
- 4.42 It is further submitted that DVC is entitled to recover, through the retail supply tariff to be determined by this Hon'ble Commission on true-up for FYS 2006-07 onwards, all legitimate expenses, including the entire contribution towards Pension and Gratuity Fund as decided by the Hon'ble CERC in its Order dated 08.05.2013, in terms of the directions of this Hon'ble Tribunal contained in its Judgment dated 23.11.2007.



- 4.43 In the present true-up Petition, DVC has accordingly included the contribution towards Pension and Gratuity Fund strictly in line with the determination made by the Hon'ble CERC and the settled legal position governing admissibility of such expenditure. Detailed calculation of claim submitted on account of Pension & Gratuity Fund and Sinking Fund, not linked with availability of individual generating station for FY 2009-12 was already submitted along with the petition dated 25.12.2025 enclosed as ANNEXURE-19.
- 4.44 Further in paragraph 81 of the said Petition, it has been explicitly submitted that the aforesaid claim is being made without prejudice to the rights and contentions of DVC in Appeal no. 163 of 2017 and Appeal No. 281 of 2018 pending before Hon'ble Tribunal. It has also been clarified that the Treatment of Pension and Gratuity expenditure in the present true-up proceedings shall remain subject to the final outcome of the said Appeals.
- 4.45 Further, it is submitted that DVC, in the present petition, has claimed the same power purchase cost as approved by the Commission in its Order dated 10.12.2024. Accordingly, there is no variation in the claimed amount with respect to the power purchase cost, contrary to the allegation made by the objector in Para 2.2.3 of their objections.
- 4.46 Since the power purchase cost claimed in the present petition is in line with the amount already approved by the Commission, no additional justification or supporting documentation is required. In view of the above, the Commission is respectfully requested to kindly consider and approve the claim as submitted by DVC, which has already been examined and approved earlier.

### **Sinking Fund**

- 4.47 The Objector submits that DVC's claim towards contribution to the Sinking Fund is wholly inadmissible and contrary to the binding legal position settled by the Hon'ble Appellate Tribunal for Electricity. The Hon'ble Commission itself, in its Tariff Order dated 30.03.2026 in the true-up of FY 2024-25, has categorically disallowed the said cost, strictly in compliance with the Judgment of the Hon'ble APTEL dated 20.08.2024 in Review Petition No. 4 of 2019. The relevant extract of the Tariff Order dated 30.03.2026 is given below:

"5.36...



*In this regard, the Commission takes note of the Order dated 20.08.2024 passed by the Hon'ble Appellate Tribunal of Electricity (APTEL), wherein the Tribunal, inter alia, reviewed and rectified its earlier judgment dated 17.05.2019 in Appeal No. 17 of 2014. The Hon'ble Tribunal has categorically held that allowing depreciation on capital assets created by utilising bond proceeds, while simultaneously permitting contribution towards a sinking fund for redemption of such bonds, would result in duplication or "double allowance", thereby imposing an undue burden on consumers. The Hon'ble APTEL has clarified that DVC is entitled to claim only one of the two elements, namely, either depreciation on the capital assets created out of bond proceeds or contribution to sinking fund, as a pass-through in tariff, but not both. The relevant extract of the said order is reproduced as below:*

...

*In view of the binding principles laid down by the Hon'ble APTEL in its Order dated 20.08.2024, the Commission holds that the sinking fund cost claimed by the Petitioner is not admissible for recovery through Fixed Charges. Accordingly, the Commission disallows the cost towards sinking fund while determining the Fixed Cost of the Petitioner's generating stations, and the Fixed Charges have been computed after excluding the sinking fund component. The Commission also takes note that 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."*

4.48 The Objector submits that DVC's claim towards contribution to the Sinking Fund is inadmissible, in view of the unequivocal findings of the Ld. APTEL in its Order dated 20.08.2024 in Review Petition No. 4 of 2019. The Ld. Tribunal has conclusively held that permitting DVC to claim both (i) depreciation on assets created out of bond proceeds and (ii) contribution to the Sinking Fund for redemption of same bonds results in duplication and double allowance, which is expressly impermissible. The Ld. APTEL categorically observed



that the earlier interpretation enabling both allowances suffered from a "patent error", was "manifestly at variance" with the DVC Act, 1948 and the Electricity Act, 2003, and imposed an unjustified double burden on consumers. The Tribunal, therefore, rectified the error and held that DVC may claim only one of the two elements, namely:

- (a) contribution to the Sinking Fund for redemption of bonds, or
- (b) depreciation on assets created using the bond proceeds-but not both.

4.49 Hence, in light of this clear ruling, and since DVC is already being allowed depreciation on the same assets, any further claim towards Sinking Fund contribution is not permissible, as it results in double recovery, and must therefore be rejected. Accordingly, the Objector humbly submits that the Sinking Fund amounts allowed up to FY 2023-24-by the Hon'ble Commission for FY 2006- 12 may kindly be directed to be refunded/adjusted to consumers along with applicable carrying cost, so as to duly restore the financial position and eliminate the impact of excess recovery.

4.50 In light of the authoritative pronouncement by Ld. APTEL in RP04 of 2019, the Objector further submits in addition to the True up for FY 2006-12, the True-up for the intervening years, i.e., FY 2012-13 to FY 2024-25 also warrants reconsideration in accordance with the principles settled in so far as the Contribution to sinking fund is a double allowance. This is essential because of the fact that the said issue had been consistently litigated by DVC, to its disadvantage. It is further pertinent to note that the Hon'ble Commission, has, in their recent True- up Orders for FY 2024-25, has disallowed the Contribution to sinking fund. In such circumstances, any failure admitting Contribution to sinking fund would result in grave prejudice to consumers, particularly industrial consumers within the Jharkhand command area, and cause irreparable financial impact.

4.51 It is, therefore, most respectfully prayed that the Hon'ble Commission may be pleased to direct the adjustment of the aforesaid excess Sinking Fund recovery, along with carrying cost, in the subsequent year's ARR, thereby ensuring due compliance with the binding directions of the Hon'ble APTEL and upholding the principles of equity, prudence, and consumer protection. This would also ensure that the Cumulative Gap/ Surplus so determined would be aligned to the legal principles already settled.



***Petitioner's Response***

- 4.52 At the outset, it is respectfully submitted that the issue of contribution towards Sinking Fund, including any alleged adjustment on account thereof, squarely pertains to the determination of generation and inter-State transmission tariff, which falls within the exclusive jurisdiction of the Ld. Central Electricity Regulatory Commission (CERC) under the provisions of the Electricity Act, 2003. Hence, it is respectfully submitted by the petitioner that there is no excess claim by the Petitioner with respect of Sinking as stated by the Objector in the true-up of FY06-12.
- 4.53 It is submitted that the tariff determined by Ld. CERC, including admissibility of depreciation and contribution towards Sinking Fund, constitutes the binding input cost for downstream tariff determination. In the absence of any modification to such tariff by Ld. CERC, the same continues to be applicable and cannot be altered in the present proceedings.
- 4.54 The Petitioner respectfully submits that contribution to the Sinking Fund arises from the statutory mandate under Section 40 of the DVC Act, 1948 and has been consistently recognized and allowed by Ld. CERC across tariff periods. This position also stands reinforced by the applicable CERC Tariff Regulations, including Regulation 43 of the 2009 Tariff Regulations and corresponding provisions under subsequent tariff regulations, which specifically provide for recovery of Sinking Fund contribution as part of tariff for DVC.
- 4.55 It is further submitted and clarified that the judgment dated 20.08.2024 passed by the Hon'ble Appellate Tribunal for Electricity in Review Petition No. 04 of 2019 (Maithon Alloys vs. CERC & Ors.) emanates from Appeal No. 17 of 2014 and is plant-specific, pertaining only to Durgapur Thermal Power Station (DTPS) of DVC. The findings therein cannot be mechanically extended to other generating stations of DVC.
- 4.56 It is further submitted that appeals pertaining to other generating stations of DVC, involving similar issues, are presently pending adjudication before the Hon'ble APTEL, and therefore, the issue has not attained finality.
- 4.57 With respect to the judgment dated 20.08.2024 passed by the Hon'ble APTEL in Review Petition No. 04 of 2019 (Maithon Alloys vs. CERC & Ors.), it is submitted that:



- a. The said judgment is presently under challenge before the Hon'ble Supreme Court in Civil Appeal No. 11106 of 2024 and the matter is sub judice.
- b. The said judgment has not attained finality and, therefore, cannot be made the basis for any adjustment at this stage
- c. No consequential or implementation order has been passed by Ld. CERC pursuant to the said judgement.

4.58 It is further submitted that unless and until Ld. CERC undertakes necessary regulatory action and issues a revised tariff order giving effect to any judicial pronouncement, no variation in input cost can be claimed or effected. Any such adjustment, including reduction in input cost on account of Sinking Fund contribution, can only emanate from a duly issued tariff order from Ld. CERC.

4.59 The Petitioner further submits that the judgment dated 20.08.2024 has been rendered in review proceedings inter se parties and, in any event, cannot override the binding statutory tariff determined by Ld. CERC, which continues to remain in force. The settled legal position, as upheld by the Hon'ble Supreme Court in Bhaskar Shrachi Alloys Ltd. vs. Damodar Valley Corporation, also recognizes the statutory framework governing Sinking Fund under the DVC Act.

4.60 In view of the above, any direction for provisional adjustment of input cost on account of Sinking Fund contribution would be premature, without jurisdiction, and contrary to the settled regulatory framework. Such an approach would effectively amount to re-opening and re-determining elements of tariff already determined by Ld. CERC, which is impermissible.

4.61 Accordingly, it is respectfully submitted that:

- No downward revision in input cost can be undertaken at this stage.
- Any variation, if at all, shall be subject to final outcome of the proceedings before the Hon'ble Supreme Court and consequential orders, if any, passed by Ld. CERC; and
- Till such time, the CERC-approved tariff, including Sinking Fund contribution, is required to be adopted in toto as input cost for tariff determination.



4.62 Hence, it is respectfully submitted that the objector may be directed to refer to the submissions made hereinabove. In light of the same, it is prayed before the Commission that the objections raised by the objector be duly rejected, and that the contribution to the Sinking Fund amounting to Rs. 40.43 Crores, Rs. 30.72 Crores, and Rs. 27.55 Crores for FY 2006-07, FY 2007-08, and FY 2008-09 respectively, as already allowed by the Hon'ble Commission in its Order dated 10.12.2024, be permitted to continue.

#### **Additional O&M Expenses for Pay Revision**

4.63 The Objector submits that the Hon'ble Commission, in its Tariff Order dated 12.10.2024, has not allowed any additional O&M expenses on account of pay revision. The O&M admissible to DVC are already accommodated under the Generation/ Transmission tariff determined by Ld. CERC and therefore, the same already reflect the admissible level of employee cost. In such circumstances, any separate or additional claim towards O&M expenses on account of pay revision is unwarranted, beyond the approved framework, and liable to be disallowed. Notably, the claim of pay revision towards O&M Expenses has been disallowed vide Order dt. 19.04.2017 and 18.05.2018 as well against which DVC has preferred Appeal before the Ld. APTEL currently pending sub-judice. Hence, the claim of DVC at this point is premature as this Hon'ble Commission has already taken a settled view over the same.

4.64 Notwithstanding to the above, it is argued that DVC's O&M Expenses is embedded in the Generation/ transmission tariff. Ld. CERC vide Order dt. 08.05.2013 did not approve the Pay revision under the O&M Expense head rendering the LD. State Commission to undertake prudence check on an item which falls under Ld. CERC's jurisdiction. It is further submitted that the Petitioner is required to justify the claim for additional O&M expenses by relying on the Ld. CERC Tariff Order dated 08.05.2013. However, the said reliance is misplaced and selective. As per the very same Order, the Hon'ble CERC had expressly limited the admissibility of pay revision impact to only 50% of the salary and wages (Basic+ DA) as on 01.01.2006, after undertaking a prudence check. The relevant extract is reproduced below:

*"132. One more issue for consideration is the revision of O&M expenses on account of pay revision as per recommendations of the Sixth Pay Commission as prayed for by the Petitioner. The Petitioner has submitted that additional expenditure for the period 2006-09*



on account of pay revision of its employees pursuant to the implementation of the recommendations of the sixth pay commission may be allowed and the consequent impact on the pension and gratuity contribution as a result of pay revision may be considered by the Commission. The arrear salary, on account of revision in pay in respect of the employees (officers & staff) in the different projects of the petitioner is as given under:

| Sl No. | Project/Station | Ledger Balance                         |                                     | Total             |
|--------|-----------------|--|-------------------------------------|-------------------|
|        |                 | 601/09- Pay revision arrears- Officers | 601/09- Pay revision arrears- Staff |                   |
| 1      | DTPS            | 65794177                               | 169836065                           | 235630242         |
| 2      | CTPS            | 87317794                               | 177694219                           | 265012013         |
| 3      | MTPS            | 142468298                              | 108364643                           | 250832941         |
| 4      | BTPS            | 58597791                               | 165757660                           | 224355451         |
| 5      | Panchet         | 5778972                                | 30370484                            | 36149456          |
| 6      | Maithon         | 103487297                              | 296990563                           | 400477860         |
| 7      | Konar           | 2656022                                | 13281561                            | 15937583          |
| 8      | Hazaribagh      | 14569349                               | 60485154                            | 75054503          |
| 9      | TSC             | 16091920                               | 35912370                            | 52004290          |
| 10     | Koderma         | 1939755                                | 10081747                            | 12021502          |
| 11     | Bermo Mines     | 3367988                                | 857538                              | 4225526           |
| 12     | Kolkata         | 408093969                              | 120204664                           | 528298633         |
|        | <b>Total</b>    | <b>910163332</b>                       | <b>1189836668</b>                   | <b>2100000000</b> |

...

Similar prayers for revision of O&M expenses for the period 2004-09 due to pay revision were also made before the Commission by some of the other central sector generating stations/transmission licensee namely, NLC, NHPC and PGCIL by filing separate applications. The Commission, in line with the decision contained in order dated 12.10.2012 in Petition No. 35/MP/2011 etc and on prudence check, allowed the revision of O&M expenses in relaxation of the provisions of the 2004 Tariff Regulations. In line with the decision of the Commission in order dated 12.10.2012 as above, the prayer of the petitioner to consider the actual increase in employee cost on account of salary & wages has been considered and has been limited to 50% of the salary and wages (Basic + DA) of the employees of the petitioner as on 1.1.2006. It is to be noted that in case of NTPC, the arrears on account of the said pay revision was ordered to be paid by the beneficiaries in



*twelve monthly instalments during 2013-14 keeping in view that no tariff petitions of NTPC for the period 2004-09 were pending as on the date of the said order. However, in the instant case, since additional capital expenditure in respect of the generating stations and inter-state transmission system of the petitioner for 2006-09 are being determined in this petition, we direct that the impact of arrear payments (on account of employee cost) based on the pay revision as allowed above, is payable by the beneficiaries, in addition to the normative O&M expenses allowed in this order as per the 2004 Tariff Regulations. **However, keeping in view of the distance of time, we order that interest shall not be charged on the said arrear amount, which will benefit the consumers.**"*

- 4.65 In contrast, the Petitioner has claimed the entire amount of pay revision as per ledger entries, without providing any bifurcation of the base salary (Basic + DA) or demonstrating compliance with the limitation imposed by the Hon'ble CERC. In the absence of such critical details, the claim is unsubstantiated, excessive, and not aligned with the regulatory principles laid down in the CERC Order.
- 4.66 Accordingly, the Objector submits that the entire claim towards additional O&M expenses on account of pay revision is liable to be disallowed. Without prejudice, even if the Hon'ble Commission is inclined to consider any such claim, the same must be strictly restricted to 50% of the salary and wages (Basic + DA) as on 01.01.2006, subject to submission of detailed and verifiable breakup by the Petitioner, and no interest shall be allowed on such arrear amount, in line with the CERC Order dated 08.05.2013.

#### ***Petitioner's Response***

- 4.67 At the onset, the petitioner respectfully submits that the year-wise pay revision impact for FY 2006-07, FY 2007-08 and FY 2008-09 has already been computed and verified and is being reiterated here for the kind consideration of the Hon'ble Commission. The year-wise pay revision impact amounts to Rs. 55 crore for FY 2006-07, Rs. 55 crore for FY 2007-08 and Rs. 100 crore for FY 2008-09 respectively, aggregating to a total of Rs. 210 crore. The objector in his objection has wrongly interpreted that DVC has claimed excess cost on account of O&M expenses due to pay revision which is exceeding 50% of the salary wages (Basic + DA). The petitioner, DVC has claimed Rs. 210 crore which is well within the limits of salary wages.



The auditor certificate in this respect has already been provided as Annexure-4 of the 2nd additional information submission before Hon'ble JSERC dated 30.03.2026.

4.68 The petitioner further submits that the Statutory Auditor's Certificate has been furnished for the total pay revision impact of Rs. 210 crore along with its detailed break-up. In this regard, the station-wise ledger balances of pay revision arrears, comprising both Officers and Staff, have been duly compiled and form part of the audited records. The total of such audited ledger balances aggregates to Rs. 210 crore, and the Auditor's Certificate has been submitted for the entire amount along with its detailed station-wise/project wise break-up as Annexure-1 of 2nd Additional Information submission dated 30.03.26, as sought by the Commission.

4.69 It is further respectfully submitted that the aforesaid total pay revision impact of Rs. 210 crore has already been examined and allowed by the Central Electricity Regulatory Commission in its Order dated 08.05.2013 (para 132 to para136), wherein the pay revision impact was duly considered for tariff determination. A copy of the relevant portion of the order has been submitted as an Annexure in the second Reply from Additional Information, dated 30.03.26 to the Hon'ble Commission JSERC. The petitioner hereby submits that the present claim is consistent with the said approval.

4.70 The petitioner further submits that the Hon'ble WBERC, in its APR Order for FY 2006-07 to FY 2008-09 dated 19.07.2021, has already approved the year-wise pay revision impact of Rs. 55 crore for FY 06-07, Rs. 55 crore for FY 07-08 and Rs. 100 crore for FY 08-09 respectively, aggregating to Rs. 210 crore for the period for the consumers of DVC and apportioned thereafter for West Bengal command area of DVC. The relevant extract of the order mentioned in para 4.5.8 of WBERC APR order dated 19.07.2021 has been quoted below as:

*"The Annual Fixed Charge (AFC) figures as approved by CERC in different Tariff Orders have been considered as input cost while determining the APR for the distribution function. DVC has claimed the impact of pay revision on O&M expenses amounting to Rs. 55.00 crore, Rs. 55.00 crore and Rs. 100.00 crore for the years 2006-07, 2007-08 and 2008-09 respectively totalling to Rs. 210.00 crore for the period, over and above the final AFC figures with reference to para 132 to 136 of CERC order dated 08.05.2013 and Order of the APTEL dated 19.02.2016 and 29.04.2016. The Commission has noted that CERC has allowed the revision of O&M expenses in relaxation of the provisions of the*



*2004 Tariff Regulations, limited to 50% of the salary and wages (Basic + DA) of the employees of the petitioner as on 01.01.2006 and directed that the impact of arrear payments (on account of employee cost) based on the pay revision is payable by the beneficiaries, in addition to the normative O&M expenses allowed in that order as per the 2004 Tariff Regulations. Order of CERC dated 08.05.2013 has been upheld by the APTEL in its order dated 29.04.2016 read with order dated 19.02.2016. Thus, the Commission allows impact of pay revision on O&M expenses amounting to Rs. 55.00 crore, Rs. 55.00 crore and Rs. 100.00 crore for the years 2006-07, 2007-08 and 2008-09 respectively totalling to Rs. 210.00 crore for the period for the consumers of DVC and apportioned thereafter for West Bengal command area of DVC as shown in Table XII below",*

4.71 In view of the above, it is submitted that the year-wise pay revision impact claimed by the petitioner is duly supported by audited records and is consistent with approvals already accorded by the Central Commission as well as the State Commission (WBERC). Accordingly, the petitioner humbly submits to the objector to kindly refer this information and withdraw its objection regarding its revision of O&M expenses. The objector has wrongly interpreted the CERC order dated 08.05.2013 and it is humbly requested to the objector to kindly again refer the order in detail for the actual allowance approved by the Hon'ble CERC in this matter against the claim submitted by DVC.

#### **Interest on Temporary Financial Accommodation**

4.72 The Petitioner has claimed amounts of Rs. 5.12 Crores, Rs. 8.18 Crores, Rs. 16.24 Crores, Rs. 1.27 Crores, Rs. 5.11 Crores and Rs. 19.10 Crores towards Interest on Temporary Financial Accommodation for the years FY 2006-07, FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 respectively. However, such claim is wholly untenable and in violation of the JSERC Tariff Regulations, 2004, Tariff Regulations, 2007 and Tariff Regulations, 2010. It is a settled principle of law that the Hon'ble Commission is bound to act in accordance with its own Regulations. Notably, there exists no provision under the applicable Tariff Regulations permitting recovery of "Interest on Temporary Financial Accommodation" as a component of ARR. Accordingly, the said claim is beyond the regulatory framework and liable to be disallowed in entirety.



4.73 The frameworks of the Tariff Regulations (Interest on Working Capital) along with Supply Code (Security Deposit) provide sufficient cushion and security towards Working capital requirements. The Petitioner is to be held completely responsible for all defaults in complying with the provisions of the Supply Code. The receivables position of DVC demonstrates that the Petitioner has apparently allowed continuous power supply to JBVNL in spite of mounting receivable beyond the stipulated due dates of payment. This is contrasted with the fact that electricity supply of HT consumers is disconnected immediately upon payment default. The approach of claiming Interest on temporary financial accommodation is penalizing the timely paying customers at the cost of defaulter JBVNL. Such an approach promotes inefficiency and is against the interest of justice.

4.74 It is further submitted that neither has the Petitioner historically claimed, nor has the Hon'ble Commission ever allowed, any amount towards Interest on Temporary Financial Accommodation for the period FY 2006-07 to FY 2011-12. This position is evident from the Commission's Orders dated 22.11.2012, 19.04.2017 and 18.05.2018. Moreover, in the Tariff Order dated 31.10.2023, the Hon'ble Commission has categorically disallowed such expenses, holding that the same are not provided for under the applicable Regulations, as reproduced below:

*"Commission's Analysis*

*5.16 The Commission has observed that the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010 do not contain clause for approval of Interest on Temporary Financial Accommodation. Further, the Petitioner had not made any claim on this head in Order dated May 18, 2018. As such, the Commission has disallowed such expenses in line with the provisos of the Regulations. "*

4.75 The Commission, in its subsequent Order dated 10.12.2024 for determination of ARR and category-wise tariff for FY 2006-07 to FY 2011-12, has continued to disallow any such claim, thereby reaffirming the consistent regulatory position on this issue.

4.76 It is also pertinent to note that the West Bengal Electricity Regulatory Commission (WBERC), in its Orders dated 19.06.2020 and 19.03.2020, has similarly not allowed any amount towards



Interest on Temporary Financial Accommodation for DVC for the corresponding years. Accordingly, the Objector seeks regulatory consistency and parity in the present proceedings.

- 4.77 Without prejudice to the foregoing, even assuming-arguendo-that Damodar Valley Corporation (DVC)'s claim is to be examined, it is incumbent upon DVC to clearly establish the necessity and quantum of funding specifically attributable to receivables from its Jharkhand business, and to demonstrate how such requirement resulted in the incurrence of Interest on Temporary Financial Accommodation (IoTFA). Any such claim must be supported by a cogent and verifiable correlation between the alleged funding gap and the corresponding loan arrangements, including details of borrowings, utilization, and linkage to the relevant receivables.
- 4.78 However, neither the filings made by DVC nor its audited accounts disclose any such specific funding pattern or nexus. In the absence of this essential mapping, the IOTFA claim lacks substantiation and is liable to be disallowed. Furthermore, it is pertinent to note that, for the FY 2006-12 period, DVC has already realized a surplus, as recorded in the Order dated 10.12.2024 issued by Jharkhand State Electricity Regulatory Commission. This position indicates that DVC was, in fact, recovering excess revenue and earning substantial profits from its power business during the said period, thereby negating any credible basis for asserting a funding shortfall or justifying the claim of IOTFA.
- 4.79 In view of the foregoing, it is respectfully submitted that the claim of the Petitioner towards Interest on Temporary Financial Accommodation is contrary to the Tariff Regulations, unsupported by past regulatory practice, and violative of principles of prudence and consumer interest, and is therefore liable to be disallowed in full.

***Petitioner's Response***

- 4.80 The grounds that have been raised now by the objector with respect to this objection regarding Interest in Temporary Financial Accommodation were already raised by them in the earlier occasions. DVC submits that the cost of temporary financial accommodation is meant to avoid any financial loss to the utility due to delayed payment by purchaser of electricity in retailer mode. This needs to be compensated through Interest on Temporary Financial



Accommodation, which has been approved by the Hon'ble Commission in previous tariff/true-up orders.

4.81 In this regard, DVC places reliance on the judgment of the Hon'ble Tribunal in Appeal No. 117 of the of 2008 between Reliance Infrastructure Ltd vs Maharashtra Electricity Regulatory Commission. Relevant portion of the said judgment (ref. para 47) is reproduced below:

*"The Licensee shall have to arrange the amount of deferred payment in the same way as the Working Capital". We, therefore, direct the Commission to allow Short term Prime Lending Rate of SBI for deferred payments and incorporate the same while carrying out the truing-up exercise for the year 2008-09."*

4.82 Similarly, the Hon'ble Tribunal in Appeal No. 153 of 2009 between North Delhi Power Ltd. Vs Delhi Electricity Regulatory Commission at paragraph 25 held as under:

*"25. According to the Appellant, the interest rate which was fixed as 99% is not under the prevalent prime lending rate. On behalf of the State Commission, it was pointed out that the 99% has been fixed by the State Commission only on the strength of the judgment of the Tribunal dated 21.07.2006 reported in 2007 ELR (APTEL) 1370. It is true that the Tribunal in that case fixed the interest rate as 9%. In that case, the tariff order was passed by the Commission on 09.06.2004. At that time, the prevailing lending rate was around 99%, which was much lower as compared to that prevailing rate during the year 2007-08. Therefore, the said decision would not apply to the present case. While fixing the interest rate, the State Commission should have considered the prevalent SBI prime lending rate. Even in the said judgment, the Tribunal has laid down the principle that the rate of carrying cost must be derived from prevalent prime lending rates. As such, this principle has not been followed in this case. According to the Tariff Regulations, the cost of debt has to be determined considering Licensee's proposals, present cost of debt already contracted by the Licensee and other relevant factors viz. risk free returns, risk premium, prime lending rate, etc. Therefore, we deem it appropriate to direct the State Commission to rectify its computation of financing cost relating to the late payment surcharge and consequently reduce the amount of non-tariff income considered by the State Commission as available for tariff determination for the FY 07-08 at the prevalent market rate lending rates. Accordingly ordered."*



4.83 DVC also requests the Objector to kindly refer to another judgment of the Hon'ble Appellate Tribunal in Appeal No. 177 & 178 of 2012 between BSES Rajdhani Power Ltd. vs. Delhi Electricity Regulatory Commission, the relevant part of which is reproduced as under:

*"...4.6 Thus, the Tribunal had directed computation of financing cost related to Late Payment Surcharge for deduction from the Non-Tariff Income at the prevalent market rates as per the Tariff Regulations. 4.7 This is the case in which the LPSC recovered by the Appellant from the consumer is at 18%. The LPSC amount is deducted from the Non-tariff Income. The LPSC amount is also more than the financing expenses incurred by the Appellant to finance the principle amount. The LPSC amount is considered as Non-tariff Income. Accordingly, financing expenses have to be deducted from the Non-Tariff Income. 4.8 We find that the State Commission has mechanically allowed interest rate of 9.5% as allowed while passing the MYT order on funding of working capital without verifying the prevailing cost of debt contracted by the licensee and other relevant factors. As directed in the judgment in appeal no. 153 of 2009, the financing cost for Late Payment amount has to be allowed at the prevalent market lending rates as per the Tariff Regulations. According, the State Commission is directed to re determine the interest rate and the amount of financing cost...."*

4.84 This Hon'ble Commission itself, in its past tariff orders 28.05.2019 (Para 5.46); 30.09.2020 (Para 5.48) had acknowledged the principle of granting interest on TFA to cover additional financial burdens that arise when a utility has to arrange short-term funds.

4.85 Interest on TFA is claimed to compensate the utility for additional financing costs incurred when it must arrange short-term funds to finance the delayed payments from consumers. This is due to the fact that the entire DPS for the distribution activity is considered NTI and deducted from ARR.

4.86 The claim of Interest on Temporary Financial Accommodation for the period FY 06-07 to 11-12 was missed out in the original true-up petition but the same is required to balance the inclusion of Income from Delayed Payment Surcharge as Non-Tariff Income. The income earned through Delayed Payment Surcharge (DPS) as Non-Tariff Income. The Income earned through Delayed Payment Surcharge is adjusted under NTI by the Hon'ble Commission, but



the additional cost incurred by the petitioner in case of non-payment of electricity dues by the consumer (beyond the normal payment cycle) is not considered.

4.87 In view of the principle already settled by the Hon'ble Tribunal and in line with the Commission's adopted principle in this regard in previous orders dtd 28.05.2019, 29.09.2020, 30.09.2020, 30.01.2023, and recent order dated 30.03.2026. DVC requests to allow the cost incurred by DVC for financing the payment shortfall because of delayed payment surcharge by consumers/licensees during FY 2006-07 to 2011-12.

4.88 Thus, it is clear from the above that the matter related to Interest on Temporary Financial Accommodation is already settled by the Hon'ble Commission in its previous orders. Thus, the objection raised by the objector DVC HT Consumers Association does not hold true and lacks basis hence should be withdrawn.

### **Legal Expenses**

4.89 It is respectfully submitted that neither the JSERC Tariff Regulations 2005, nor the JSERC Tariff Regulations 2007 nor the JSERC Tariff Regulations 2010 have an enabling provision permitting the Distribution Licensees to claim Legal Expenses separately as part of their ARR.

4.90 Moreover, it is observed from the Hon'ble CERC Order dated 06.08.2009 in the Petition No. 66/2005 pertaining to Determination of tariff for generation and inter-State transmission of electricity by Damodar Valley Corporation for the period 1.4.2006 to 31.3.2009, in terms of the directions of the Appellate Tribunal for Electricity dated 23.11.2007 in Appeal No.273/2006, the Hon'ble CERC has approved O&M Expenses for DVC's Annual T&D (Transmission & Distribution) charges to the tune of Rs. 42.78 Crores, Rs. 44.49 Crores and Rs. 46.27 Crores respectively for the years FY 2006-07, FY 2007-08 and FY 2008-09. Also, in the Hon'ble CERC's Order dated 29.09.2017 pertaining to True-up of tariff of 2009-14 period of Transmission and Distribution System activities of the DVC network determined by order 27.9.2013 in Petition No. 270/TT/2012, the Hon'ble CERC has approved O & M Expenses for DVC's Annual T&D (Transmission & Distribution) charges to the tune of Rs. 154.2422 crores, Rs. 176.8093 Crores and Rs. 186.9256 crores for the years FY 2009-10, FY 2010-11 and FY 2011-12 respectively. Any amount pertaining to Legal Expenses for



'Distribution Activity' ought to be covered within these amounts permitted by the Hon'ble CERC and may not be claimed over and above such provisions.

4.91 From the Commission's Orders dated 22.11.2012, 19.04.2017 and 18.05.2018, it is evident that neither has the Petitioner claimed any Legal expenses for the period the FY 2006-07 to FY 2011-12 nor has the Hon'ble JSERC allowed any such Legal expenses. This position is evident from the Hon'ble Commission's Orders dated 22.11.2012, 19.04.2017 and 18.05.2018. Moreover, in the Tariff Order dated 31.10.2023, the Hon'ble Commission has categorically disallowed such expenses, holding that the same are not provided for under the applicable Regulations, as reproduced below:

*"Commission's Analysis*

*5.18 The Commission has observed that the JSERC (Terms and Conditions for Distribution Tariff) Regulations, 2004 and the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010 do not contain any clause for approval of Legal Expenses. Further, the Petitioner had not made any claim on this head in Order dated May 18, 2018. As such, the Commission has disallowed such expenses in line with the provisos of the Regulations."*

4.92 The Hon'ble Commission, in its subsequent Order dated 10.12.2024 for determination of ARR and category-wise tariff for FY 2006-07 to FY 2011-12, has continued to disallow any such claim, thereby reaffirming the consistent regulatory position on this issue.

4.93 Further, it is observed that the WBERC has not allowed any amounts towards Legal Expenses for DVC (West Bengal) in its Orders dated 19.06.2020 and 19.03.2020 respectively for the years FY 2006-07, FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 respectively. The Objector thereby seeks parity from the Commission.

4.94 In light of the same, it is prayed that the Hon'ble Commission may disallow the claim of the Petitioner towards Legal expenses.



***Petitioner's Response***

- 4.95 It is respectfully submitted by the Petitioner that the classification and treatment of expenses in the present true-up petition have been undertaken strictly in accordance with the JSERC Tariff Regulations and established regulatory practice.
- 4.96 DVC has, in the Petition, segregated expenditure into two broad categories: (1) Costs directly attributable to Jharkhand Distribution Business: Only those cost items which are directly associated with DVC's distribution activity in the State of Jharkhand which form a part of ARR have been separately claimed before this Hon'ble Commission; (ii) Other Regulatory and Operational Costs not covered under Central Regulations: All other costs which are not specifically contemplated as allowable cost components under the Central Electricity Regulatory Commission, CERC (Terms and Conditions of Tariff) Regulations and which arise from the Petitioner's obligations and operations across both states, have been separately claimed and categorized in the computation of ARR. These include, inter alia:
- Legal expenses (including costs incurred in appellate and regulatory proceedings);
  - Water and pollution Cess;
  - Tariff filing/publication expenses incurred in connection with tariff petitions before CERC; Other similar regulatory and compliance costs.
- 4.97 It is submitted that such expenditure is not covered by the normative O&M charges as allowed by CERC neither for the unified T&D assets nor for the generating stations of DVC. As such, the said costs have not been and cannot be recovered under CERC's tariff norms. Further, the JSERC Tariff Regulations do not expressly exclude the recovery of such legitimate regulatory and operational expenses in the true-up exercise. In fact, the Regulations provide that the licensee's ARR shall include all prudently incurred and verifiable expenses related to supply business, subject to prudence check by this Hon'ble Commission.
- 4.98 Accordingly, DVC has disclosed and claimed these expenses in a transparent manner, ensuring that all cost items are accounted for in the ARR computation, without seeking double recovery under any other regulatory regime.



4.99 A categorical disallowance would therefore be contrary to the statutory mandate of ensuring recovery of legitimate expenditure. Disallowing legal expenses on account of case filed against the Orders or Regulations of the Commission would constrain the licensee's ability to recover costs legitimately attributable to its distribution operations in Jharkhand, thereby impairing its financial sustainability.

4.100 Other State Commission, such as the Hon'ble WBERC, in the Distribution Tariff Regulations 2011, has also provided for allowance of the actual expenditure incurred related to legal issues. (Ref. Reg. 5.7.2 of WBERC Terms and Conditions of Tariff Regulations 2011). In accordance with said regulation, the Hon'ble WBERC in its APR orders dated 19.07.2012 and 31.05.2021 related to True-up of distribution activity and retail supply of electricity by DVC in the State of West Bengal for the period FY 2006-09 and 2009-13 period respectively, has approved the Legal Expenses of DVC in proportion of the sales ratio. The relevant pages of the said order depicting the admitted cost by WBERC on account of legal expenses has already been submitted to the Hon'ble Commission JSERC, against its reply to 1" additional information, dated 05.03.2026.

4.101 Further, it is respectfully stated that the Hon'ble Commission, JSERC has already approved such Legal expenses in its order dated 30.03.2026 under true-up of FY24-25. The objector may kindly refer to that order for explanation given regarding the claim of such expenses. In view of the above, it is submitted that the objection raised by the objector be rejected as the objection lacks merit and the rationale has been already provided.

### **Income Tax**

4.102 The Objectors submits that there have been several court proceedings in different forums pertaining to the issue of DVC Tariff for FY 2006-07 to FY 2011-12 period. The same are listed below:



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**Proceedings in the CERC:**

- A. CERC Proceedings in Petition No. 66/2005 pertaining to Determination of tariff for generation and inter-State transmission of electricity by Damodar Valley Corporation for the period 1.4.2006 to 31.3.2009, in terms of the directions of the Appellate Tribunal for Electricity dated 23.11.2007 in Appeal No. 273/2006.  
The Final Order for the same was issued on 06.08.2009.  
DVC has neither claimed nor has the Hon'ble CERC approved any amount for separate recovery of income tax in this Order dated 06.08.2009.

**Proceedings in the JSERC:**

- B. JSERC Proceedings pertaining to Provisional Tariff Determination Of Annual Revenue Requirement for FY 2006-07 to FY 2010-11 in respect of Distribution and Retail Supply Business of Electricity for the part of Damodar Valley Area falling within the territory of the State of Jharkhand.  
The Final Order for the same was issued on 22.11.2012.  
DVC has neither claimed nor has the Hon'ble JSERC approved any amount for separate recovery of income tax in this Order dated 22.11.2012.
- C. JSERC Proceedings pertaining to True-up for FY 2006-07 to FY 2013-14 And Annual Performance Review for FY 2014-15 for DVC Command Area of Jharkhand.  
The Final Order for the same was issued on 19.04.2017.  
DVC has neither claimed nor has the Hon'ble JSERC approved any amount for separate recovery of income tax in this Order dated 19.04.2017.
- D. JSERC Proceedings pertaining to True-up for FY 2015-16 and ARR for FY 2016-17 to FY 2020-21 and revision of surplus amount approved in Order dated 19.04.2017 for DVC Command Area of Jharkhand.  
The Final Order for the same was issued on 18.05.2018.  
DVC has neither claimed nor has the Hon'ble JSERC approved any amount for separate recovery of income tax in this Order dated 18.05.2018.



**Proceedings in the APTEL:**

- E. Appeal No. 146 of 2009: The Hon'ble APTEL vide its Order dated 10.05.2010 had upheld the aforementioned CERC Order dated 06.08.2009 in Petition No. 66/2005. DVC has neither claimed nor has the Hon'ble APTEL approved any amount for separate recovery of income tax in this Order dated 10.05.2010.
- F. Appeal No. 163 of 2017
- G. Appeal No. 281 of 2018  
DVC has neither claimed nor raised the issue pertaining to any amount for separate recovery of income tax, before the APTEL in either of the appeals 163 of 2017 or 281 of 2018.

**Proceedings in the Supreme Court:**

- H. Civil Appeal No. 4881 of 2010: The Hon'ble Supreme Court vide its Order dated 03.12.2018 had upheld the aforementioned APTEL Order dated 10.05.2010 in Petition NO. 146/2009. DVC has neither claimed nor has the Hon'ble Supreme Court approved any amount for separate recovery of income tax in this Order dated 10.05.2010.

4.103 Thus, it can be observed that, despite having several opportunities over a span of around 12 years to raise the issue pertaining to income tax, the Petitioner failed to do so and has only raised it now. The same point has also been highlighted by the Hon'ble Commission in its Order dated 31.10.2023 on Category-wise Retail Supply Tariff for the period from FY 2006-07 to FY 2011-12, as reflected in the extract below:

*"5.6 The Petitioner did not claim any expenditure in the form of Income Tax in Petition No. Case (T) No. 02 of 2016/or Truing up for FY 2006-07 to FY 2013-14. However, in the instant petition, in line with the provisos of the CERC (Terms and Conditions of Tariff) Regulations, 2004, the Petitioner has claimed actual income tax paid amounting Rs. 243.52 Cr. for FY 2006-07, Rs. 122.87 Cr. for FY 2007-08 and Rs. 94.35 Cr. for FY 2008-09 as per the Audited Annual Accounts.*

*5.7 Further, vide letter no. Coml. Tariff/JSERC/231 dated 25th August 2023, the Petitioner submitted copy of the Tax Assessment order of DVC passed by the Income Tax Department*



*under Section 143(3) of the Income Tax Act 1961 for the financial years 2006-07, 2007-08 and 2008-09 and confirmed that there is no under/ over recovery.*

*5.8 The Petitioner has stated that DVC is a vertically integrated organization referring to judgment passed by Hon'ble Appellate Tribunal for Electricity on 23.11.2007 subsequently upheld by the Hon'ble Supreme Court of India in the Judgment dated 23.07.2018. Accordingly, a single book of accounts is maintained for all its activities including Generation, Transmission and Distribution. As such, income tax can't be segregated between its various activities which generation, transmission and distribution as the account is also integrated. The Petitioner has submitted that no standard methodology is also available for such segregation. However, in absence of standard methodology for such segregation, the Petitioner has worked out, if required for the purpose of determination of tariff, apportionment of Income Tax between different generating stations and T&D System based on Return on Equity as allowed by CERC and their respective utilization/or the distribution activity.*

*5.9 The Commission has observed that the JSERC (Terms and Conditions for Distribution Tariff) Regulations, 2004 do not contain clause for approval of Income Tax. However, the Commission is option that Income tax is an admissible head of expense, since it has been allowed separately by the Hon'ble CERC. Further, Hon'ble WBERC vide Order dated 19.07.2021 has also allowed the expenditure incurred due to payment of Income Tax/or the Petitioner.*

*5.10 In this Order, the Commission has preferred to admit income tax from Return on Equity (ROE) allowed by Hon'ble CERC with required factoring on allocation of generation to DVC command area instead of income tax booked in Audited Annual Accounts.*



**Table 7: Income Tax for the years FY 2006-07 to FY 2008-09 submitted by the petitioner and approved by the Commission (Rs. Crore)**

| Particulars   | Petition      |               |              | Approved     |              |              |
|---|---------------|---------------|--------------|--------------|--------------|--------------|
|   | FY07          | FY08          | FY09         | FY07         | FY08         | FY09         |
| Surplus / (Deficit) as per Audited Annual Accounts                          | -             | -             | -            | 1,541.16     | 1,313.37     | 1,054.44     |
| Income Tax as per Audited Annual Accounts                                   | 243.52        | 122.87        | 94.35        | 243.52       | 122.87       | 94.35        |
| Rate of Tax as derived from Audited Annual Accounts                         | -             | -             | -            | 15.80%       | 9.36%        | 8.95%        |
| RoE approved by Hon'ble CERC with factoring allocation for DVC command area | -             | -             | -            | 213.65       | 218.42       | 236.79       |
| <b>Admissible Income Tax</b>  | <b>243.52</b> | <b>122.87</b> | <b>94.35</b> | <b>33.76</b> | <b>20.43</b> | <b>21.19</b> |

..”

4.104 In view of the above, it is respectfully submitted that the present claim of the Petitioner towards income tax is an afterthought and contrary to its own past conduct, as the Petitioner had not claimed any expenditure towards income tax in Petition No. Case (T) No. 02 of 2016 for trueing up of FY 2006-07 to FY 2013-14, despite having full opportunity to do so. The Petitioner has now, for the first time, sought to claim income tax based on the Audited Annual Accounts, which clearly indicates a belated and opportunistic attempt to introduce a new cost element.

4.105 Further, the Petitioner itself has admitted that it is a vertically integrated entity maintaining a single set of accounts, and that no standard methodology exists for segregation of income tax across generation, transmission and distribution functions. In such circumstances, any allocation of income tax to the distribution business is inherently arbitrary, unverifiable and contrary to principles of prudence as mentioned in the above extract.

4.106 Most importantly, the Hon'ble Commission has categorically observed in its Tariff Order dated 31.10.2023 that the JSERC (Terms and Conditions for Distribution Tariff) Regulations, 2004 do not contain any provision for approval of income tax. Despite this clear regulatory limitation, the Hon'ble Commission, in the interest of equity, has exercised restraint and



adopted a calibrated approach by allowing income tax only to a limited extent linked with Return on Equity (ROE), instead of permitting the full claim as per the Audited Accounts. This clearly establishes that the allowance of income tax is not a matter of right, but a limited and conditional regulatory dispensation, subject to prudence check and consumer interest.

4.107 It is further submitted that the same constrained and consistent approach has been followed by the Hon'ble Commission in its subsequent Order dated 08.05.2024 in Case No. 09 of 2020, thereby reaffirming that the admissibility of income tax is strictly restricted and cannot be expanded beyond the scope already approved.

4.108 Accordingly, the Hon'ble Commission may be pleased to strictly confine the admissibility of income tax to the extent already allowed in its Orders dated 31.10.2023 and 08.05.2024, and to reject the unjustified claims of Rs. 227.37 Crores, Rs. 129.55 Crores and Rs. 84.26 Crores for FY 2006-07, FY 2007-08 and FY 2008-09, respectively. The table below represents the Income Tax that ought to be allowed:

**Table 8: Income Tax as per Objector's assessment**

| SL. No. | Particulars  | Claimed       |        |       | To be approved as per the T.O dated 10.12.2024 |       |       |
|---------|--------------|---------------|--------|-------|--|-------|-------|
|         |              | FY07          | FY08   | FY09  | FY07   | FY08  | FY09  |
| 1       | Income Tax   | 227.37        | 129.55 | 84.26 | 33.76  | 20.43 | 21.19 |
| 2       | <b>Total</b> | <b>441.18</b> |        |       | <b>75.38</b>                                   |       |       |

***Petitioner's Response***

4.109 DVC respectfully submits that the actual Income Tax paid during FY 2006-07 to FY 2008-09 is required to be considered as a separate and additional statutory expense, while undertaking the true-up for the said period.

4.110 In this regard, DVC places reliance on Regulation 7 of the CERC (Terms and Conditions of Tariff) Regulations, 2004, which expressly governed the tariff framework applicable during the relevant years. Regulation 7 unequivocally provides that Tax on income from the core business of the generating company and transmission licensee shall be computed as an expense and recovered from the beneficiaries. The Regulation does not contemplate any



linkage of Income Tax with Return on Equity nor does it permit substitution of the prescribed recovery mechanism.

4.111 Consistent with the aforesaid regulatory framework, the Hon'ble CERC, while approving the Annual Fixed Cost of DVC's generating stations and transmission system for the tariff period FY 2006-07 to FY 2008-09, did not factor Income Tax into the Return on Equity component. Instead, the Hon'ble CERC consciously allowed Income Tax to be recovered separately from the beneficiaries, in terms of Regulation 7 of the CERC Tariff Regulations, 2004.

4.112 Further, while passing the Generation and Transmission Tariff Order dated 06.08.2009 for the period FY 2006-07 to FY 2008-09, the Hon'ble CERC determined all tariff parameters applicable to DVC but left the Income Tax to be recovered directly by DVC from its beneficiaries, thereby reaffirming the regulatory position prevailing for the said tariff period. In accordance with the aforesaid statutory framework, DVC has claimed Income Tax during FY 2006-07 to FY 2008-09 at actuals based on the Tax Assessment order of DVC passed by the Income Tax Department under Section 143(3) of the Income Tax Act 1961 for the FY 2006-07, 2007-08 and 2008-09.

4.113 The approach of introducing any mechanism other than that expressly provided under the applicable Tariff Regulations for allowing Income Tax whether by adjusting it against Return on Equity or otherwise would be unjustified and contrary to the plain language of Regulation 7 of the CERC Tariff Regulations, 2004. Relevant portion of the said Regulation of CERC has already been submitted to the Hon'ble commission in its true up petition as ANNEXURE-21.

4.114 While undertaking the true-up exercise, the State Commission is required to give effect to the input costs determined and permitted by the Central Commission and cannot disregard or dilute the express provisions of the CERC Tariff Regulations, 2004, by adopting a methodology not contemplated therein.

4.115 It is further submitted that, during the tariff period 01.04.2004 to 31.03.2009, all utilities governed by the CERC Tariff Regulations, 2004 recovered Income Tax as a separate expense by raising bills on beneficiaries. The regime of grossing-up of Return on Equity by the applicable tax rate was introduced for the first time only with the notification of the CERC



Tariff Regulations, 2009, applicable prospectively from 01.04.2009 to 31.03.2014. It is further submitted that the Hon'ble commission has adopted this methodology retrospectively and accordingly allowed the income tax in its order dated 10.12.2024.

4.116 The subsequent change in the regulatory framework under the CERC Tariff Regulations, 2009 cannot be retrospectively applied to the period FY 2006-07 to FY 2008-09. For the period under true-up, Income Tax is required to be allowed strictly in accordance with the CERC Tariff Regulations, 2004 and the consistent practice recognised by the Central Commission.

4.117 DVC therefore submits that the actual Income Tax paid during FY 2006-07 to FY 2008-09, as duly audited and apportioned to the State of Jharkhand, is liable to be fully allowed as a pass-through statutory expense in the true-up exercise. Copy of Income Tax Assessment Certificate has already been provided in its submitted true up petition enclosed as ANNEXURE 22.

4.118 DVC has accordingly claimed the same amount in the instant true-up petition at actuals as per the Audited Annual Accounts for FY 2006-07 to FY 2008-09 as audited by C&AG and has apportioned the same to Jharkhand in proportion of the quantum of energy sold in the state during the respective years.

4.119 Hence, the petitioner claim of Income Tax of Rs 227.37 crore in FY 06-07, Rs 129.55 crore in FY 07-08 and Rs 84.26 crore in FY 08-09 is substantiated based on the above and the same may be considered in the true-up of FY 06-12 and the objector claim of unjustified Income Tax claim does not hold true and such objection may be rejected.

## **Revenue**

4.120 The Objector submitted that, vide Order dated 10.12.2024, the Hon'ble Commission approved the total revenue realization at Rs. 10,633.49 Crore (Para 40) and, on that basis, determined a revenue surplus of Rs. 1,406.22 Crore along with category-wise retail tariffs for the period FY 2006-12. The Hon'ble Commission had further directed DVC to furnish consumer-wise details of the refundable amount arising from the said Order.



4.121 In compliance, DVC, vide submission dated 09:01.2025, computed a principal refundable/adjustable amount of Rs. 984.78 Crore (excluding outstanding dues), based on one-to-one settlement with consumers in accordance with the category-wise tariff approved by the Hon'ble Commission. The said amount was certified by an Auditor and placed on record (Annexure 12). Subsequently, DVC, in Para 43 of the present petition, has indicated a revised principal refundable amount of approximately Rs. 1,011.45 Crore, purportedly on account of revision in certain consumer bills.

4.122 However, it is submitted that DVC has failed to provide the essential consumer-wise and year-wise details of the actual refunds effected, which are indispensable for validation and adjustment against the ARR. Further, the revised figure of Rs. 1,011.45 Crore remains unsupported by any documentary evidence or reconciliation statement. In the absence of such substantiation, even the reliance on the earlier Auditor-certified figure of Rs. 984.78 Crore warrants careful scrutiny. The lack of transparency and supporting data renders the Petitioner's claim unverifiable and, therefore, untenable.

4.123 It is further submitted that, pursuant to the Order dated 10.12.2024, the adjusted revenue ought to have been reflected as Rs. 9,648.71 Crore (i.e., Rs. 10,633.49 Crore less Rs. 984.78 Crore). However, DVC has instead reported revenue of Rs. 9,287.58 Crore, without providing any basis or reconciliation. Even if the revised refund figure of Rs. 1,011.45 Crore is assumed; the resultant revenue would be Rs. 9,622.04 Crore, and not the figure claimed by DVC.

4.124 The aforesaid inconsistencies have led to an apparent understatement of revenue to the extent of Rs. 361.13 Crore. The existence of multiple, conflicting revenue figures—Rs. 9,648.71 Crore, Rs. 9,622.04 Crore, and Rs. 9,287.58 Crore—without cogent justification or supporting documentation raises serious concerns regarding the accuracy, consistency, and credibility of the Petitioner's submissions.

4.125 In view of the above, the Objector humbly submits that the Hon'ble Commission may be pleased to consider the revenue at Rs. 9,648.71 Crore, being the figure derived after adjusting the Auditor-certified refundable amount of Rs. 984.78 Crore from the approved revenue of Rs. 10,633.49 Crore, unless and until any deviation is duly substantiated with complete and verifiable records.



### ***Petitioner's Response***

4.126 It is humbly submitted that in the Order dated 10.12.2024, the Hon'ble Commission JSERC, while determining the ARR and category-wise tariff, recorded a cumulative Revenue Surplus of Rs. 1,406.22 Crores for the period FY 2006-07 to FY 2011-12, as reflected therein, at the table of Para 40 of the Order. Evidently, the said Revenue Surplus has been arrived at by comparing the expected revenue from sale of power at the approved tariff with the then submitted billed revenue (on aggregate basis) during the relevant years. Such determination is not found on any consumer-wise, one-to-one settlement for the said period.

4.127 Further, in the Order dated 10.12.2024, this Hon'ble Commission, in accordance with the Judgment dated 10.05.2010 passed by the Hon'ble Tribunal (as upheld by the Hon'ble Supreme Court vide Order dated 03.12.2018), directed DVC to report the consumer-wise principal amount refundable or recoverable, duly certified by the Auditor, and to revise electricity bills and refund the excess amount billed and collected, along with interest at the rate of 6% per annum, in terms of Section 62(6) of the Electricity Act, or alternatively to adjust the same in 24 equal monthly prospective instalments. The Hon'ble Commission further directed submission of monthly compliance reports. The relevant extract has been quoted herein below:

*"Directive*

*41. The Commission in accordance with the Hon'ble APTEL judgement dated 10.05.2010, which has been upheld by the Hon'ble Supreme Court vide its Order dated 03.12.2018 hereby directs petitioner-DVC to:*

*a) Report the consumer-wise principal amount to be refunded or to be recovered post implementation of the instant Tariff Order along with the Auditor's certificate providing the amount to be refunded within 30 days.*

*b) Revise the electricity bills raised by DVC for electricity consumption during April, 2006 onwards of its licensees and HT Consumers and refund the excess amount billed and collected along with the interest at the rate of 6% per annum in line with section 62 (6) of the Electricity Act, 2003. Alternatively, DVC may adjust the excess amount recovered, along with the interest at rate of 6% per annum, in 24 equal monthly prospective instalments of the consumers/licensees.*

*c) Submit the monthly compliance report providing the status of refund or recovery as the case may be."*



A true copy of the relevant extract of the Order dated 10.12.2024 has already been submitted along with the petition for the true-up of FY06-12.

4.128 In compliance with the aforesaid directions, on 09.01.2025, DVC computed a principal refundable/adjustable amount of Rs. 984.78 Crores (excluding outstanding dues), after one-to-one settlement with consumers based on the category wise tariff determined by this Hon'ble Commission. The said consumer-wise principal refundable amount was duly certified by the Auditor and submitted before the Hon'ble Commission vide a letter, which has also been uploaded on the website of the Hon'ble Commission.

4.129 Pursuant to the Order dated 10.12.2024, and in accordance with the category-wise tariff approved therein, DVC issued revised monthly energy bills to the consumers in the State of Jharkhand for the relevant period. The revised bills were raised in terms of the approved tariff schedule vis-à-vis the tariff charged in the relevant period. This formed the basis for undertaking the subsequent consumer-wise reconciliation and one-to-one settlement process.

4.130 It is further submitted that subsequent to the issuance of the revised monthly energy bills in accordance with the approved tariff vide Order dated 10.12.2024, some of the consumers approached DVC seeking reconciliation of payment with reference to the old bills. Upon such reconciliation, the bills of a few consumers (e.g. Sundaram Ferro, BSL Sail, Bharat Alloys etc.) were revised, resulting in revision of the principal refundable amount (without dues adjustment), as on date stand as approximately Rs. 1,011.45 Crores instead of Rs. 984.78 Crores computed and submitted to this Hon'ble Commission at that point in time. Therefore, Rs. 1,011 Crores is being refunded/adjusted on the basis of one-to-one settlement to consumers.

4.131 It is respectfully submitted that the cumulative revenue surplus of 1,406.22 Crores, as reflected in the order dated 10.12.2024 (para 40 of the order), represents an aggregate surplus computed at the tariff-determination stage, based on the revenue figures then available on record. The actual surplus amount refunded/adjusted pursuant to consumer-wise one-to-one settlement as on today stands at approximately 1,011.45 Crores, resulting in a differential of 394.77 Crores between the aggregate surplus assessed by this Hon'ble Commission.



4.132 It may be noted that the aforesaid differential has arisen as a consequence of the consumer-wise reconciliation and implementation process, including:

- (a) Individual reconciliation of the old revenue based upon verification of consumer bills, which had earlier been compiled on an aggregate basis; and
- (b) Marginal variation between the expected revenue considered at the tariff- determination stage and the actual revised revenue billed to consumers in accordance with the tariff order dated 10.12.2024.

4.133 The revised revenue figures emerging from the one-to-one settlement exercise form the basis of actual refund invoices issued to individual consumers, none of which has been disputed till date. Further, in terms of the directions of this Hon'ble Commission, refund of surplus or recovery of deficit is required to be effected in equal monthly instalments over a period of 24 months.

4.134 Thus, the difference in revenue submitted by DVC as pointed by the objector is the revised billing from the consumers of Jharkhand command area as per the revised tariff order dated 10.12.2024, issued by this Hon'ble Commission. The said amount of Rs 9287.58 crore as submitted in the truing-up petition is to be considered as the final revenue figure for this period of FY 06-07 to 11-12 period by DVC and the resultant gap found from the ARR after the revised billing is Rs 277.09 crore which is also to be considered as the final revenue gap arising out of this revised billing for sale of power to Jharkhand command area.

**Average Cost of Supply**

4.135 According to the aforesaid objections, the Objector has calculated the True-up ARR (Rs. Crores) for the period FY2006-07 to FY 2011-12 for DVC (Jharkhand) and the corresponding Average Cost of Supply (ACoS) (Rs./kWh). The same is tabulated below:

**Table 9: True-up ARR as per Objector's assessment (Rs. Crore)**

| Sl. No. | Particulars         | 2006-07  | 2007-08  | 2008-09  | 2009-10  | 2010-11  | 2011-12  |
|---------|---------------------|----------|----------|----------|----------|----------|----------|
| 1       | Own Generation Cost | 2,523.16 | 2,466.62 | 2,601.92 | 3,749.68 | 4,125.97 | 5,244.93 |
| 2       | Power purchase cost | 35.42    | 84.92    | 82.10    | 753.11   | 600.05   | 555.00   |



**DVC Order on True-up for FY 2006-07 to FY 2011-12**

| Sl. No.   | Particulars   | 2006-07         | 2007-08         | 2008-09         | 2009-10                         | 2010-11         | 2011-12         |
|-----------|---|-----------------|-----------------|-----------------|---------------------------------|-----------------|-----------------|
| 3         | T&D Cost  | 158.31          | 167.51          | 156.33          | Included in own Generation Cost |                 |                 |
| 4         | Pension as allowed by CERC  | 628.19          | 628.19          | 628.19          |                                 |                 |                 |
| 5         | Sinking fund contribution as allowed by CERC                                    | -               | -               | -               |                                 |                 |                 |
| 6         | Pension for distribution activity   | 1.23            | 1.23            | 1.23            | 0.49                            | 0.49            | 0.49            |
| 7         | Additional O&M expenses for pay revision  | -               | -               | -               | -                               | -               | -               |
| 8         | Others Costs (incl. Of Tariff filing & Pub. Exp.)                               | 0.25            | 0.25            | 0.33            | 1.12                            | 1.17            | 1.38            |
| 9         | Income Tax  | 33.76           | 20.43           | 21.19           | -                               | -               | -               |
| 10        | Water and Pollution Cess  | 2.76            | 2.27            | 1.84            | 2.79                            | 2.75            | 2.06            |
| 11        | Interest on Temp. Financial accommodation                                       | -               | -               | -               | -                               | -               | -               |
| 12        | Legal Expenses  | -               | -               | -               | -                               | -               | -               |
| <b>13</b> | <b>Total Cost (=Sum of 1 to 12)</b>   | <b>3,383.07</b> | <b>3,371.42</b> | <b>3,493.11</b> | <b>4,507.18</b>                 | <b>4,730.44</b> | <b>5,803.86</b> |
| 14        | Less: Non-Tariff income   | 7.65            | 12.22           | 24.26           | 1.89                            | 7.63            | 28.54           |
| <b>15</b> | <b>Net Cost (=13-14)</b>  | <b>3,375.42</b> | <b>3,359.20</b> | <b>3,468.85</b> | <b>4,505.29</b>                 | <b>4,722.81</b> | <b>5,775.32</b> |
| 16        | Ratio of sales in Jharkhand area to total DVC area                              | 62.77%          | 59.71%          | 60.00%          | 58.35%                          | 59.47%          | 58.86%          |
| 17        | Allocation of cost to Jharkhand area in ratio of energy sales in Jharkhand area | 2,118.62        | 2,005.87        | 2,081.36        | 2,628.66                        | 2,808.50        | 3,399.59        |
| 18        | Add: Tariff filing & Publication Expense JSERC                                  | 0.24            | 0.23            | 0.27            | 0.63                            | 0.66            | 0.34            |
| 19        | Add: Interest on working capital  | 2.15            | 2.76            | 3.35            | 3.67                            | 3.38            | 4.44            |
| 20        | Add: Interest on Security deposit   | -               | -               | -               | -                               | -               | 1.02            |
| <b>21</b> | <b>Total ARR for Jharkhand area (=sum of 17 to 20)</b>                          | <b>2,121.01</b> | <b>2,008.86</b> | <b>2,084.98</b> | <b>2,632.96</b>                 | <b>2,812.54</b> | <b>3,405.39</b> |
| <b>22</b> | <b>Energy sold to consumers in Jharkhand (MU)</b>                               | <b>6,761.61</b> | <b>7,394.85</b> | <b>7,740.31</b> | <b>8,094.00</b>                 | <b>8,549.47</b> | <b>8,899.12</b> |
| <b>23</b> | <b>Energy Sold to HV &amp; EHV Consumers &amp; licensees</b>                    | <b>4,032.52</b> | <b>4,379.53</b> | <b>4,659.63</b> | <b>4,908.43</b>                 | <b>5,244.78</b> | <b>5,438.63</b> |



| Sl. No. | Particulars   | 2006-07  | 2007-08  | 2008-09  | 2009-10  | 2010-11  | 2011-12  |
|---------|---|----------|----------|----------|----------|----------|----------|
|         | excluding JBVNL (MU)  |          |          |          |          |          |          |
| 24      | ARR recoverable from HV & EHV Consumers & licensees excluding JBVNL (Rs. Crore)                 | 1,264.94 | 1,189.73 | 1,255.15 | 1,596.70 | 1,725.39 | 2,081.18 |
| 25      | Average cost of supply for HV & EHV consumers & licensees excluding JBVNL (Rs./kWh) (=24*10/23) | 3.14     | 2.72     | 2.69     | 3.25     | 3.29     | 3.83     |

4.136 As can be observed, as per the Objector's Assessment, the Average Cost of Supply for DVC for the years is Rs. 3.14/kWh, Rs. 2.72/kWh, Rs. 2.69/kWh, Rs. 3.25/kWh, Rs. 3.29/kWh and Rs. 3.83/kWh respectively. In view of the above, it is respectfully submitted that the JSERC may be pleased to approve the ACoS as per the Objector's assessment.

4.137 As discussed in the preceding section, for the purpose of determining the revenue gap/(surplus), the Objector has considered (i) the revenue billed to consumers as per the Tariff Order dated 10.12.2024 for the period FY 2006-07 to FY 2011-12, and (ii) the revised ARR computed by the Objector. Based on the same, and after adjusting the amount already refunded, the residual revenue gap/(surplus) has been recalculated and is presented in the table below:

**Table 10: Revenue Gap/ (Surplus) as per Objector's assessment**

| Sl. No. | Particulars   | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---------|---|---------|---------|---------|---------|---------|---------|
| 1       | Revenue Billed to firm consumers in Jharkhand other than JBVNL (based on actual billing during the respective year as per Order dated 10.12.2024) | 1265.95 | 1439.88 | 1899.45 | 2036.52 | 1956.25 | 2035.44 |
| 2       | ARR recoverable from HV & EHV Consumers & licensees excluding JBVNL as per the Objector (Rs. Crore)   | 1264.94 | 1189.73 | 1255.15 | 1596.70 | 1725.39 | 2081.18 |
| 3       | Revenue Gap (+)/Surplus (-) (=2-1)  | -1.01   | -250.15 | -644.30 | -439.82 | -230.86 | 45.74   |



| Sl. No. | Particulars   | 2006-07 | 2007-08 | 2008-09 | 2009-10  | 2010-11 | 2011-12 |
|---------|---|---------|---------|---------|----------|---------|---------|
| 4       | Total Revenue Gap (+) / Surplus (-) as per the Objector       |         |         |         | -1520.41 |         |         |
| 5       | Revenue refunded as per order dt. 10.12.2024                  |         |         |         | -984.78  |         |         |
| 6       | Revenue Surplus (-) to be refunded as per the Objector (=4-5) |         |         |         | -535.63  |         |         |

4.138 Accordingly, the Objector most respectfully submits that the residual revenue surplus of Rs. 535.65 Crores, as computed hereinabove, merits acceptance and approval by the Hon'ble Commission. It is further prayed that the said surplus be directed to be passed on to consumers in a time-bound and transparent manner. In order to ensure complete restitution and to fully neutralize the impact of past excess recovery, the Hon'ble Commission may be pleased to allow adjustment of the aforesaid surplus, along with applicable carrying cost, up to FY 2026-27 in the tariff determination process.

4.139 The Objector further submits that the determination of the cumulative Revenue Gap/surplus up to FY 2025-26 must necessarily factor in (i) the true-up of the period FY 2006-12; (ii) the adjustment of excess T&D charges recovered; and (iii) the correction of contributions to the sinking fund for the period FY 2012-24. Such comprehensive reckoning is essential to accurately reflect the financial position and to give effect to the binding outcomes of the judgments of the Hon'ble APTEL. Incorporating these post-period adjustments within the tariff framework for the ensuing year would ensure that the tariff remains cost-reflective, equitable, and aligned with settled regulatory principles.

### ***Petitioner's Response***

4.140 The Commission observes that the Petitioner has not furnished any specific reply to the aforesaid submissions of the Objector.



# **CHAPTER 5: TRUE-UP FOR FY 2006-07 TO FY 2011-12**



## **5. TRUE-UP FOR FY 2006-07 TO FY 2011-12**

5.1 The Petitioner has sought approval for the True-up of ARR & revenue for FY 2006-07 to FY 2011-12 based on the actual information and the annual accounts for the aforementioned years. The Commission, based on the audited accounts and other information made available by the Petitioner and the prudence check undertaken by the representatives of the Commission, analysed all the components of revenue and expenditure for FY 2006-07 to FY 2011-12.

5.2 The component-wise description of the Petitioner’s submission and the Commission’s analysis on the same is provided herein-under.

### **Supply Points, Connected Load and Energy Sales**

#### ***Petitioner’s Submission***

5.3 The Petitioner has submitted the actual category-wise number of consumers/connection points, connected load and energy sales in the Damodar Valley area falling within the State of Jharkhand for FY 2006-07 to FY 2011-12. The details are as follows:

**Table 11: Supply points, connected load and sales in Jharkhand area submitted by the Petitioner for FY 2006-07**

| <b>Particulars</b> | <b>Supply Points</b> | <b>Connected Load (MVA)</b> | <b>Consumption (MU)</b> |
|--------------------|----------------------|-----------------------------|-------------------------|
| Industries (33KV)  | 66.00                | 471.71                      | 2345.90                 |
| Industries (132KV) | 4.00                 | 285.25                      | 1317.75                 |
| Traction (132KV)   | 9.00                 | 146.00                      | 368.87                  |
| <b>Total</b>       | <b>79.00</b>         | <b>902.96</b>               | <b>4032.52</b>          |



**Table 12: Supply points, connected load and sales in Jharkhand area submitted by the Petitioner for FY 2007-08**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 75            | 482.24               | 2658.76          |
| Industries (132KV) | 5             | 290.25               | 1339.44          |
| Traction (132KV)   | 9             | 146.50               | 381.33           |
| <b>Total</b>       | <b>89</b>     | <b>918.99</b>        | <b>4379.53</b>   |

**Table 13: Supply points, connected load and sales in Jharkhand area submitted by the Petitioner for FY 2008-09**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 83            | 504.07               | 2734.15          |
| Industries (132KV) | 5             | 347.75               | 1519.27          |
| Traction (132KV)   | 9             | 152.00               | 406.21           |
| <b>Total</b>       | <b>97</b>     | <b>1003.82</b>       | <b>4659.63</b>   |

**Table 14: Supply points, connected load and sales in Jharkhand area submitted by the Petitioner for FY 2009-10**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 88            | 517.98               | 2914.42          |
| Industries (132KV) | 5             | 360.25               | 1560.95          |
| Traction (132KV)   | 9             | 152.00               | 433.06           |
| <b>Total</b>       | <b>102</b>    | <b>1030.23</b>       | <b>4908.43</b>   |



**Table 15: Supply points, connected load and sales in Jharkhand area submitted by the Petitioner for FY 2010-11**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 96            | 554.16               | 2885.69          |
| Industries (132KV) | 5             | 365.25               | 1900.08          |
| Traction (132KV)   | 9             | 153.00               | 458.96           |
| <b>Total</b>       | <b>110</b>    | <b>1072.41</b>       | <b>5244.73</b>   |

**Table 16: Supply points, connected load and sales in Jharkhand area submitted by the Petitioner for FY 2011-12**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 95            | 568.41               | 2993.20          |
| Industries (132KV) | 6             | 390.09               | 1955.53          |
| Traction (132KV)   | 9             | 153.16               | 476.50           |
| Industries (220KV) | 1             | 11.00                | 13.40            |
| <b>Total</b>       | <b>111</b>    | <b>1072.41</b>       | <b>5244.73</b>   |

### *Commission's Analysis*

- 5.4 The Commission has studied the various documents submitted by the Petitioner including those submitted as part of the data gaps.
- 5.5 The Commission after scrutinizing the information submitted by the Petitioner and the Auditor's Certificate and prudence check, approves the actual supply points, connected load and energy sales as submitted by the Petitioner for FY 2006-07 to 2011-12, which is summarized as below:



**Table 17: Supply points, connected load and sales in Jharkhand area approved by the Commission for FY 2006-07**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 66.00         | 471.71               | 2345.90          |
| Industries (132KV) | 4.00          | 285.25               | 1317.75          |
| Traction (132KV)   | 9.00          | 146.00               | 368.87           |
| <b>Total</b>       | <b>79.00</b>  | <b>902.96</b>        | <b>4032.52</b>   |

**Table 18: Supply points, connected load and sales in Jharkhand area approved by the Commission for FY 2007-08**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 75            | 482.24               | 2658.76          |
| Industries (132KV) | 5             | 290.25               | 1339.44          |
| Traction (132KV)   | 9             | 146.50               | 381.33           |
| <b>Total</b>       | <b>89</b>     | <b>918.99</b>        | <b>4379.53</b>   |

**Table 19: Supply points, connected load and sales in Jharkhand area approved by the Commission for FY 2008-09**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 83            | 504.07               | 2734.15          |
| Industries (132KV) | 5             | 347.75               | 1519.27          |
| Traction (132KV)   | 9             | 152.00               | 406.21           |
| <b>Total</b>       | <b>97</b>     | <b>1003.82</b>       | <b>4659.63</b>   |



**Table 20: Supply points, connected load and sales in Jharkhand area approved by the Commission for FY 2009-10**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 88            | 517.98               | 2914.42          |
| Industries (132KV) | 5             | 360.25               | 1560.95          |
| Traction (132KV)   | 9             | 152.00               | 433.06           |
| <b>Total</b>       | <b>102</b>    | <b>1030.23</b>       | <b>4908.43</b>   |

**Table 21: Supply points, connected load and sales in Jharkhand area approved by the Commission for FY 2010-11**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 96            | 554.16               | 2885.69          |
| Industries (132KV) | 5             | 365.25               | 1900.08          |
| Traction (132KV)   | 9             | 153.00               | 458.96           |
| <b>Total</b>       | <b>110</b>    | <b>1072.41</b>       | <b>5244.73</b>   |

**Table 22: Supply points, connected load and sales in Jharkhand area approved by the Commission for FY 2011-12**

| Particulars        | Supply Points | Connected Load (MVA) | Consumption (MU) |
|--------------------|---------------|----------------------|------------------|
| Industries (33KV)  | 95            | 568.41               | 2993.20          |
| Industries (132KV) | 6             | 390.09               | 1955.53          |
| Traction (132KV)   | 9             | 153.16               | 476.50           |
| Industries (220KV) | 1             | 11.00                | 13.40            |
| <b>Total</b>       | <b>111</b>    | <b>1122.66</b>       | <b>5438.63</b>   |



**Transmission & Distribution Losses and Energy Requirement**

***Petitioner’s Submission***

5.6 The Petitioner submitted that as it is supplying power in bulk to the WBSEDCL & JSEB and majority of HT consumers falling in the Damodar valley area are at 33 KV and above voltage, it incurs very low T&D losses. The actual T&D loss for FY 2006-07, FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 & FY 2011-12 are 3.7%, 3.5%, 3.0%, 4.6% , 4.8%, & 6.95% respectively.

5.7 Based on the total energy sales in the Damodar Valley area, the T&D losses and the energy wheeled from the system, the Petitioner submitted the actual energy requirement for the period FY 2006-07 to FY 2011-12 has been summarised below:

**Table 23: Energy requirement submitted by the Petitioner for FY 2006-07 to FY 2011-12 (MU)**

| Particulars                                       | 2006-07      | 2007-08      | 2008-09      | 2009-10      | 2010-11      | 2011-12      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Energy sales within the state of Jharkhand (MU)   | 6762         | 7395         | 7740         | 8094         | 8549         | 8899         |
| Energy sales within the state of West Bengal (MU) | 4011         | 4989         | 5160         | 5778         | 5828         | 6219         |
| Total energy sales in DVC Area (MU)               | 10773        | 12384        | 12900        | 13872        | 14377        | 15118        |
| Energy wheeled (MU)                               | 409          | 358          | 275          | 304          | 276          | 347          |
| Overall Utilization                               | 11182        | 12742        | 13175        | 14176        | 14653        | 15465        |
| T&D loss (%)                                      | 3.7%         | 3.5%         | 3.0%         | 4.6%         | 4.8%         | 6.95%        |
| <b>T&amp;D loss (MU)</b>                          | 432          | 459          | 414          | 676          | 732          | 1154         |
| Total Energy Requirement for DVC                  | <b>11614</b> | <b>13201</b> | <b>13589</b> | <b>14853</b> | <b>15385</b> | <b>16619</b> |



**Commission's Analysis**

5.8 The Commission, in its Order dated 22.11.12, had approved T&D loss of 4.60% for FY 2011-12 based on the actual details submitted by the Petitioner. While scrutinising the submissions of the Petitioner in the instant Petition, the Commission observed that even though the Petitioner has submitted T&D loss of 4.60% for FY 2011-12, the quantum of the power procured from outside sources as submitted in the station-wise power purchase details did not match with the quantum of power procured from outside sources as submitted in the Energy Balance. Further scrutiny of the source-wise details of power purchase quantum along with details of own generation indicated actual T&D loss to the tune of 6.95% instead of 4.60% as claimed by the Petitioner. The Commission directed the Petitioner to submit justifications for the discrepancy observed. However, Petitioner failed to submit any suitable justification for the discrepancy. Accordingly, the Commission finds it prudent to adopt the T&D loss of 4.60% for FY 2011-12 as approved in its Order dated 22.11.12 and power procured in excess of normative loss level is disallowed.

5.9 The Commission has referred the para 5.08 of DVC True up Order for period FY 2006-07 to FY 2013-14 dated April 19, 2017 for approval of T&D loss which are summarized as below:

**Table 24: Energy requirement approved by the Commission for FY 2006-07 to FY 2011-12 (MU)**

| Particulars                                       | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---------|---------|---------|---------|---------|---------|
| Energy sales within the state of Jharkhand (MU)   | 6762    | 7395    | 7740    | 8094    | 8549    | 8899    |
| Energy sales within the state of West Bengal (MU) | 4011    | 4989    | 5160    | 5778    | 5828    | 6219    |
| Total energy sales in DVC Area (MU)               | 10773   | 12384   | 12900   | 13872   | 14377   | 15118   |
| Energy wheeled (MU)                               | 409     | 358     | 275     | 304     | 276     | 347     |
| Overall Utilization                               | 11182   | 12742   | 13175   | 14176   | 14653   | 15465   |



| Particulars                             | 2006-07      | 2007-08      | 2008-09      | 2009-10      | 2010-11      | 2011-12      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| T&D loss (%)                            | 3.7%         | 3.5%         | 3.0%         | 4.6%         | 4.8%         | 4.6%         |
| T&D loss (MU)                           | 432          | 458          | 414          | 674          | 732          | 744          |
| <b>Total Energy Requirement for DVC</b> | <b>11614</b> | <b>13200</b> | <b>13589</b> | <b>14851</b> | <b>15385</b> | <b>16209</b> |

### Energy Availability from Own Generating Stations for Distribution Function

#### *Petitioner's Submission*

5.10 The Petitioner has submitted that it generates power from its own stations to meet part of the power requirements for its consumers in Jharkhand and West Bengal. The generating stations include thermal, solar and hydel stations.

5.11 The actual generation available from own stations during the period FY 2006-07 to FY 2010-11 has been summarised in the following tables.

**Table 25: Power availability (MU) from own stations during FY 2006-07 to FY 2011-12 as submitted by Petitioner**

| Station Name            | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|-------------------------|------------|------------|------------|------------|------------|------------|
| <b>Thermal Stations</b> |            |            |            |            |            |            |
| MTPS U# 1 to 3          | 4232.03    | 4360.97    | 3603.02    | 2782.90    | 3741.57    | 2988.51    |
| BTPS                    | 2842.38    | 3411.57    | 2995.68    | 3139.83    | 3039.88    | 2632.60    |
| CTPS                    | 1897.86    | 2123.89    | 2244.74    | 1946.93    | 2332.73    | 1726.12    |
| DTPS                    | 1837.73    | 1467.25    | 1719.63    | 1823.00    | 1337.60    | 1550.02    |
| MTPS U# 4               | 1330.93    | 1498.30    | 1335.83    | 1302.08    | 1267.66    | 1044.11    |
| MTPS U# 5& 6            |            | 223.00     | 1615.79    | 1974.49    | 2800.78    | 1918.61    |
| MTPS U# 7 & 8           |            |            |            |            |            | 1197.33    |
| CTPS U# 7 & 8           |            |            |            |            |            | 542.50     |



| Station Name          | FY 2006-07      | FY 2007-08      | FY 2008-09      | FY 2009-10      | FY 2010-11      | FY 2011-12      |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| MTPS U# 8 – Infirm    |                 |                 |                 |                 |                 | 58.08           |
| CTPS U# 7 & 8 Infirm  |                 |                 |                 | 137.25          | 81.65           | 308.84          |
| DTPS U# 1 & 2 Infirm  |                 |                 |                 |                 | 189.54          | 6.40            |
| <b>Hydel Stations</b> |                 |                 |                 |                 |                 |                 |
| MHS                   | 175.04          | 203.33          | 189.09          | 102.38          | 59.47           | 301.18          |
| PHS                   | 162.67          | 208.72          | 221.69          | 84.50           | 54.27           |                 |
| THS                   | 17.98           | 21.97           | 19.53           | 9.62            | 0.46            |                 |
| <b>Total</b>          | <b>12496.62</b> | <b>13519.00</b> | <b>13945.00</b> | <b>13302.98</b> | <b>14905.61</b> | <b>14274.30</b> |

**Commission’s Analysis**

5.12 The Commission has examined the submissions made by the Petitioner regarding energy availability from its own generating stations. In support of its submissions, the Petitioner has placed on record the relevant tariff orders dated August 6, 2009 & June 23, 2011 issued by the Hon’ble Central Electricity Regulatory Commission (CERC). Based on the documents furnished and after due scrutiny, the Commission approves the energy availability from the Petitioner’s own generating sources for the purpose of the present True-up.

**Table 26: Power availability (MU) from own stations during FY 2006-07 to FY 2011-12 as approved by Commission**

| Station Name            | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|-------------------------|------------|------------|------------|------------|------------|------------|
| <b>Thermal Stations</b> |            |            |            |            |            |            |
| MTPS U# 1 to 3          | 4232.03    | 4360.97    | 3603.02    | 2782.90    | 3741.57    | 2988.51    |
| BTPS                    | 2842.38    | 3411.57    | 2995.68    | 3139.83    | 3039.88    | 2632.60    |
| CTPS                    | 1897.86    | 2123.89    | 2244.74    | 1946.93    | 2332.73    | 1726.12    |
| DTPS                    | 1837.73    | 1467.25    | 1719.63    | 1823.00    | 1337.60    | 1550.02    |
| MTPS U# 4               | 1330.93    | 1498.30    | 1335.83    | 1302.08    | 1267.66    | 1044.11    |
| MTPS U# 5& 6            |            | 84.00      | 1615.79    | 1974.49    | 2800.78    | 1918.61    |



| Station Name                          | FY 2006-07       | FY 2007-08       | FY 2008-09       | FY 2009-10       | FY 2010-11       | FY 2011-12       |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| MTPS U# 7 & 8                         |                  |                  |                  |                  |                  | 1197.33          |
| CTPS U# 7 & 8                         |                  |                  |                  |                  |                  | 542.50           |
| MTPS U# 8 – Infirm                    |                  |                  |                  |                  |                  | 58.08            |
| CTPS U# 7 & 8 Infirm                  |                  |                  |                  | 137.25           | 81.65            | 308.84           |
| DTPS U# 1 & 2 Infirm                  |                  |                  |                  |                  | 189.54           | 6.40             |
| <b>Hydel Stations</b>                 |                  |                  |                  |                  |                  |                  |
| MHS                                   | 175.04           | 203.33           | 189.09           | 102.38           | 59.47            | 301.18           |
| PHS                                   | 162.67           | 208.72           | 221.69           | 84.50            | 54.27            |                  |
| THS                                   | 17.98            | 21.97            | 19.53            | 9.62             | 0.46             |                  |
| <b>Total</b>                          | <b>12496.62</b>  | <b>13380.00</b>  | <b>13945.00</b>  | <b>13302.98</b>  | <b>14905.61</b>  | <b>14274.30</b>  |
| Net Power Purchase (Incl. UI)         | -140.00          | 138.00           | 365.00           | 2,354.00         | 2,516.00         | 1,540.00         |
| Energy received for Wheeling          | 450.00           | 416.00           | 322.00           | 350.00           | 284.00           | 397.00           |
| Less: Energy sold to other licensees  | 1,193.00         | 734.00           | 1,043.00         | 1,156.00         | 2,322            | 1.88             |
| <b>Total Energy Available for DVC</b> | <b>11,614.00</b> | <b>13,200.00</b> | <b>13,589.00</b> | <b>14,851.00</b> | <b>15,384.00</b> | <b>16,209.00</b> |

**Power Purchase from Central Sector Generating Stations (CSGSs) and Other Sources**

***Petitioner’s Submission***

5.13 The Petitioner has submitted in true up order dated April 19th, 2017 that it is also purchasing power from the Central Sector Generating Units such as NTPC and NHPC based on the subsisting long term PPAs. In addition, DVC has purchased electricity from Maithon Power Ltd. (MPL) on long term basis at a tariff as approved by the Hon’ble CERC. DVC has also purchased Bhutan hydropower through PTC in terms of the subsisting PPAs. In the event of contingencies, DVC also had to purchase power from power exchange to bridge the gap between the demand and supply in respect of the distribution activity to meet the demand of the consumers as well as to maintain grid discipline. Despite all such purchase arrangements, there happened uncontrollable unscheduled interchange i.e. UI import by DVC on some



occasions to ensure the uninterrupted power supply to its consumers in case of exigency as well as to maintain the grid discipline.

**Table 27: Power availability (MU) from own stations during FY 2006-07 to FY 2011-12 as submitted by Petitioner**

| Name of Station                            | FY 2006-07   | FY 2007-08 | FY 2008-09 | FY 2009-10  | FY 2010-11  | FY 2011-12  |
|--|--------------|------------|------------|-------------|-------------|-------------|
| NTPC                                       |              |            |            |             |             |             |
| TSTPS                                      | 24           | 22         | 21         | 21          | 21          | 20          |
| FSTPS                                      | 274          | 86         | 0          | 0           | 0           | 0           |
| KSTPS                                      | 6            | 0          | 0          | 0           | 0           | 0           |
| NHPC                                       |              |            |            |             |             |             |
| Rangeet                                    | 19           | 31         | 32         | 31          | 33          | 34          |
| Teesta                                     | 0            | 5          | 154        | 216         | 218         | 215         |
| WBSEDCL                                    | 0            | 0          | 0          | 9           | 0           | 0           |
| PTC  |              |            |            |             |             |             |
| Chukha                                     | 186          | 182        | 186        | 184         | 185         | 175         |
| Kurichu                                    | 141          | 97         | 93         | 89          | 84          | 76          |
| Tala                                       | 44           | 171        | 203        | 179         | 193         | 186         |
| MPL  | 0            | 0          | 0          | 0           | 0           | 535         |
| <b>Sub-Total</b>                           | <b>693</b>   | <b>594</b> | <b>689</b> | <b>729</b>  | <b>734</b>  | <b>1240</b> |
| Net power purchase through UI              | (833)        | (456)      | (324)      | 1625        | 1782        | 276         |
| Net power purchase through energy exchange | 0            | 0          | 0          | 0           | 0           | 23          |
| <b>Total Power Purchase</b>                | <b>(140)</b> | <b>138</b> | <b>365</b> | <b>2354</b> | <b>2516</b> | <b>1539</b> |

**Commission's Analysis**

5.14 The Commission analysis in true up order dated April 19th 2017 that information submitted by the Petitioner and after validating the same with the audited annual accounts for FY 2006-07 to FY 2011-12, approves the actual power purchased from CSGS and other sources (including UI) for FY 2006-07 to FY 2011-12 as submitted by the Petitioner.

5.15 According to the the true up order April 19th 2017, the Commission, in its Order dated 22.11.12, had approved T&D loss of 4.60% for FY 2011-12 based on the actual details submitted by the Petitioner. While scrutinising the submissions of the Petitioner in the instant



Petition, the Commission observed that even though the Petitioner has submitted T&D loss of 4.60% for FY 2011-12, the quantum of the power procured from outside sources as submitted in the station-wise power purchase details did not match with the quantum of power procured from outside sources as submitted in the Energy Balance. Further scrutiny of the source-wise details of power purchase quantum along with details of own generation indicated actual T&D loss to the tune of 6.95% instead of 4.60% as claimed by the Petitioner. The Commission directed the Petitioner to submit justifications for the discrepancy observed. However, Petitioner failed to submit any suitable justification for the discrepancy. Accordingly, finds it prudent to adopt the T&D loss of 4.60% for FY 2011-12 as approved in its Order dated 22.11.12 and accordingly, the Commission has disallowed power procured in excess of normative loss level.

5.16 In order to disallow power procured in excess of normative loss level, the Commission has, first, disallowed the power procured through the UI mechanism to the extent of difference in power procured based on actual and normative T&D loss since purchase through UI indicates inefficiency in forecasting and scheduling on behalf of the Licensee and such inefficiency cannot be passed on to the consumer. After such disallowance of power procured through UI mechanism, the Commission has then adopted the Merit Order Dispatch principle and the Commission has disallowed the purchase of energy from generating stations (except hydro) having the highest variable cost per unit among all the CSGS and other sources from where DVC procures power.

5.17 The following table summarises the station-wise net power purchase as approved by the Commission for the period FY 2006-07 to FY 2011-12

**Table 28: Power availability (MU) from own stations during FY 2006-07 to FY 2011-12 as approved by Commission**

| Name of Station | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|-----------------|------------|------------|------------|------------|------------|------------|
| NTPC            |            |            |            |            |            |            |
| TSTPS           | 24         | 22         | 21         | 21         | 21         | 20         |
| FSTPS           | 274        | 86         | 0          | 0          | 0          | 0          |



| Name of Station                            | FY 2006-07   | FY 2007-08 | FY 2008-09 | FY 2009-10  | FY 2010-11  | FY 2011-12  |
|--|--------------|------------|------------|-------------|-------------|-------------|
| KSTPS                                      | 6            | 0          | 0          | 0           | 0           | 0           |
| NHPC                                       |              |            |            |             |             |             |
| Rangeet                                    | 19           | 31         | 32         | 31          | 33          | 34          |
| Teesta                                     | 0            | 5          | 154        | 216         | 218         | 215         |
| WBSEDCL                                    | 0            | 0          | 0          | 9           | 0           |             |
| PTC  |              |            |            |             |             |             |
| Chukha                                     | 186          | 182        | 186        | 184         | 185         | 175         |
| Kurichu                                    | 141          | 97         | 93         | 89          | 84          | 76          |
| Tala                                       | 44           | 171        | 203        | 179         | 193         | 186         |
| MPL  | 0            | 0          | 0          | 0           | 0           | 535         |
| <b>Sub-Total</b>                           | <b>693</b>   | <b>594</b> | <b>689</b> | <b>729</b>  | <b>734</b>  | <b>1240</b> |
| Net power purchase through UI              | (833)        | (456)      | (324)      | 1625        | 1782        | 276         |
| Net power purchase through energy exchange | 0            | 0          | 0          | 0           | 0           | 23          |
| <b>Total Power Purchase</b>                | <b>(140)</b> | <b>138</b> | <b>365</b> | <b>2354</b> | <b>2516</b> | <b>1539</b> |

## Energy Balance

5.18 The Commission, based on the assessed energy requirement and in accordance with the True-up Order dated April 19, 2017, has examined the energy availability from the Petitioner's own generating stations, approved Transmission and Distribution (T&D) loss levels, and power procured from Central Sector Generating Stations (CSGS) and other sources for the period FY 2006-07 to FY 2011-12. The Commission had directed the Petitioner to furnish detailed information regarding own generation from its thermal power stations. However, the Petitioner 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 of the energy balance. Accordingly, the energy balance for the aforesaid period has been determined by the Commission and is summarized in the table below.

**Table 29: Energy Balance submitted by the Petitioner for FY 2006-07 to 2011-12 (In MUs)**

| Particulars                                  | FY 2006-07       | FY 2007-08       | FY 2008-09       | FY 2009-10       | FY 2010-11       | FY 2011-12       |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>A. Energy Requirement</b>                 |                  |                  |                  |                  |                  |                  |
| Energy sales within the state of Jharkhand   | 6,762.00         | 7,395.00         | 7,740.00         | 8,094.00         | 8,549.00         | 8,899.00         |
| Energy sales within the state of West Bengal | 4,011.00         | 4,989.00         | 5,160.00         | 5,778.00         | 5,828.00         | 6,219.00         |
| Total energy sales in DVC Area               | 10,773.00        | 12,384.00        | 12,900.00        | 13,872.00        | 14,377.00        | 15,118.00        |
| Energy wheeled                               | 409.00           | 358.00           | 275.00           | 304.00           | 276.00           | 347.00           |
| Overall Utilization                          | 11,182.00        | 12,742.00        | 13,175.00        | 14,176.00        | 14,653.00        | 15,465.00        |
| T&D loss (MU)                                | 432              | 459              | 414              | 676              | 732              | 746              |
| T&D loss (%)                                 | 3.70%            | 3.50%            | 3.00%            | 4.60%            | 4.80%            | 4.60%            |
| Energy wheeled (MU)                          | -                | -                | -                | -                | -                | -                |
| <b>Total Energy Requirement for DVC</b>      | <b>11,614.00</b> | <b>13,201.00</b> | <b>13,589.00</b> | <b>14,853.00</b> | <b>15,385.00</b> | <b>16,211.00</b> |
| <b>B. Energy Availability</b>                |                  |                  |                  |                  |                  |                  |
| <i>Own Generation-Firm sources</i>           |                  |                  |                  |                  |                  |                  |
| Thermal                                      | 12,141.00        | 13,085.00        | 13,515.00        | 11,390.00        | 12,280.00        | 17,048.00        |
| Hydel  | 356              | 434              | 430              | 197              | 114              | 301              |
| Own Generation-Infirm sources                | 0                | 0                | 0                | 1717             | 2512             | 373              |
| <b>Sub Total</b>                             | <b>12,497.00</b> | <b>13,519.00</b> | <b>13,945.00</b> | <b>13,304.00</b> | <b>14,906.00</b> | <b>17,722.00</b> |
| Net Power Purchase (Incl. UI)                | -140.00          | 138.00           | 365.00           | 2,354.00         | 2,516.00         | 1,540.00         |
| Energy received for Wheeling                 | 450.00           | 416.00           | 322.00           | 350.00           | 284.00           | 397.00           |



| Particulars                           | FY 2006-07       | FY 2007-08       | FY 2008-09       | FY 2009-10       | FY 2010-11       | FY 2011-12       |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Less: Energy sold to other licensees  | 1,193.00         | 872.00           | 1,043.00         | 1,154.00         | 2,320.00         | 3,448.00         |
| <b>Total Energy Available for DVC</b> | <b>11,614.00</b> | <b>13,201.00</b> | <b>13,589.00</b> | <b>14,853.00</b> | <b>15,385.00</b> | <b>16,211.00</b> |

**Table 30: Energy Balance approved by the Commission for FY 2006-07 to 2011-12 (In MU's)**

| Particulars                                  | FY 2006-07       | FY 2007-08       | FY 2008-09       | FY 2009-10       | FY 2010-11       | FY 2011-12       |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>A. Energy Requirement</b>                 |                  |                  |                  |                  |                  |                  |
| Energy sales within the state of Jharkhand   | 6,762.00         | 7,395.00         | 7,740.00         | 8,094.00         | 8,549.00         | 8,899.00         |
| Energy sales within the state of West Bengal | 4,011.00         | 4,989.00         | 5,160.00         | 5,778.00         | 5,828.00         | 6,219.00         |
| Total energy sales in DVC Area               | 10,773.00        | 12,384.00        | 12,900.00        | 13,872.00        | 14,377.00        | 15,118.00        |
| Energy wheeled                               | 409.00           | 358.00           | 275.00           | 304.00           | 276.00           | 347.00           |
| Overall Utilization                          | 11,182.00        | 12,742.00        | 13,175.00        | 14,176.00        | 14,653.00        | 15,465.00        |
| T&D loss (MU)                                | 431              | 458              | 414              | 675              | 730              | 744              |
| T&D loss (%)                                 | 3.70%            | 3.50%            | 3.00%            | 4.60%            | 4.80%            | 4.60%            |
| Energy wheeled (MU)                          | -                | -                | -                | -                | -                | -                |
| <b>Total Energy Requirement for DVC</b>      | <b>11,614.00</b> | <b>13,200.00</b> | <b>13,589.00</b> | <b>14,851.00</b> | <b>15,383.00</b> | <b>16,209.00</b> |
| <b>B. Energy Availability</b>                |                  |                  |                  |                  |                  |                  |
| <i>Own Generation-Firm sources</i>           |                  |                  |                  |                  |                  |                  |
| Thermal                                      | 12,141.00        | 12,946.00        | 13,515.00        | 12,969.00        | 14,520.00        | 13,600           |
| Hydel  | 356              | 434              | 430              | 197              | 114              | 301              |
| Own Generation-Infirm sources                | 0                | 0                | 0                | 137              | 271              | 373              |



| Particulars                           | FY 2006-07       | FY 2007-08       | FY 2008-09       | FY 2009-10       | FY 2010-11       | FY 2011-12       |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Sub Total</b>                      | <b>12,497.00</b> | <b>13,380.00</b> | <b>13,945.00</b> | <b>13,303.00</b> | <b>14,906.00</b> | <b>14,274.00</b> |
| Net Power Purchase (Incl. UI)         | -140.00          | 138.00           | 365.00           | 2,354.00         | 2,516.00         | 1,540.00         |
| Energy received for Wheeling          | 450.00           | 416.00           | 322.00           | 350.00           | 284.00           | 397.00           |
| Less: Energy sold to other licensees  | 1,193.00         | 734.00           | 1,043.00         | 1,156.00         | 2,322.00         | 1.88             |
| <b>Total Energy Available for DVC</b> | <b>11,614.00</b> | <b>13,200.00</b> | <b>13,589.00</b> | <b>14,851.00</b> | <b>15,383.00</b> | <b>16,209.00</b> |

### Cost of Own Generation

#### *Petitioner's Submission*

- 5.19 In DVC constituted under the DVC Act, 1948. As per Section 79 (1) (a) of the Electricity Act, 2003, and the tariff for generation of electricity from DVC plants is determined by Hon'ble CERC. Accordingly, cost of generation for DVC as a whole from its own stations has been taken as approved by the CERC in its relevant Orders.
- 5.20 Petitioner submitted that a major portion of the power required for distribution activity from its own generating station i.e. BTPS, CTPS, MTPS, DSTPS, KTPS, MHS, PHS and THS to ensure supply to its consumers receiving electricity in radial mode. To provide supply at the off-take points of each and every firm consumer, DVC also uses its unified interstate T&D network.
- 5.21 For the period FY 2006-07 to FY 2008-09, the cost of power generated from owned thermal stations and own hydel stations has been considered on the basis of the CERC Orders dated 06.08.2009, 20.11.2012, 18.2.2014, 08.05.2013, 10.05.2016, 14.07.2016.
- 5.22 For the period FY 2009-10 & FY 2010-11, the Petitioner has considered the cost of own generation from thermal stations (except MTPS Unit # 5 & 6) and own hydel stations in accordance with the CERC's True-up Orders for the relevant stations dated 29.07.2016. For MTPS Unit # 5 & 6, the cost of power generation has been considered in accordance with the CERC's True-up Order dated 09.02.2017. For DVC's Transmission and Distribution system cost considered by petitioner with the CERC's True up order dated 29.09.2017. Further, the



effect of variation in Fuel Price Adjustment (FPA) in energy charges has also been built in the own cost of generation in accordance with the formula prescribed by the CERC.

5.23 Petitioner submit the station wise own power generation for FY 2006-07 to FY 2011-12 has been summarised in the following table.

**Table 31: Own Generation Cost submitted by the Petitioner for FY 2006-07 to 2011-12 (Rs. Cr.)**

| Station Name                     | FY 2006-07     | FY 2007-08     | FY 2008-09     | FY 2009-10     | FY 2010-11     | FY 2011-12     |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>A. Thermal Stations</b>       |                |                |                |                |                |                |
| MTPS U#1-3                       | 802.11         | 756.80         | 710.42         | 832.84         | 1157.14        | 1063.23        |
| BTPS                             | 596.48         | 628.42         | 547.62         | 713.10         | 752.87         | 682.02         |
| CTPS                             | 377.66         | 430.37         | 484.62         | 502.91         | 648.21         | 556.41         |
| DTPS                             | 405.60         | 299.37         | 418.52         | 536.62         | 455.20         | 645.44         |
| MTPS U#4                         | 304.29         | 312.36         | 320.89         | 431.83         | 442.20         | 420.03         |
| MTPS U#5 & 6                     | 0              | 4.26           | 84.19          | 327.94         | 193.14         | 744.87         |
| MTPS U# 7 & 8                    | 0              | 0              | 0              | 0.00           | 19.27          | 483.66         |
| CTPS U# 7 & 8                    | 0              | 0              | 0              | 47.85          | 66.09          | 199.66         |
| MTPS U# 8 Infirm                 | 0              | 0              | 0              | 0              | 0              | 13.71          |
| CTPS U# 7 & 8 infirm             | 0              | 0              | 0              | 0              | 0              | 47.28          |
| DTPS U# 1 &2 Infirm              | 0              | 0              | 0              | 0              | 0              | 1.82           |
| <b>Sub-total Thermal</b>         | <b>2486.14</b> | <b>2431.59</b> | <b>2566.25</b> | <b>3393.09</b> | <b>3734.12</b> | <b>4858.13</b> |
| <b>B. Hydel Stations</b>         |                |                |                |                |                |                |
| MHS                              | 19.59          | 19.81          | 20.04          | 29.93          | 30.06          | 31.80          |
| PHS                              | 13.92          | 11.63          | 11.89          | 22.39          | 21.71          | 22.93          |
| THS                              | 3.48           | 3.60           | 3.74           | 6.79           | 7.11           | 7.53           |
| <b>Subtotal Hydel</b>            | <b>36.99</b>   | <b>35.04</b>   | <b>35.67</b>   | <b>59.11</b>   | <b>58.88</b>   | <b>62.26</b>   |
| <b>T&amp;D Cost</b>              | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>385.51</b>  | <b>413.96</b>  | <b>438.30</b>  |
| <b>Total Own Generation Cost</b> | <b>2523.13</b> | <b>2466.63</b> | <b>2601.92</b> | <b>3837.71</b> | <b>4206.96</b> | <b>5358.69</b> |



**Commission's Analysis**

5.24 The Commission observes that the CERC has issued final True-up Orders for the following stations:

**Table 32: CERC orders considered for approval of fixed charges of own Generating Stations for FY 2006-07 to 2008-09**

| Particulars  | Date of CERC Order                 |
|--------------|------------------------------------|
| MTPS U#1-3   | 06.08.2009, 08.05.2013             |
| BTPS         | 06.08.2009, 08.05.2013             |
| CTPS         | 06.08.2009, 08.05.2013             |
| DTPS         | 06.08.2009, 08.05.2013             |
| MTPS U#4     | 14.07.2016                         |
| MTPS U#5 & 6 | 20.11.2012 and 18.02.2014          |
| MHS          | 06.08.2009, 08.05.2013             |
| PHS          | 06.08.2009, 08.05.2013             |
| THS          | 06.08.2009, 08.05.2013             |
| T&D          | 06.08.2009, 08.05.2013, 10.05.2016 |

**Table 33: CERC orders considered for approval of fixed charges of own Generating Stations for FY 2009-10 to 2011-12**

| Particulars  | Date of CERC Order |
|--------------|--------------------|
| MTPS U#1-3   | 29.07.2016         |
| BTPS         | 29.07.2016         |
| CTPS         | 29.07.2016         |
| DTPS         | 29.07.2016         |
| MTPS U#4     | 29.07.2016         |
| MTPS U#5 & 6 | 09.02.2017         |
| MTPS U#7 & 8 | 09.02.2017         |
| MHS          | 29.07.2016         |
| PHS          | 29.07.2016         |
| THS          | 29.07.2016         |
| T&D          | 29.09.2017         |



5.25 The Commission, after examining the information placed on record by the Petitioner and upon perusal of the relevant tariff orders issued by the Hon'ble Central Electricity Regulatory Commission (CERC), has adopted the fixed charges for power supplied from the Petitioner's own thermal and hydro generating stations for FY 2006-07 to FY 2011-12, as approved by the Hon'ble CERC in its respective tariff orders. The Commission has also verified the computation of the Energy Charge Rate (ECR) submitted by the Petitioner and finds the same to be in accordance with the applicable CERC Tariff Regulations. Accordingly, the own generation cost is approved for the purpose of this True up.

**Table 34: Own Generation Cost approved by the Commission for FY 2006-07 to FY 2011-12 (Rs. Cr.)**

| Station Name                     | FY 2006-07     | FY 2007-08     | FY 2008-09     | FY 2009-10     | FY 2010-11     | FY 2011-12     |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>A. Thermal Stations</b>       |                |                |                |                |                |                |
| MTPS U#1-3                       | 716.45         | 706.58         | 657.27         | 730.71         | 969.20         | 982.55         |
| BTPS                             | 536.69         | 589.43         | 506.64         | 645.91         | 630.01         | 633.99         |
| CTPS                             | 336.29         | 395.89         | 438.18         | 445.41         | 496.66         | 503.82         |
| DTPS                             | 362.44         | 282.96         | 387.20         | 488.82         | 380.83         | 592.49         |
| MTPS U#4                         | 275.24         | 291.47         | 296.97         | 392.99         | 369.45         | 377.68         |
| MTPS U#5 & 6                     | 0              | 20.16          | 389.44         | 658.75         | 900.01         | 572.50         |
| MTPS U# 7 & 8                    | 0              | 0              | 0              |                | 0              | 453.54         |
| CTPS U# 7 & 8                    | 0              | 0              | 0              | 0              | 0              | 123.16         |
| MTPS U# 8 Infirm                 |                |                |                |                | 16.27          | 13.71          |
| CTPS U# 7 & 8 infirm             | 0              | 0              | 0              | 43.70          | 55.79          | 47.28          |
| DTPS U# 1 &2 Infirm              | 0              | 0              | 0              |                |                | 1.82           |
| <b>Sub-total Thermal</b>         | <b>2227.11</b> | <b>2286.48</b> | <b>2675.71</b> | <b>3406.28</b> | <b>3818.23</b> | <b>4303</b>    |
| <b>B. Hydel Stations</b>         |                |                |                |                |                |                |
| MHS                              | 17.72          | 18.73          | 18.62          | 27.33          | 25.38          | 31.80          |
| PHS                              | 12.59          | 10.99          | 11.00          | 20.45          | 18.33          | 22.93          |
| THS                              | 3.14           | 3.40           | 3.46           | 6.20           | 6.00           | 7.53           |
| <b>Subtotal Hydel</b>            | <b>33.45</b>   | <b>33.12</b>   | <b>33.08</b>   | <b>53.98</b>   | <b>49.70</b>   | <b>60.26</b>   |
| <b>T&amp;D Cost</b>              |                |                |                | <b>325.34</b>  | <b>336.55</b>  | <b>424.28</b>  |
| <b>Total Own Generation Cost</b> | <b>2260.57</b> | <b>2319.60</b> | <b>2708.81</b> | <b>3785.59</b> | <b>4204.48</b> | <b>4789.08</b> |



- 5.26 As per the CERC Tariff Regulations, 2014-19, the recovery of fixed cost is linked to the actual availability of the generating stations. The Petitioner has claimed that the contribution towards P&G and Sinking Fund is not linked with Plant Availability Factor and thus, project wise contribution towards Pension & Gratuity Fund and Sinking Fund ought to be allowed in totality, as determined by the CERC.
- 5.27 The Commission had directed the Petitioner to furnish detailed information vide a letter no. JSERC/Case (Tariff) no. 01 of 2026/708 dated 13<sup>th</sup> Feb, 2026 regarding energy balance, sales to others. However, the Petitioner 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, 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.
- 5.28 The Petitioner had made this claim also in its MYT Petition for the Control Period FY 2013-14 to FY 2015-16. The Commission, in its MYT Order dated 04.09.2014 for the Control Period FY 2013-14 to FY 2015-16, had observed as under:  
“The Commission views that the contribution to Pension and Gratuity and Sinking fund has already been considered by CERC in the Annual Fixed Charges of the DVC’s generating stations. Further, as per Section 21 of the CERC Regulations, the fixed costs of the generating stations shall be computed on annual basis based on actual plant availability factor as well as the normative plant availability factor. Hence, the claim of the Petitioner finds no merit...”
- 5.29 The Hon’ble APTEL, in its Judgement dated 23.03.2016 (Appeal No. 255 of 2014), has upheld the above-said Order of the Commission and has rejected the contention of the Petitioner. Therefore, the Commission has computed the fixed charges for FY 2009-10 and FY 2010-11, including the contribution towards Pension & Gratuity Fund and Sinking Fund, linked to plant availability, as per the applicable CERC formula.
- 5.30 The Commission observes that the Petitioner has claimed incentive in accordance with Regulation 62(6) of the Central Electricity Regulatory Commission, and has sought to include



the same in the True up for FY 2006-07 to FY 2011-12 on a pro-rata basis, corresponding to the quantum of energy generated from its generating stations and utilised for its distribution operations in the Jharkhand Command Area.

5.31 The Commission observed that the Petitioner has not submitted any documents to prove that it has passed the gains based on the actual performance of applicable Controllable parameters to the consumers as per para 81 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, which are as follows:

*“81. Sharing of gains due to variation in norms: (1) The generating company or the transmission licensee shall work out gains based on the actual performance of applicable Controllable parameters as under:*

- i) Station Heat Rate;*
- ii) Secondary Fuel Oil Consumption; and*
- iii) Auxiliary Energy Consumption.*

*(2) The financial gains by the generating company or the transmission licensee, as the case may be, on account of controllable parameters shall be shared between the generating company or transmission licensee and the beneficiaries or long term customers, as the case may be on an annual basis.*

5.32 In view of the above and considering that the incentive does not pass to the consumers, the Commission is of the considered view that the same is not admissible for recovery through the Distribution Tariff. Accordingly, the Commission withheld the incentive claimed by the Petitioner in the True up for FY 2006-07 to FY 2011-12. On providing the evidence of passing on the incentive benefits to consumers by the Petitioner, the Commission may examine the matter of incentive in future tariff proceedings, if required.

5.33 The Commission, after examining the audited certificate submitted by the Petitioner in respect of station wise actual Energy Charge Rates of its own generating stations for FY 2006-07 to FY 2011-12, and after due scrutiny thereof, has approved the Energy Charge Rates for the Petitioner’s own generating stations. The Commission finds that the Energy Charge Rates claimed by the Petitioner are in accordance with the applicable tariff orders and relevant regulatory provisions. Accordingly, the Energy Charges approved by the Commission for FY



2006-07 to FY 2011-12 in respect of the Petitioner’s own generating stations is summarized in the table below:

**Table 35: Energy Charge Rate submitted by the Petitioner for FY 2006-07 to FY 2011-12**

| Station Name               | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|----------------------------|------------|------------|------------|------------|------------|------------|
| <b>A. Thermal Stations</b> |            |            |            |            |            |            |
| MTPS U#1-3                 | 98.63      | 92.38      | 89.01      | 170.12     | 191.13     | 230.10     |
| BTPS                       | 103.63     | 91.48      | 83.82      | 127.75     | 148.90     | 158.40     |
| CTPS                       | 78.53      | 78.53      | 78.53      | 137.38     | 155.29     | 190.00     |
| DTPS                       | 111.88     | 102.29     | 97.23      | 190.11     | 231.85     | 302.70     |
| MTPS U#4                   | 94.67      | 94.67      | 94.67      | 170.02     | 190.57     | 230.10     |
| MTPS U#5 & 6               | 0          | 95.90      | 95.90      | 183.39     | 203.84     | 209.50     |
| MTPS U# 7 & 8              | 0          | 0          | 0          | 0          | 0          | 236.02     |
| CTPS U# 7 & 8              | 0          | 0          | 0          | 0          | 0          | 153.10     |
| MTPS U# 8 Infirm           | 0          | 0          | 0          | 0          | 0          | 236.02     |
| CTPS U# 7 & 8 infirm       | 0          | 0          | 0          | 0          | 0          | 153.10     |
| DTPS U# 1 &2 Infirm        | 0          | 0          | 0          | 0          | 0          | 285.01     |

**Table 36: Energy Charge Rate approved by the Commission for FY 2006-07 to FY 2011-12**

| Station Name               | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|----------------------------|------------|------------|------------|------------|------------|------------|
| <b>A. Thermal Stations</b> |            |            |            |            |            |            |
| MTPS U#1-3                 | 98.63      | 92.38      | 89.01      | 170.12     | 191.13     | 230.10     |
| BTPS                       | 103.63     | 91.48      | 83.82      | 127.75     | 148.90     | 158.40     |
| CTPS                       | 78.53      | 78.53      | 78.53      | 137.38     | 155.29     | 190.00     |
| DTPS                       | 111.88     | 102.29     | 97.23      | 190.11     | 231.85     | 302.70     |
| MTPS U#4                   | 94.67      | 94.67      | 94.67      | 170.02     | 190.57     | 230.10     |
| MTPS U#5 & 6               | 0          | 95.90      | 95.90      | 183.39     | 203.84     | 209.50     |
| MTPS U# 7 & 8              | 0          | 0          | 0          | 0          | 0          | 236.02     |
| CTPS U# 7 & 8              | 0          | 0          | 0          | 0          | 0          | 153.10     |
| MTPS U# 8 Infirm           | 0          | 0          | 0          | 0          | 0          | 236.02     |
| CTPS U# 7 & 8 infirm       | 0          | 0          | 0          | 0          | 0          | 153.10     |
| DTPS U# 1 &2 Infirm        | 0          | 0          | 0          | 0          | 0          | 285.01     |



5.34 Based on the above analysis and taking cognizance of the documents shared by the Petitioner, the Total Energy and Fixed Charges submitted by petitioner and approved by the Commission for FY 2006-07 to FY 2011-12 are as follows:

**Table 37: Total charges submitted by Petitioner and approved by the Commission (Rs. Cr.) for FY 2006-07.**

| Particulars            | Petition        |                 | Approved        |                 |
|------------------------|-----------------|-----------------|-----------------|-----------------|
|                        | Fixed Charges   | Energy Charges  | Fixed Charges   | Energy Charges  |
| MTPS U# 1 to 3         | 384.70          | 417.41          | 338.90          | 377.55          |
| BTPS                   | 301.93          | 294.56          | 270.26          | 266.43          |
| CTPS                   | 228.62          | 149.04          | 201.48          | 134.81          |
| DTPS                   | 200.00          | 205.61          | 176.47          | 185.97          |
| MTPS U# 4              | 178.29          | 126.00          | 161.27          | 113.97          |
| MTPS U# 5& 6           | -               | -               | -               | -               |
| MTPS U# 7 & 8          | 0.00            | -               | -               | -               |
| CTPS U# 7 & 8          | -               | -               | -               | -               |
| MTPS U# 8 -- Infirm    | -               | -               | -               | -               |
| CTPS U# 7 & 8 Infirm   | -               | -               | -               | -               |
| DTPS U# 1 &2 Infirm    | -               | -               | -               | -               |
| Hydel Stations         |                 |                 | 0.00            | 0.00            |
| MHS                    | 19.59           |                 | 17.72           | 0.00            |
| PHS                    | 13.92           |                 | 12.59           | 0.00            |
| THS                    | 3.48            |                 | 3.14            | 0.00            |
| T&D Cost               |                 |                 | 0.00            | 0.00            |
| Cost of Own Generation | <b>1,330.52</b> | <b>1,192.60</b> | <b>1,181.83</b> | <b>1,078.73</b> |



**Table 38: Total charges submitted by Petitioner and approved by the Commission (Rs. Cr.) for FY 2007-08.**

| Particulars            | Petition       |                | Approved        |                 |
|------------------------|----------------|----------------|-----------------|-----------------|
|                        | Fixed Charges  | Energy Charges | Fixed Charges   | Energy Charges  |
| MTPS U# 1 to 3         | 353.94         | 402.87         | 325.80          | 380.78          |
| BTPS                   | 316.33         | 312.09         | 294.45          | 294.98          |
| CTPS                   | 263.58         | 166.79         | 238.24          | 157.64          |
| DTPS                   | 149.29         | 150.09         | 141.10          | 141.86          |
| MTPS U# 4              | 170.52         | 141.84         | 157.41          | 134.07          |
| MTPS U# 5& 6           | 2.65           | 1.61           | 12.54           | 7.61            |
| MTPS U# 7 & 8          | -              | -              | -               | -               |
| CTPS U# 7 & 8          | -              | -              | -               | -               |
| MTPS U# 8 -- Infirm    | -              | -              | -               | -               |
| CTPS U# 7 & 8 Infirm   | -              | -              | -               | -               |
| DTPS U# 1 &2 Infirm    | -              | -              | -               | -               |
| Hydel Stations         |                |                |                 |                 |
| MHS                    | 19.81          |                | 18.73           | -               |
| PHS                    | 11.63          |                | 10.99           | -               |
| THS                    | 3.60           |                | 3.40            | -               |
| T&D Cost               | -              | -              | -               | -               |
| Cost of Own Generation | <b>1291.34</b> | <b>1175.29</b> | <b>1,202.66</b> | <b>1,116.94</b> |

**Table 39: Total charges submitted by Petitioner and approved by the Commission (Rs. Cr.) for FY 2008-09.**

| Particulars    | Petition      |                | Approved      |                |
|----------------|---------------|----------------|---------------|----------------|
|                | Fixed Charges | Energy Charges | Fixed Charges | Energy Charges |
| MTPS U# 1 to 3 | 389.72        | 320.70         | 360.56        | 296.71         |
| BTPS           | 296.52        | 251.10         | 274.33        | 232.31         |
| CTPS           | 308.34        | 176.28         | 275.09        | 163.09         |
| DTPS           | 251.32        | 167.20         | 232.51        | 154.69         |
| MTPS U# 4      | 194.43        | 126.46         | 179.97        | 117.00         |



| Particulars                   | Petition       |                | Approved        |                 |
|-------------------------------|----------------|----------------|-----------------|-----------------|
|                               | Fixed Charges  | Energy Charges | Fixed Charges   | Energy Charges  |
| MTPS U# 5& 6                  | 53.20          | 30.99          | 246.08          | 143.36          |
| MTPS U# 7 & 8                 | -              | -              | -               | -               |
| CTPS U# 7 & 8                 | -              | -              | -               | -               |
| MTPS U# 8 -- Infirm           | -              | -              | -               | -               |
| CTPS U# 7 & 8 Infirm          | -              | -              | -               | -               |
| DTPS U# 1 &2 Infirm           | -              | -              | -               | -               |
| Hydel Stations                |                |                |                 |                 |
| MHS                           | 20.04          |                | 18.62           | -               |
| PHS                           | 11.89          |                | 11.00           | -               |
| THS                           | 3.74           |                | 3.46            | -               |
| T&D Cost                      | -              | -              | -               | -               |
| <b>Cost of Own Generation</b> | <b>1529.19</b> | <b>1072.74</b> | <b>1,601.65</b> | <b>1,107.16</b> |

**Table 40: Total charges submitted by Petitioner and approved by the Commission (Rs. Cr.) for FY 2009-10.**

| Particulars          | Petition      |                | Approved      |                |
|----------------------|---------------|----------------|---------------|----------------|
|                      | Fixed Charges | Energy Charges | Fixed Charges | Energy Charges |
| MTPS U# 1 to 3       | 359.42        | 473.42         | 298.44        | 432.27         |
| BTPS                 | 311.97        | 401.13         | 279.67        | 366.25         |
| CTPS                 | 235.24        | 267.67         | 201.19        | 244.22         |
| DTPS                 | 190.04        | 346.58         | 172.37        | 316.44         |
| MTPS U# 4            | 210.45        | 221.38         | 190.85        | 202.14         |
| MTPS U# 5& 6         | 177.47        | 150.47         | 328.12        | 330.63         |
| MTPS U# 7 & 8        | 0.00          | 0.00           | 0.00          | 0.00           |
| CTPS U# 7 & 8        |               | 47.85          |               | 43.70          |
| MTPS U# 8 -- Infirm  | -             | -              | -             | -              |
| CTPS U# 7 & 8 Infirm | -             | -              | -             | -              |
| DTPS U# 1 &2 Infirm  | -             | -              | -             | -              |



| Particulars                   | Petition       |                | Approved        |                 |
|-------------------------------|----------------|----------------|-----------------|-----------------|
|                               | Fixed Charges  | Energy Charges | Fixed Charges   | Energy Charges  |
| Hydel Stations                |                |                |                 |                 |
| MHS                           | 29.93          |                | 27.33           |                 |
| PHS                           | 22.39          |                | 20.45           |                 |
| THS                           | 6.79           |                | 6.20            |                 |
| T&D Cost                      | 385.51         | -              | 325.34          | -               |
| <b>Cost of Own Generation</b> | <b>1929.21</b> | <b>1908.50</b> | <b>1,849.95</b> | <b>1,935.64</b> |

**Table 41: Total charges submitted by Petitioner and approved by the Commission (Rs. Cr.) for FY 2010-11.**

| Particulars                   | Petition       |                | Approved        |                 |
|-------------------------------|----------------|----------------|-----------------|-----------------|
|                               | Fixed Charges  | Energy Charges | Fixed Charges   | Energy Charges  |
| MTPS U# 1 to 3                | 442.02         | 715.12         | 365.49          | 603.71          |
| BTPS                          | 300.23         | 452.64         | 247.89          | 382.12          |
| CTPS                          | 285.95         | 362.26         | 190.85          | 305.81          |
| DTPS                          | 145.08         | 310.12         | 119.03          | 261.81          |
| MTPS U# 4                     | 200.63         | 241.57         | 165.50          | 203.94          |
| MTPS U# 5& 6                  | 95.14          | 98.00          | 418.05          | 481.96          |
| MTPS U# 7 & 8                 | 0.00           | 19.27          | -               | 16.27           |
| CTPS U# 7 & 8                 | -              | 66.09          | -               | 55.79           |
| MTPS U# 8 -- Infirm           | -              | -              | -               | -               |
| CTPS U# 7 & 8 Infirm          | -              | -              | -               | -               |
| DTPS U# 1 & 2 Infirm          | -              | -              | -               | -               |
| Hydel Stations                |                |                |                 |                 |
| MHS                           | 30.06          |                | 25.38           |                 |
| PHS                           | 21.71          |                | 18.33           |                 |
| THS                           | 7.11           |                | 6.00            |                 |
| T&D Cost                      | 413.96         | -              | 336.55          | -               |
| <b>Cost of Own Generation</b> | <b>1941.89</b> | <b>2265.07</b> | <b>1,893.07</b> | <b>2,311.41</b> |



**Table 42: Total charges submitted by Petitioner and approved by the Commission (Rs. Cr.) for FY 2011-12.**

| Particulars            | Petition       |                | Approved        |                 |
|------------------------|----------------|----------------|-----------------|-----------------|
|                        | Fixed Charges  | Energy Charges | Fixed Charges   | Energy Charges  |
| MTPS U# 1 to 3         | 375.57         | 687.66         | 371.84          | 610.71          |
| BTPS                   | 265.02         | 417.00         | 263.65          | 370.34          |
| CTPS                   | 228.45         | 327.96         | 212.56          | 291.26          |
| DTPS                   | 176.25         | 469.19         | 175.80          | 416.69          |
| MTPS U# 4              | 179.78         | 240.25         | 164.31          | 213.37          |
| MTPS U# 5& 6           | 342.92         | 401.95         | 337.44          | 235.06          |
| MTPS U# 7 & 8          | 201.07         | 282.59         | 181.63          | 271.91          |
| CTPS U# 7 & 8          | 116.60         | 83.06          | 89.23           | 33.94           |
| MTPS U# 8 -- Infirm    | -              | 13.71          | -               | 13.71           |
| CTPS U# 7 & 8 Infirm   | -              | 47.28          | -               | 47.28           |
| DTPS U# 1 & 2 Infirm   | -              | 1.82           | -               | 1.82            |
| Hydel Stations         | -              | -              | -               | -               |
| MHS                    | 31.80          | -              | 31.80           | -               |
| PHS                    | 22.93          | -              | 22.93           | -               |
| THS                    | 7.53           | -              | 7.53            | -               |
| T&D Cost               | 438.30         | -              | 424.28          | -               |
| Cost of Own Generation | <b>2386.22</b> | <b>2972.48</b> | <b>2,282.96</b> | <b>2,506.09</b> |

### Power Purchase Cost from Central Sector Generating Stations (CSGSs) and Other Sources

#### *Petitioner's Submission*

5.35 The Petitioner submitted the actual power purchase cost from CSGS & other sources (excluding UI) during FY 2006-07, FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 & FY 2011-12, was Rs.141 Cr, Rs.122 Cr, Rs.142 Cr, Rs.156 Cr, Rs.171 Cr & Rs. 555 Cr., respectively. The Petitioner also submitted cost of power purchased under UI mechanism during FY 2009-10, FY 2010-11 and FY 2011-12 to be Rs. 598 Cr, Rs.429 Cr, and Rs. 85 Cr respectively.



5.36 The Petitioner submit the energy purchase through the Power Purchase Agreement for FY 2006-07 to FY 2011-12 are as follows:

**Table 43: Energy Purchase through the PPA's as submitted by Petitioner for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Name of Station         | Energy in MU  |               |               |               |               |                |
|-------------------------|---------------|---------------|---------------|---------------|---------------|----------------|
|                         | FY 2006-07    | FY 2007-08    | FY 2008-09    | FY 2009-10    | FY 2010-11    | FY 2011-12     |
| <b>NTPC</b>             |               |               |               |               |               |                |
| TSTPS                   | 24.68         | 22.50         | 22.23         | 21.98         | 21.59         | 20.24          |
| FSTPS                   | 283.39        | 89.41         | -             | -             | -             | -              |
| KSTPS                   | 6.28          | -             | -             | -             | -             | -              |
| Muzaffarpur             | -             | -             | -             | -             | -             | -              |
| <b>NHPC</b>             |               |               |               |               |               |                |
| Rangeet                 | 19.48         | 32.47         | 32.89         | 32.13         | 34.04         | 33.57          |
| Teesta                  | 0.00          | 4.83          | 159.76        | 222.36        | 223.97        | 214.61         |
| WBSEDCL                 | 0.00          |               |               | 9.54          | -             | -              |
| <b>PTC</b>              |               |               |               |               |               |                |
| Chukha                  | 192.06        | 189.31        | 193.90        | 189.65        | 190.71        | 174.93         |
| Kurichu                 | 145.66        | 101.03        | 96.77         | 91.56         | 85.86         | 75.71          |
| Tala                    | 45.50         | 177.38        | 211.57        | 184.44        | 198.16        | 185.79         |
| MPL                     |               |               |               |               |               | 535.43         |
| Power Exchange          |               |               |               |               |               | 23.32          |
| <b>Total Units (MU)</b> | <b>717.05</b> | <b>616.93</b> | <b>717.12</b> | <b>751.66</b> | <b>754.33</b> | <b>1263.60</b> |

**Commission's Analysis**

5.37 Based on the assessed total energy requirement for FY 2024-25, the Commission has examined and approved the quantum of energy proposed to be procured from Central Sector Generating Stations (CSGS) and other sources, excluding the Petitioner's own generation. With respect to energy sourced from the Petitioner's own generating stations, the Commission notes that the energy component has been apportioned between the States of Jharkhand and West Bengal in accordance with the approved energy sales ratio. The Commission finds the



said allocation methodology to be reasonable and appropriate for the purpose of energy accounting and cost allocation.

5.38 On further scrutiny of the information submitted by the Petitioner, the Commission noted that for the FY 2006-07 to FY 2008-09, the Petitioner has earned revenue from sale of power through UI. The revenue from sale of power under UI for the aforementioned years was Rs.106 Cr, Rs. 37 Cr and Rs. 60 Cr, respectively. The revenue from UI was then netted off from the gross power purchase from CSGS and other sources to arrive at net power purchase cost (including UI) for FY 2006-07 to FY 2008-09. In case of FY 2009-10, FY 2010-11 and FY 2011-12, the Commission approved the gross power purchase from UI sources as submitted by the Petitioner.

5.39 Commission further analysis the Energy (MU) and Cost of Power Purchase net of UI for FY 2006-07 to FY 2011-12 are as follows:

**Table 44: Energy (MU) Purchase through the PPA's as approved by the Commission for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Name of Station | Energy in MU |            |            |            |            |            |
|-----------------|--------------|------------|------------|------------|------------|------------|
|                 | FY 2006-07   | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| <b>NTPC</b>     |              |            |            |            |            |            |
| TSTPS           | 24.68        | 22.50      | 22.23      | 21.98      | 21.59      | 20.24      |
| FSTPS           | 283.39       | 89.41      | -          | -          | -          | -          |
| KSTPS           | 6.28         | -          | -          | -          | -          | -          |
| Muzaffarpur     | -            | -          | -          | -          | -          | -          |
| <b>NHPC</b>     |              |            |            |            |            |            |
| Rangeet         | 19.48        | 32.47      | 32.89      | 32.13      | 34.04      | 33.57      |
| Teesta          | 0.00         | 4.83       | 159.76     | 222.36     | 223.97     | 214.61     |
| WBSEDCL         | 0.00         |            |            | 9.54       | -          | -          |
| <b>PTC</b>      |              |            |            |            |            |            |
| Chukha          | 192.06       | 189.31     | 193.90     | 189.65     | 190.71     | 174.93     |
| Kurichu         | 145.66       | 101.03     | 96.77      | 91.56      | 85.86      | 75.71      |
| Tala            | 45.50        | 177.38     | 211.57     | 184.44     | 198.16     | 185.79     |
| <b>MPL</b>      |              |            |            |            |            | 535.43     |



| Name of Station         | Energy in MU  |               |               |               |               |                |
|-------------------------|---------------|---------------|---------------|---------------|---------------|----------------|
|                         | FY 2006-07    | FY 2007-08    | FY 2008-09    | FY 2009-10    | FY 2010-11    | FY 2011-12     |
| Power Exchange          |               |               |               |               |               | 23.32          |
| <b>Total Units (MU)</b> | <b>717.05</b> | <b>616.93</b> | <b>717.12</b> | <b>751.66</b> | <b>754.33</b> | <b>1263.60</b> |

**Table 45: Cost of Power Purchase through the PPA's as approved by the Commission for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Name of Station         | Cost of Power Purchase in Crore |              |              |               |               |               |
|-------------------------|---------------------------------|--------------|--------------|---------------|---------------|---------------|
|                         | FY 2006-07                      | FY 2007-08   | FY 2008-09   | FY 2009-10    | FY 2010-11    | FY 2011-12    |
| <b>NTPC</b>             |                                 |              |              |               |               |               |
| TSTPS                   | 3.74                            | 3.52         | 5.04         | 4.06          | 6.19          | 12.56         |
| FSTPS                   | 55.57                           | 18.29        | -            | -             | -             | -             |
| KSTPS                   | 1.34                            | -            | -            | -             | -             | -             |
| Muzaffarpur             | -                               | -            | -            | -             | -             | -             |
| <b>NHPC</b>             |                                 |              |              |               |               |               |
| Rangeet                 | 5.80                            | 6.51         | 6.42         | 6.74          | 8.36          | 24.18         |
| Teesta                  | 0.00                            | 0.92         | 31.13        | 49.54         | 56.88         | 112.97        |
| WBSEDCL                 | 0.00                            |              |              | 2.77          | -             | -             |
| <b>PTC</b>              |                                 |              |              |               |               |               |
| Chukha                  | 34.94                           | 34.25        | 34.79        | 34.81         | 37.22         | 51.17         |
| Kurichu                 | 30.28                           | 20.91        | 20.23        | 19.19         | 18.99         | 24.17         |
| Tala                    | 9.65                            | 37.45        | 44.04        | 38.46         | 43.63         | 59.24         |
| MPL                     |                                 |              |              |               |               | 179.80        |
| Power Exchange          |                                 |              |              |               |               | 5.43          |
| Net UI                  | -105.91                         | -36.92       | -59.56       | 597.55        | 428.78        | 85.48         |
| <b>Total Units (MU)</b> | <b>35.42</b>                    | <b>84.92</b> | <b>82.10</b> | <b>753.11</b> | <b>600.05</b> | <b>555.00</b> |

### Transmission & Distribution Cost

#### Petitioner's Submission



5.40 Petitioner has separately claimed the Transmission and Distribution Cost (T&D Cost) for FY 2006-07 to FY 2008-09 of Rs. 164.32 Cr., Rs. 173.19 Cr. And Rs. 173.73 Cr. Respectively.

### Commission's Analysis

5.41 The Commission observes that the T&D cost claimed by the Petitioner for FY 2006-07 to FY 2008-09 are based on the tariff orders dated 06.08.2009, 08.05.2013, and 10.05.2016 passed by the Hon'ble Central Electricity Regulatory Commission (CERC).

5.42 The Commission further observes that the Transmission and Distribution (T&D) cost pertaining to FY 2009-10 to FY 2011-12 has already been included in the Own Generation Cost claimed by the Petitioner.

5.43 The Commission has allocated the T&D 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. The summary of the T&D cost submitted by the petitioner and approved by commission are as under:

**Table 46: T&D Cost submitted by Petitioner and approved by the Commission for FY 2006-07 to FY 2008-09. (Rs. Cr.)**

| Particulars | Submitting by Petitioner |            |            | Approved by Commission |            |            |
|-------------|--------------------------|------------|------------|------------------------|------------|------------|
|             | FY 2006-07               | FY 2007-08 | FY 2008-09 | FY 2006-07             | FY 2007-08 | FY 2008-09 |
| T&D Cost    | 164.32                   | 173.19     | 173.73     | 148.63                 | 163.69     | 160.73     |

### Pension and Gratuity

#### Petitioner's Submission

5.44 The Petitioner has submitted that the contribution towards the Pension and Gratuity Fund (P&G Fund), including interest thereon, constitutes a legitimate, unavoidable and prudently incurred expenditure, and is therefore required to be admitted as a component of the Aggregate Revenue Requirement (ARR) of DVC.



5.45 The Petitioner has further submitted that the Hon’ble Central Electricity Regulatory Commission (CERC), in paragraphs 152 to 157 of its Order dated 08.05.2013, after due scrutiny and examination, had computed and allowed the contribution towards the P&G Fund for DVC. The said contribution was determined as part of the overall employee cost and was not linked or contingent upon the availability or operational performance of the thermal power stations. Once such cost has been duly examined, approved and allowed by the Hon’ble CERC, it assumes the character of an integral element of DVC’s ARR and is required to be admitted accordingly.

5.46 The Petitioner has computed the P&G Fund liability are as follows

**Table 47: P&G fund liability submitted by Petitioner for FY 2006-07 to FY 2008-09. (Rs. Cr.)**

| Year         | Order dtd. 29.07.2016 in petn. no. 469/gt/2014 for BTPS 'b' true-up | Order dtd. 29.07.2016 in petn. no. 466/gt/2014 for MTPS u#4 true-up | Total allowed during 2009-14 (40% of the total claim) | Total allowed   | Contribution to P&G claimed during 2006-09 period before SERCS | P&G related to distribution activity | Petitioner has claimed in True Up petition |                 |
|--------------|---|---|---|-----------------|--|--------------------------------------|--|-----------------|
|              | A   | B   | C = A+B   | D= C/.4         | YEAR   | E=(Total of D-Total of C)/3          | F  | G= E+F          |
| 2009-10      | 228.55  | 22.23   | 250.78  | 626.96          | 2006-07  | 626.96                               | 1.23                                       | 628.19          |
| 2010-11      | 228.55  | 22.23   | 250.78  | 626.96          | 2007-08  | 626.96                               | 1.23                                       | 628.19          |
| 2011-12      | 228.55  | 22.23   | 250.78  | 626.96          | 2008-09  | 626.96                               | 1.23                                       | 628.19          |
| 2012-13      | 228.55  | 22.23   | 250.78  | 626.96          |  |                                      |  |                 |
| 2013-14      | 228.55  | 22.23   | 250.78  | 626.96          |  |                                      |  |                 |
| <b>TOTAL</b> | <b>1,142.77</b>   | <b>111.15</b>   | <b>1,253.92</b>                                       | <b>3,134.80</b> |  | <b>1,880.88</b>                      | <b>3.69</b>                                | <b>1,884.57</b> |

**Commission’s Analysis**

5.47 The Commission observes that the Hon’ble Appellate Tribunal for Electricity (APTEL), vide its Order dated 24.04.2026 in Appeal No. 227 of 2025, has issued specific directions regarding segregation of accounts, and has, inter alia, observed as under:



*“108. We note from the submissions of JSERC that its contention is that separate details of distribution business/retail supply business are essential to enable it to discharge its mandate of tariff determination for such business. On the other hand, DVC has argued that in terms of Sections 33, 45 and 47 of the DVC Act, its accounts are required to be maintained and audited as prescribed by the Comptroller and Auditor General of India with reference to its three main functions, namely power, irrigation and flood control. DVC presently follows the DVC Rules, 1948 (2nd Amendment) which do not provide for segregation of the power business into generation, transmission, and distribution segments.*

*109. We agree with the contention of JSERC to the extent that determination of tariff for the retail supply business necessitates detailed segregation of DVC’s expenses and revenues attributable thereto. However, such an exercise cannot be reliably undertaken in the absence of a clear identification of the assets forming part of the distribution system. In fact, the determination of the asset base is a foundational and indispensable precondition, without which any allocation of costs and revenues to the retail supply business can at best be on rational approximation basis. As we have discussed in Part-I, it was responsibility of JSERC to identify such assets. Having set out the Guiding Framework for identifying distribution assets from integrated T&D assets in Part-II of our analysis, we are sure that this foundational difficulty will get resolved..”*

5.48 The Commission further observed that the Hon’ble Central Electricity Regulatory Commission (CERC) issued a directions contained in the Order dated 29.07.2016 passed by the Hon’ble Central Electricity Regulatory Commission (CERC) in Petition No. 469/GT/2014, the Hon’ble CERC, vide its earlier Order dated 06.08.2009 in Petition No. 66/2005, had allowed the recovery of 60% of the Pension and Gratuity (P&G) liability outstanding as on 31.03.2006 during the period FY 2006-07 to FY 2008-09. The balance 40% of the said liability was directed to be recovered over the subsequent control period FY 2009-10 to FY 2013-14 in five equal annual instalments relevant portion of the order dated 6.8.2009 in Petition No. 66/2005 is reproduced as under: -

*“69. The Commission in its order dated 3.10.2006 had worked out an amount of Rs. 153449 lakh towards pension and gratuity fund and directed that 60% of the aforesaid amount be recovered from the consumers over a period of three years starting from the year 2006-07 to 2008-09. The balance 40% of the gratuity fund was to be borne by the petitioner as it was allowed a transition period for two years i.e. 2004-05 and 2005-06 and the petitioner was allowed to retain the*



*surplus fund during the years. Though tariff was allowed to the petitioner from 1.4.2004 due to the transition period, the petitioner was allowed to recover tariff at the rates fixed by it for the period from 1.4.2004 to 31.3.2006 and thereafter at the rates allowed by the Commission by its order dated 3.10.2006. Since the petitioner was allowed to recover tariff at the rates determined by it for 40% of the tariff period and retain the surplus so generated, the Commission took a conscious view that the petitioner should contribute to the extent of 40% of the pension and gratuity fund out of the surplus generated during the years 2004-05 and 2005-06...*

*71. It is noticed that the Appellate Tribunal while agreeing with the order of the Commission allowing transition period for two years to the petitioner, has, however rejected the non-allowance of 40% of the pension contribution and observed that the petitioner is entitled to recover the entire amount of pension fund from its consumers, provided that such recovery was staggered and do not create tariff shock to the consumers.*

*73. Accordingly, in compliance with the directions contained in the judgment of the Appellate Tribunal, it has been decided to stagger the balance 40% of the pension fund over a period of five years during the tariff period 2009-14, without any revision in the pension fund allocated in tariff for the period 2006-09..."*

5.49 The Hon'ble CERC vide order dated 29.7.2013 in Petition No. 268/GT/2012 had allowed the year wise P&G liability of the generating stations as stated below:-

*" 74..... Subsequently, in order dated 6.8.2009 in Petition No. 66/2005, the Commission had allowed the petitioner to recover 60% of the admitted liability during the period 2006-09 and the balance 40% of liability during the period 2009-14 in compliance of the directions contained in the judgment of the Tribunal. In line with this, the Commission vide its order dated 22.4.2013 in Petition No. 272/2010 had allowed the recovery of an amount of ₹92069.40 lakh, being 60% of ₹153449 lakh towards Pension and Gratuity Fund for all its generating stations along with the tariff for the period and 2006-09 and ₹61379.60 lakh, being the balance 40% amount in five equal yearly instalments along with the tariff for the period 2009-14....."*

5.50 P&G liability as per order dated 03.10.2006 in petition no. 66/2005 and order dated 06.08.2009 is as follows

**Table 48: Actuarial Liability up to 31.03.2006 as computed by CERC (Rs. Cr.)**

| Particulars  | Amount   |
|--|----------|
| Actuarial Valuation as on 31.3.2006 (A)                                  | 1,709.00 |
| Amount allocated to power business (B)                                   | 1,690.15 |
| Liability pertaining to Power Distribution System (C)                    | 6.14     |
| Liability pertaining to this generating station (Mejja TPS, Unit-IV) (D) | 149.52   |
| Net Amount to Other Generating Units (E=B-C-D)                           | 1,534.49 |
| Recoverable in 2006-09 (60% of E) (F)                                    | 920.69   |
| Recoverable in 2009-14 (40% of E) (G)                                    | 613.80   |
| Total Admitted Claim for Mejja TPS (H)                                   | 149.52   |
| Recoverable in 2006-09 (60% of H) (I)                                    | 89.71    |
| Recoverable in 2009-14 (40% of H) (J)                                    | 59.81    |
| 60% Liability up to 31.03.2006 claimed in FY 2006-07 to FY 2008-09 (F+I) | 1,010.41 |

**Table 49: Actuarial Liability from FY 2006 to FY 2009 as computed by CERC (Rs. Cr.)**

| Particulars  | Amount   |
|--|----------|
| Liability as per Actuarial Valuation as on 31.03.2009 (A)  | 3,140.94 |
| Liability as per Actuarial Valuation as on 31.03.2006 (B)  | 1,690.15 |
| Difference- Liability arise between 2006 to 2009 (C= A-B)  | 1,450.79 |
| Recoverable in 2009-14 (D= 40% of C)   | 580.31   |
| 40% Share of this generating station (Mejja TPS, Unit-IV) in the proportion as allowed liability arise between 2006-2009 (E) | 51.34    |
| 40% Share of Other generating stations liability arise between 2006-2009 (F= D-E)  | 528.98   |
| 60% Liability up to 31.03.2006 claimed in FY 2006-07 to FY 2008-09 (C-D)   | 870.47   |

5.51 The Commission observes that the Hon'ble Central Electricity Regulatory Commission (CERC), vide its Orders dated 03.10.2006 in Petition No. 66/2005 and 06.08.2009 in Petition No. 273/2006, had duly examined and allowed the Pension & Gratuity (P&G) expenses claimed by the Petitioner. The Hon'ble CERC, while permitting the recovery of such expenses, had undertaken a prudent approach by allowing the same in a phased manner through a 60:40 bifurcation, with an intent to mitigate any sudden tariff shock to the



beneficiaries. Accordingly, the said P&G cost was already considered and formed part of the Total Fixed Charges for the control period from FY 2006-07 to FY 2008-09. In the present proceedings, the Commission has undertaken a detailed prudence check of the claims submitted by the Petitioner with respect to P&G expenses. The Commission notes that the said cost has already been examined and allowed by the Hon'ble CERC in the aforesaid Orders and, therefore, stands subsumed in the tariff determination for the relevant period. Further, the Commission observes that allowing the same P&G cost again in the current exercise would tantamount to double exercise, which is neither justified nor permissible under the extant regulatory framework. The Commission also records that the allowance of such cost at this stage does not have any incremental impact on the tariff, as the same has already been factored into the approved tariff through earlier Orders of the Hon'ble CERC. Accordingly, any further consideration or re-adjudication of the same P&G cost would be redundant and devoid of merit. The said cost was duly examined and allowed by the Hon'ble CERC and formed additional part of the determination of Total Fixed Charges for FY 2006-07 to FY 2008-09, in terms of the Hon'ble CERC Orders dated 06.08.2009 in Petition No. 273/2006 and dated 03.10.2006 in Petition No. 66/2005.

- 5.52 The Commission further observed that the balance cost on account of contribution towards the Pension and Gratuity (P&G) Fund for the period FY 2006-07 to FY 2008-09 had already been considered by the Hon'ble CERC. In this regard, 40% of the said liability was claimed by DVC and duly allowed by the Commission vide Order dated 29.07.2013 in Petition No. 268/GT/2012, to be recovered in five equal annual instalments over the period from FY 2009-10 to FY 2013-14.
- 5.53 As regards the balance 60% share of the Pension and Gratuity (P&G) Fund liability pertaining to the said period, direction has been issued by the Hon'ble Central Electricity Regulatory Commission (CERC) vide its Order dated 29.07.2016 in Petition No. 469/GT/2014, the relevant extracts of which are reproduced below:

*“The objector, DVPCA vide affidavit dated 1.12.2014 and 1.3.2016 has submitted as under:-*  
*a) The petitioner has not submitted the activity linked segregation of its employees as its employees are engaged in multifarious activities and is not specific to its power generation and transmission business.*



- b) To direct the petitioner to submit details of employees in each of its specific activities and employees engaged in assets servicing the command area and those in respect whereof petitioner has signed PPAs with licensees outside the command area.*
- c) The P&G liability towards employees in construction of assets should be capitalized and not charged through the ARR.*
- d) The past allowance of Pension and Gratuity liability of employees engaged in DVC's under-construction projects has resulted in advance recovery of such liability from command area consumers that may not even be the beneficiaries of such projects.*
- e) The advance recovery of Pension and Gratuity has excessively/disproportionately burdened the command area consumers.*
- f) Such advance recovery from command area consumers in the past has resulted in petitioner claiming relatively small increase in its liability towards contribution to Pension and Gratuity fund in subsequent controls periods.*
- g) The interest earned on investments from its Pension and Gratuity Fund has not been accounted for either by reducing the annual provision for such Fund by the amount of interest earned or by reducing the Annual Revenue Requirement.*
- h) Whether it is appropriate for the actuary to issue a certificate/ actuarial report based on projected salary data instead of actual salary data.*
- i) The contribution to pension and gratuity fund are essentially O&M expenses, recoverable as part of capacity charges and therefore recovery should be linked with achievement of Target Normative Annual Plant Availability Factor (NAPAF).*
- j) The annual increase of 6.35% in contribution towards P&G liability submitted by the petitioner would be off-set by the income earned out of the P&G fund investments. The current interest rate on government bonds/securities is around 8% per annum.”*

5.54 The Commission observes that the expenditure towards Pension & Gratuity (P&G) has been duly examined and allowed in its earlier Order dated 19th April 2017 and has subsequently formed part of the Aggregate Revenue Requirement approved by the Commission vide Order dated 10th December 2024. In keeping with the principles of regulatory consistency, prudence, and certainty, the Commission considers it appropriate to allow the P&G cost as claimed by the Petitioner in the present proceedings. However, the Commission clarifies that the approval accorded herein excludes the P&G cost attributable to the Distribution business, in line with the requirement for appropriate functional segregation. Further, the said approval shall remain



subject to the final outcome of the proceedings relating to segregation of accounts, as directed by the Hon'ble Appellate Tribunal for Electricity (APTEL) in its Order dated 24.04.2026 in Appeal No. 227 of 2025. Additionally, The Commission observes that the Hon'ble Central Electricity Regulatory Commission (CERC) has not disallowed the Pension & Gratuity (P&G) expenses claimed by the Petitioner; rather, the same has been permitted for recovery in a phased manner through a 60:40 bifurcation, with the objective of mitigating any sudden tariff shock to the beneficiaries. The Commission further notes that the said treatment has already been factored into the tariff determination and, therefore, does not entail any additional tariff impact in the present proceedings. In order to maintain regulatory consistency and avoid any legal infirmity, the Commission, after undertaking due prudence check, hereby allows the P&G cost as claimed by the Petitioner. However, the Commission makes it explicitly clear that the allowance of such cost shall be subject to revision in accordance with the applicable directions, principles, and methodology prescribed by the Hon'ble CERC, particularly in terms of its Order dated 29.07.2016 in Petition No. 469/GT/2014, as referred to in Paragraph 5.53 above. The Commission further directs that any consequential adjustments arising out of the aforesaid orders shall be duly considered in future true-up proceedings in accordance with the applicable regulations.

5.55 The Commission further observes that the Petitioner has claimed Pension and Gratuity (P&G) costs pertaining to activities regulated by the Hon'ble CERC amounting to Rs 628.19 crore for each of FY 2006-07, FY 2007-08 and FY 2008-09. In addition, the Petitioner has separately claimed P&G costs pertaining to the distribution business amounting to Rs 1.23 crore for each of the aforesaid years.

5.56 The Commission had sought detailed information vide a letter no. JSERC/Case (Tariff) no. 01 of 2026/708 dated 13.02.2026 from the Petitioner to address the data gaps identified during the course of prudence check, particularly with respect to the computation of Pension & Gratuity (P&G) liability. However, the Petitioner has failed to furnish the requisite details along with adequate justification for the same. However, upon verification and computation of the P&G costs relating to CERC regulated activities, as detailed in above, it is observed that the P&G cost of Rs 1.23 crore per annum attributable to the distribution business has already been included within the P&G costs considered under the CERC related claim. Accordingly, the Petitioner has effectively claimed the P&G cost of Rs 1.23 crore per year



twice for the period from FY 2006-07 to FY 2008-09, resulting in double counting of the same expenditure, which is not permissible under the regulatory framework and principles governing tariff determination.

5.57 The Commission has allocated the P&G 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. In view of the above study, The Commission approved P&G cost are as follows:

**Table 50: P&G Cost approved by the Commission for FY 2006-07 to FY 2008-09. (Rs. Cr.)**

| Particulars         | Approved by Commission |            |            |
|---------------------|------------------------|------------|------------|
|                     | FY 2006-07             | FY 2007-08 | FY 2008-09 |
| <b>P&amp;G Cost</b> | 567.10                 | 592.59     | 580.05     |

## **Sinking Fund**

### **Petitioner's Submission**

5.58 The Petitioner has submitted that the contribution towards the Sinking Fund constitutes a legitimate, unavoidable, and prudently incurred expenditure, incurred in accordance with the approved methodology, and has accordingly prayed that the same be admitted as a component of the True up for FY 2006-07 to FY 2008-09 of DVC.

5.59 The Petitioner has further submitted that it has separately claimed the Sinking Fund contribution for FY 2006-07, FY 2007-08, and FY 2008-09 amounting to Rs. 40.43 Cr, Rs. 30.72 Cr, and Rs. 27.55 Cr respectively. The Petitioner has stated that the aforesaid expenditure has not been included in the Own Generation Cost for these years. However, the Sinking Fund contribution for FY 2009-10 to FY 2011-12, as submitted by the Petitioner, has already been included in, and forms part of, the Own Generation Cost.



### **Commission Analysis**

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. The relevant extract of the aforesaid Order is reproduced below

**Table 51: Sinking Fund Cost as submitted by the Petitioner and approved by the Commission for FY 2006-07 to FY 2008-09. (Rs. Cr.)**

| Particulars              | Submitted by Petitioner |            |            | Approved by Commission |            |            |
|--------------------------|-------------------------|------------|------------|------------------------|------------|------------|
|                          | FY 2006-07              | FY 2006-07 | FY 2006-07 | FY 2006-07             | FY 2007-08 | FY 2008-09 |
| <b>Sinking Fund Cost</b> | 40.43                   | 30.72      | 27.55      | 36.57                  | 29.03      | 25.49      |

### **Additional O&M Expenses for Pay Revision Petitioner's Submission**



5.61 The Petitioner claimed the additional O&M expenses for pay revision and has accordingly prayed that the same be admitted as a component of True up for FY 2006-07 to FY 2008-09 of DVC.

The Petitioner has further submitted that it has separately claimed the additional O&M expenses for pay revision for FY 2006-07, FY 2007-08, and FY 2008-09 amounting to Rs. 55.00 Cr, Rs. 55.00 Cr, and Rs. 100.00 Cr respectively. The Petitioner has stated that the aforesaid expenditure has not been included in the Own Generation Cost for these years.

### **Commission Analysis**

5.62 The Commission observes that the additional O&M expenses towards pay revision claimed by the Petitioner have been examined. In this regard, the Commission places reliance on the Order dated 29.07.2016 passed by the Hon'ble Central Electricity Regulatory Commission (CERC) in Petition No. 469/GT/2014, wherein it has been observed as under:

*“73. Accordingly, in compliance with the directions contained in the judgment of the Appellate Tribunal, it has been decided to stagger the balance 40% of the pension fund over a period of five years during the tariff period 2009-14, without any revision in the pension fund allocated in tariff for the period 2006-09...”*

5.63 The Commission, after careful examination of the submissions made by the Petitioner, the records placed on file, and the findings contained in the relevant orders of the Hon'ble Central Electricity Regulatory Commission (CERC), observes that the additional Operation and Maintenance (O&M) expenses on account of pay revision for FY 2006-07 to FY 2008-09 have unjustified burden on consumers. Accordingly, the Commission does not approve the Petitioner's claim for additional O&M expenses towards pay revision for FY 2006-07, FY 2007-08, and FY 2008-09, and the same is hereby disallowed for the purpose of truing up of the Aggregate Revenue Requirement (ARR).

### **Tariff Filing and Publication expense for CERC**

#### **Petitioner's Submission**



5.64 The Petitioner claimed the Tariff Filing and Publication expense for CERC and has accordingly prayed that the same be admitted as a component of the True up for FY 2006-07 to FY 2011-12 of DVC.

5.65 Summary of the Tariff Filing and Publication expense for CERC for FY 2006-07 to FY 2011-12 submitted by the petitioner are as follows:

**Table 52: Tariff Filing and Publication expense for CERC submitted by the Petitioner for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                                   | Submitted by the Petitioner |            |            |            |            |            |
|---|-----------------------------|------------|------------|------------|------------|------------|
|   | FY 2006-07                  | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| <b>Tariff Filing and Publication Expenses</b> | 0.25                        | 0.25       | 0.33       | 1.12       | 1.17       | 1.38       |

### **Commission Analysis**

5.66 The Commission has examined the submissions made by the Petitioner in respect of tariff filing and publication expenses incurred towards filings before the Hon'ble Central Electricity Regulatory Commission (CERC), including bills and vouchers relating to newspaper publications and acknowledgement receipts of petition filing fees. Upon examination, the Commission finds the claim to be reasonable and, accordingly, approves the tariff filing and publication expenses (CERC) as claimed by the Petitioner.



**Table 53: Tariff Filing and Publication expense for CERC approved by the Commission for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                                   | Approved by Commission |            |            |            |            |            |
|---|------------------------|------------|------------|------------|------------|------------|
|   | FY 2006-07             | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| <b>Tariff Filing and Publication Expenses</b> | 0.25                   | 0.25       | 0.33       | 1.12       | 1.17       | 1.38       |

## Income Tax

### Petitioner's Submission

5.67 The Petitioner claimed the Income Tax expense and has accordingly prayed that the same to be considered as a separate and additional statutory expenses while undertaking the True up for FY 2006-07 to FY 2008-09 of DVC.

5.68 Summary of the Income Tax for FY 2006-07 to FY 2008-09 submitted by the petitioner are as follows:

**Table 54: Income Tax submitted by the Petitioner for FY 2006-07 to FY 2008-09. (Rs. Cr.)**

| Particulars                | Submitted by the Petitioner |            |            |
|----------------------------|-----------------------------|------------|------------|
|                            | FY 2006-07                  | FY 2007-08 | FY 2008-09 |
| <b>Income Tax Expenses</b> | 227.37                      | 129.55     | 84.26      |

### Commission Analysis

5.69 The Commission observes that, in terms of the provisions of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations,



2010, the income tax actually payable or paid by the utility is admissible as a component of the Aggregate Revenue Requirement (ARR) only to the extent it is attributable to the tax on the Return on Equity (RoE) as allowed by the Commission. The said Regulations clearly stipulate that income tax shall be considered at the time of true-up, subject to the limitation that such tax is directly relatable to the approved RoE.

5.70 Upon analysis of the material available on record, the Commission notes that, in the present case, no Return on Equity has been approved for the distribution business of the Petitioner for the relevant period. In the absence of any RoE determination by the Commission, the consequential claim towards income tax does not meet the regulatory criteria for admissibility under the ARR. Accordingly, the Commission is of the considered view that the income tax claimed by the Petitioner is not allowable under the prevailing Regulations and, therefore, the same is hereby disallowed for the purpose of true-up of the Aggregate Revenue Requirement for the FY 2006-07 to FY 2008-09.

**Water and Pollution Cess**

**Petitioner’s Submission**

5.71 The Petitioner claimed the Water and Pollution Cess and has accordingly prayed that the same to be considered as a separate and additional statutory expenses while undertaking the True up for FY 2006-07 to FY 2011-12 of DVC.

5.72 Summary of the Water and Pollution Cess for FY 2006-07 to FY 2011-12 submitted by the petitioner are as follows:

**Table 55: Water and Pollution Cess submitted by the Petitioner for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                         | Submitted by the Petitioner |            |            |            |            |            |
|-------------------------------------|-----------------------------|------------|------------|------------|------------|------------|
|                                     | FY 2006-07                  | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| <b>Water and Pollution Expenses</b> | 2.76                        | 2.27       | 1.84       | 2.79       | 2.75       | 2.06       |



**Commission Analysis**

5.73 The Commission observes that, allows the water and pollution cess, a statutory obligation, as claimed by the Petitioner based on the information in the audit certificate submitted by the petitioner via letter no. Coml./Tariff/JSERC/1548 dated 05.03.2026 in Annexure 12 and prudence check.

5.74 Summary of the Water and Pollution Cess for FY 2006-07 to FY 2011-12 approved by the commission are as follows:

**Table 56: Water and Pollution Cess approved by the Commission for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                         | Approved by Commission |            |            |            |            |            |
|-------------------------------------|------------------------|------------|------------|------------|------------|------------|
|                                     | FY 2006-07             | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| <b>Water and Pollution Expenses</b> | 2.76                   | 2.27       | 1.84       | 2.79       | 2.75       | 2.06       |

**Interest on Temporary Financial Accommodation**

***Petitioner’s Submission***

5.75 The Petitioner has claimed expenditure towards Interest on Temporary Financial Accommodation for the period from FY 2006-07 to FY 2011-12. The year-wise details of such claims, as submitted by the Petitioner, are set out hereunder for the consideration of the Commission:



**Table 57: Interest on Temporary Financial Accommodation submitted by the Petitioner for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars  | Submitted by the Petitioner |            |            |            |            |            |
|--|-----------------------------|------------|------------|------------|------------|------------|
|  | FY 2006-07                  | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| <b>Interest on Temporary Financial Accommodation</b> | 5.12                        | 8.18       | 16.24      | 1.27       | 5.11       | 19.10      |

### Commission Analysis

5.76 The Commission observes that, in terms of the provisions of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2004 and the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2010, only such expenses as are expressly provided for and permitted under the said Regulations are admissible for inclusion in the Aggregate Revenue Requirement (ARR). The Regulations do not envisage nor provide for allowance of expenditure towards Interest on Temporary Financial Accommodation as a permissible cost element for tariff determination or true-up. In view of the above regulatory position, the Commission is of the considered opinion that the expenditure claimed by the Petitioner towards Interest on Temporary Financial Accommodation does not qualify for admission in the ARR. Accordingly, the Commission disallows the said claim for FY 2006-07 to FY 2011-12 for the purpose of trueing up.

### Legal Expenses

#### *Petitioner's Submission*

5.77 The Petitioner has claimed expenditure towards Legal Expenses for the period from FY 2006-07 to FY 2011-12. The year-wise details of such claims, as submitted by the Petitioner, are set out hereunder for the consideration of the Commission:



**Table 58: Legal Expenses submitted by the Petitioner for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars    | Submitted by the Petitioner |            |            |            |            |            |
|----------------|-----------------------------|------------|------------|------------|------------|------------|
|                | FY 2006-07                  | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| Legal Expenses | 0.02                        | 0.21       | 0.17       | 0.84       | 0.87       | 1.26       |

### Commission Analysis

5.78 The Commission observes that, such expenses as are expressly provided for and permitted under the said Regulations are admissible for inclusion in the Aggregate Revenue Requirement (ARR). Commission observes that, allows the legal charges, as claimed by the Petitioner based on the information in the audit certificate submitted by the petitioner via letter no. Coml./Tariff/JSERC/1548 dated 05.03.2026 in Annexure 12 and prudence check. Accordingly, the Commission disallows the said claim for FY 2006-07 to FY 2011-12 for the purpose of trueing up.

**Table 59: Legal Expenses approved by the Commission for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars    | Approved by the Commission |            |            |            |            |            |
|----------------|----------------------------|------------|------------|------------|------------|------------|
|                | FY 2006-07                 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| Legal Expenses | 0.02                       | 0.21       | 0.17       | 0.84       | 0.87       | 1.26       |

### Tariff filing & Publication Expense JSERC

#### Petitioner's Submission

5.79 The Petitioner claimed the Tariff Filing and Publication expense for JSERC and has accordingly prayed that the same be admitted as a component of the True up for FY 2006-07 to FY 2011-12 of DVC.



5.80 Summary of the Tariff Filing and Publication expense for JSERC for FY 2006-07 to FY 2011-12 submitted by the petitioner are as follows:

**Table 60: Tariff Filing and Publication expense for JSERC submitted by the Petitioner for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                            | Submitted by the Petitioner |            |            |            |            |            |
|--|-----------------------------|------------|------------|------------|------------|------------|
|  | FY 2006-07                  | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| Tariff Filing and Publication Expenses | 0.24                        | 0.23       | 0.27       | 0.63       | 0.66       | 0.34       |

**Commission Analysis**

5.81 The Commission has examined the submissions made by the Petitioner in respect of tariff filing and publication expenses incurred towards filings before the Commission (JSERC), including bills and vouchers relating to newspaper publications and acknowledgement receipts of petition filing fees. Upon examination and information in the audit certificate submitted by the petitioner via letter no. Coml./Tariff/JSERC/1548 dated 05.03.2026 in Annexure 12, the Commission finds the claim to be reasonable and, accordingly, approves the tariff filing and publication expenses (JSERC) as claimed by the Petitioner.

**Table 61: Tariff Filing and Publication expense for JSERC approved by the Commission for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                            | Approved by Commission |            |            |            |            |            |
|--|------------------------|------------|------------|------------|------------|------------|
|  | FY 2006-07             | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| Tariff Filing and Publication Expenses | 0.24                   | 0.23       | 0.27       | 0.63       | 0.66       | 0.34       |



## Non Tariff Income

### Petitioner's Submission

5.82 Petitioner has considered only the Delayed Payment Surcharge (DPS) amount on account of firm consumers of Jharkhand, as NTI and deducted it from the ARR of DVC. In the annual accounts of DVC for FY 2006-07 to FY 2011-12 are booked as DPS, which includes the DPS billed to firm consumers of Jharkhand and West Bengal. DVC in the instant petition has only considered the DPS billed to the Jharkhand Consumers as the Non-Tariff income and deducted it from the ARR claimed. The DPS amount billed for Jharkhand Consumers for FY 2006-07 to FY 2011-12 are considered for distribution activity for Jharkhand Command Area. In this regard detailed break-up delayed payment surcharge duly certified by an auditor has been submitted.

5.83 Summary of the Non Tariff Income for FY 2006-07 to FY 2011-12 submitted by the petitioner are as follows:

**Table 62: Non Tariff Income submitted by the Petitioner for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars       | Submitted by the Petitioner |            |            |            |            |            |
|-------------------|-----------------------------|------------|------------|------------|------------|------------|
|                   | FY 2006-07                  | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| Non Tariff Income | 7.65                        | 12.22      | 24.26      | 1.89       | 7.63       | 28.54      |

### Commission Analysis

5.84 The Commission observes that the Hon'ble Appellate Tribunal for Electricity (APTEL), vide its Order dated 24.04.2026 passed in Appeal No. 227 of 2025, has adjudicated upon issues relevant to the present proceedings. The Commission considers it appropriate to place reliance on the said Order and reproduce the relevant extract thereof, which is set out hereunder for ready reference and consideration



“101. Based on the conclusion drawn by us earlier, we now proceed to analyse the items of NTI considered by JSERC in ARR {items j) to y) of table 63 of Impugned Order}. The justification against most of the items of NTI for 2023 as furnished by DVC is recorded in para 5.78 and 5.79 of the Impugned Order. We have taken the description of each item as furnished by DVC to be correct since the same has not been questioned in the Impugned Order. On the other hand, JSERC, in para 5.93 of the Impugned Order has not given specific reasons for considering these items, instead they have given reasons for not considering the other items.

(i) Certain items are related to employees. Since, costs and revenues related to all the employees of DVC are considered by CERC while determining tariff for generation and T&D, therefore JSERC should not be considering them again. Accordingly, following items should not have been considered by JSERC as NTI:

- j): interest from Employee Loan and Advances
- n): Income from service charges

(ii) Certain income heads pertain to the contractors/vendors which are employed for capital works or O&M. The relevant costs and revenues get covered in capital cost or O&M cost (as the case may be) in the tariff for generation and T&D determined by CERC. Therefore, following income heads should not have been considered by JSERC:

- k) Interest from Non-current investments
- m) Profit on disposal of Fixed Assets
- q) LD recovery
- r) sale of scrape
- s) Sale of tenders/papers/forms
- w) Interest on short term deposits
- x) Forfeiture of SD/EMD

(iii) Certain items are linked to fixed assets. It appears that all these items are covered under CERC tariff for generation and T&D (in the form of recovery of capital cost or O&M costs or both). However, if any of the items is not covered in CERC tariff, it is equally true that the same is not covered by JSERC also (as may be seen from table 65 of the Impugned order- which does not list any item regulated by JSERC pertaining to fixed assets). Therefore, following items, which emanate from the fixed assets

should not have been considered by JSERC:

- o) Misc. Recovery from Employees and outsiders (this recovery is for use of certain assets such as Schools, Hospitals, Transport Services, Quarters, Marriage Ceremony halls, Guest house etc.)
- p) Rental
- l) Interest on CLTD

(iv) The item u) and v) are intra-head and inter-head transfers. They merely indicate reallocation of costs from one-sub head to another within same head or from one head to another. Similarly,



item “t) capitalized” just represents reallocation of expenditure from revenue to capital account. There is no additional income or expenditure and therefore, these should not have been considered as NTI.

(v) About item “y) Dividend non-current Investment”, DVC has contended that this is revenue from JV of DVC with certain other companies. The business of this JV is not the core business of DVC i.e. distribution and therefore this item should not have been considered as NTI by JSERC.

102. Based on the analysis in the preceding paragraph we conclude that none of the items from j) to y) in the table 63 of the Impugned order, which were considered by JSERC qualifies to be the NTI. In our opinion, only item i) “Delayed Payment Surcharge”, of this table qualifies as NTI.”

5.85 According to the above Hon’ble APTEL judgement, Commission approve the NTI as submitted by the petitioner and Summary of the Non Tariff Income for FY 2006-07 to FY 2011-12 are as follows:

**Table 63: Non Tariff Income approved by the Commission for FY 2006-07 to FY 2011-12.  
(Rs. Cr.)**

| Particulars              | Approved by the Commission |            |            |            |            |            |
|--------------------------|----------------------------|------------|------------|------------|------------|------------|
|                          | FY 2006-07                 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| <b>Non Tariff Income</b> | 7.65                       | 12.22      | 24.26      | 1.89       | 7.63       | 28.54      |

**Interest on Working Capital (IoWC)**

*Petitioner’s Submission*

5.86 The Petitioner has claim the Interest on Working Capital (IoWC) at a flat 1% of the revenue from sale of power in Jharkhand for FY 2006-07 to FY 2009-10. This percentage-based allowance is not anchored in regulation and has no normative basis linked to the actual working capital cycle of DVC’s distribution business.



- 5.87 The Petitioner submit the component-wise IoWC for FY 2010-11 and FY 2011-12 framework under Regulations of the JSERC Tariff Regulations, 2010, which expressly specify the components of working capital for Retail Supply, including:
- maintenance spares at 1% of Opening GFA;
  - two months of expected revenue;
  - deduction of consumer security deposits;
  - one month of power purchase cost including transmission and SLDC charges.
  - DVC has computed IoWC strictly in accordance with this notified statutory methodology.

**Table 64: Interest on Working Capital submitted by the Petitioner for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                        | Submitted by the Petitioner |            |            |            |            |            |
|------------------------------------|-----------------------------|------------|------------|------------|------------|------------|
|                                    | FY 2006-07                  | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| <b>Interest on Working Capital</b> | 2.37                        | 2.61       | 2.72       | 3.67       | 53.58      | 73.45      |

### **Commission Analysis**

5.88 The Commission is guided by the JSERC (Distribution Tariff) Regulations, 2004 for determining the working capital requirements for the retail & distribution business for the period FY 2006-07 to FY 2010-11. The abovementioned regulations provide that working capital is required to meet the shortfall in collection over and above the target approved by the Commission.

5.89 Accordingly, the Commission has estimated the working capital requirement for Jharkhand area to be 1% of the actual revenue from sale of power in the Jharkhand area in line with the said regulations applicable in the state of Jharkhand. The interest on working capital has been estimated at the prevailing State Bank of India (SBI) Prime Lending Rate (PLR) as on April 1st of the respective year.



5.90 In order to examine the Petitioner's claim towards Interest on Working Capital for FY 2011-12, the Commission refers to the relevant provisions contained in Regulation 6.26 of the JSERC (Terms and Conditions for Determination of Tariff) Regulations, 2010. The said provisions, which govern the approval and computation of Interest on Working Capital, are reproduced hereunder for reference.

*“Interest on Working Capital*

*“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.”*

5.91 However, since the O&M cost and other expenses of the Petitioner are included in the cost of generation of power from its own stations, applying the aforementioned methodology as per the 'Distribution Tariff Regulations, 2010' is not possible.

5.92 The Commission notes that no Repair and Maintenance (R&M) expenditure has been claimed or approved under Operation and Maintenance (O&M) expenses for the assets under consideration during the FY 2011-12. Accordingly, no R&M expenditure has been admitted for the said assets. Further, since maintenance spares, computed at 1% of the opening Gross Fixed Assets, are linked to the expenditure on R&M, the same have been considered as Nil for the purpose of computation of the Working Capital requirement.

5.93 Further for the purpose of calculation of Interest on Working Capital for FY 2011-12, Two months equivalent of the actual revenue from sale of electricity at the prevailing tariffs has been calculated.

5.94 The following table summarises the computation of interest on working capital for FY 2006-07 to FY 2010-11 as per the Commission's analysis.



**Table 65: Interest on Working Capital approved by the Commission for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                 | Approved by the Commission |            |            |            |            |            |
|-----------------------------|----------------------------|------------|------------|------------|------------|------------|
|                             | FY 2006-07                 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| Interest on Working Capital | 2.27                       | 2.67       | 2.99       | 3.53       | 3.53       | 68.87      |

### Interest on Security Deposit

#### Petitioner's Submission

5.95 The Petitioner claimed the Interest on security deposit expense of Rs. 1.02 Cr. for FY 2011-12 and has accordingly prayed that the same be admitted as a component of the True up for FY 2011-12 of DVC.

#### Commission Analysis

5.96 The Commission observe that The Distribution Tariff Regulations, 2010, allow the Petitioner to recover the interest on security deposits through the ARR. Accordingly, the Commission approves the interest on security deposits as submitted by the Petitioner, after verifying the same from the audited accounts.

**Table 66: Interest on Security Deposits submitted by the petitioner and approved by the Commission for FY 2011-12. (Rs. Cr.)**

| Particulars                   | Submitted by the petitioner | Approved by the Commission |
|-------------------------------|-----------------------------|----------------------------|
|                               | FY 2011-12                  | FY 2011-12                 |
| Interest on Security Deposits | 1.02                        | 1.02                       |



## Allocation of Costs to Jharkhand State from DVC as a whole

### Petitioner's Submission

5.97 The Petitioner has submitted that the input costs including own generation cost, Power Purchase Cost, Other Input Cost, etc. cannot be segregated into the cost pertaining to Jharkhand and West Bengal area as DVC operates as a single entity. Thus, the Petitioner has submitted that, for the purpose of computing retail tariffs pertaining to Jharkhand area, the input cost of DVC be bifurcated in the ratio of energy sales in Jharkhand area to the total sales in the Damodar Valley area.

**Table 67: Cost allocation for Jharkhand submitted by the Petitioner for FY 2006-07 to FY 2011-12 (Rs. Cr.)**

| Particulars                                       | 2006-07 | 2007-08 | 2008-09 | 2009-10                                | 2010-11 | 2011-12 |
|---|---------|---------|---------|--|---------|---------|
| Own Generation Cost                               | 2523.16 | 2466.62 | 2601.92 | 3837.72                                | 4206.96 | 5358.69 |
| Power purchase cost                               | 35.42   | 84.92   | 82.10   | 753.11                                 | 600.05  | 555.00  |
| T&D Cost  | 164.32  | 173.19  | 173.73  | <i>Included in own Generation Cost</i> |         |         |
| Pension as allowed by CERC                        | 628.19  | 628.19  | 628.19  |  |         |         |
| Sinking fund contribution as allowed by CERC      | 40.43   | 30.72   | 27.55   |  |         |         |
| Pension for distribution activity                 | 1.23    | 1.23    | 1.23    | 0.49                                   | 0.49    | 0.49    |
| Additional O&M expenses for pay revision          | 55.00   | 55.00   | 100.00  | -                                      | -       | -       |
| Others Costs (incl. Of Tariff filing & Pub. Exp.) | 0.25    | 0.25    | 0.33    | 1.12                                   | 1.17    | 1.38    |
| Income Tax  | 227.37  | 129.55  | 84.26   | -                                      | -       | -       |
| Water and Pollution Cess                          | 2.76    | 2.27    | 1.84    | 2.79                                   | 2.75    | 2.06    |
| Interest on Temp. Financial accommodation         | 5.12    | 8.18    | 16.24   | 1.27                                   | 5.11    | 19.10   |



| Particulars  | 2006-07        | 2007-08        | 2008-09        | 2009-10        | 2010-11        | 2011-12        |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Legal Expenses   | 0.02           | 0.21           | 0.17           | 0.84           | 0.87           | 1.26           |
| <b>Total Cost (=Sum of 1 to 12)</b>  | <b>3683.26</b> | <b>3580.33</b> | <b>3717.55</b> | <b>4597.32</b> | <b>4817.39</b> | <b>5937.99</b> |
| Less: Non-Tariff income  | 7.65           | 12.22          | 24.26          | 1.89           | 7.63           | 28.54          |
| <b>Net Cost (=13-14)</b>   | <b>3675.61</b> | <b>3568.11</b> | <b>3693.29</b> | <b>4595.43</b> | <b>4809.76</b> | <b>5909.45</b> |
| Ratio of sales in Jharkhand area to total DVC area                                     | 62.77%         | 59.71%         | 60.00%         | 58.35%         | 59.47%         | 58.86%         |
| <b>Allocation of cost to Jharkhand area in ratio of energy sales in Jharkhand area</b> | <b>2307.05</b> | <b>2130.62</b> | <b>2216.03</b> | <b>2681.25</b> | <b>2860.21</b> | <b>3478.54</b> |

### Commission's Analysis

5.98 The Commission has allocated the expenses of the Petitioner, considered on an entity-wide basis, to the Jharkhand area by adopting the allocation methodology approved in its previous True up Order . The Commission has examined the allocation furnished by the Petitioner and finds the same to be in line with the approved methodology. Accordingly, the input costs allocated to the Jharkhand area for FY 2006-07 to FY 2011-12, as approved by the Commission, are summarized in the table below.

**Table 68: Cost allocation for Jharkhand approved by the Commission for FY 2006-07 to FY 2011-12 (Rs. Cr.)**

| Particulars                                  | 2006-07 | 2007-08 | 2008-09 | 2009-10                                | 2010-11 | 2011-12 |
|--|---------|---------|---------|--|---------|---------|
| Own Generation Cost                          | 2260.57 | 2319.60 | 2708.81 | 3785.59                                | 4204.48 | 4789.08 |
| Power purchase cost                          | 35.42   | 84.92   | 82.10   | 753.11                                 | 600.05  | 555.00  |
| T&D Cost                                     | 148.63  | 163.69  | 160.73  | <i>Included in own Generation Cost</i> |         |         |
| Pension as allowed by CERC                   | 567.10  | 592.59  | 580.05  |  |         |         |
| Sinking fund contribution as allowed by CERC | 36.57   | 29.03   | 25.49   |  |         |         |



| Particulars  | 2006-07        | 2007-08        | 2008-09        | 2009-10        | 2010-11        | 2011-12        |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Pension for distribution activity  | 1.23           | 1.23           | 1.23           | 0.49           | 0.49           | 0.49           |
| Additional O&M expenses for pay revision   | -              | -              | -              | -              | -              | -              |
| Others Costs (incl. Of Tariff filing & Pub. Exp.)                                      | 0.25           | 0.25           | 0.33           | 1.12           | 1.17           | 1.38           |
| Income Tax   | -              | -              | -              | -              | -              | -              |
| Water and Pollution Cess   | 2.76           | 2.27           | 1.84           | 2.79           | 2.75           | 2.06           |
| Interest on Temp. Financial accommodation  | -              | -              | -              | -              | -              | -              |
| Legal Expenses   | 0.02           | 0.21           | 0.17           | 0.84           | 0.87           | 1.26           |
| <b>Total Cost (=Sum of 1 to 12)</b>  | <b>3052.54</b> | <b>3193.79</b> | <b>3560.74</b> | <b>4543.93</b> | <b>4809.81</b> | <b>5349.27</b> |
| Less: Non-Tariff income  | 7.65           | 12.22          | 24.26          | 1.89           | 7.63           | 28.54          |
| <b>Net Cost (=13-14)</b>   | <b>3044.89</b> | <b>3193.79</b> | <b>3536.48</b> | <b>4542.04</b> | <b>4802.18</b> | <b>5320.73</b> |
| Ratio of sales in Jharkhand area to total DVC area                                     | 62.77%         | 59.71%         | 60.00%         | 58.35%         | 59.47%         | 58.86%         |
| <b>Allocation of cost to Jharkhand area in ratio of energy sales in Jharkhand area</b> | <b>1911.18</b> | <b>1899.83</b> | <b>2121.92</b> | <b>2650.18</b> | <b>2855.58</b> | <b>3131.99</b> |

### Summary of Aggregate Revenue Requirement (ARR)

5.99 Based on the aforesaid analysis, examination of the submissions made by the Petitioner, and the determinations recorded in this Order, the Commission has approved the True up of Aggregate Revenue Requirement (ARR) for FY 2006-07 to FY 2011-12, as against the ARR claimed by the Petitioner. The approved ARR, along with the corresponding claims of the Petitioner, is summarized in the table below.

**Table 69: True-up of ARR submitted by the Petitioner and approved by the Commission for FY 2006-07 and FY 2007-08 (Rs. Cr.)**



| Particulars  | 2006-07        |                | 2007-08        |                |
|--|----------------|----------------|----------------|----------------|
|  | Petition       | Approved       | Petition       | Approved       |
| Own Generation Cost  | 2523.16        | 2260.57        | 2466.62        | 2319.60        |
| Power purchase cost  | 35.42          | 35.42          | 84.92          | 84.92          |
| T&D Cost   | 164.32         | 148.63         | 173.19         | 163.69         |
| Pension as allowed by CERC   | 628.19         | 567.10         | 628.19         | 592.59         |
| Sinking fund contribution as allowed by CERC   | 40.43          | 36.57          | 30.72          | 29.03          |
| Pension for distribution activity  | 1.23           | 1.23           | 1.23           | 1.23           |
| Additional O&M expenses for pay revision   | 55.00          | -              | 55.00          | -              |
| Others Costs (incl. Of Tariff filing & Pub. Exp.)                                      | 0.25           | 0.25           | 0.25           | 0.25           |
| Income Tax   | 227.37         | -              | 129.55         | -              |
| Water and Pollution Cess   | 2.76           | 2.76           | 2.27           | 2.27           |
| Interest on Temp. Financial accommodation  | 5.12           | -              | 8.18           | -              |
| Legal Expenses   | 0.02           | 0.02           | 0.21           | 0.21           |
| <b>Total Cost (=Sum of 1 to 12)</b>  | <b>3683.26</b> | <b>3052.54</b> | <b>3580.33</b> | <b>3193.79</b> |
| Less: Non-Tariff income  | 7.65           | 7.65           | 12.22          | 12.22          |
| <b>Net Cost (=13-14)</b>   | <b>3675.61</b> | <b>3044.89</b> | <b>3568.11</b> | <b>3193.79</b> |
| Ratio of sales in Jharkhand area to total DVC area                                     | 62.77%         | 62.77%         | 59.71%         | 59.71%         |
| <b>Allocation of cost to Jharkhand area in ratio of energy sales in Jharkhand area</b> | <b>2307.05</b> | <b>1911.18</b> | <b>2130.62</b> | <b>1899.83</b> |
| Add: Tariff filing & Publication Expense JSERC   | 0.24           | 0.24           | 0.23           | 0.23           |
| Add: Interest on working capital   | 2.37           | 2.27           | 2.61           | 2.67           |
| Add: Interest on security deposit  | -              | -              | -              | -              |



| Particulars  | 2006-07        |                | 2007-08        |                |
|--|----------------|----------------|----------------|----------------|
|  | Petition       | Approved       | Petition       | Approved       |
| <b>Total ARR for Jharkhand area (=sum of 17 to 20)</b> | <b>2309.65</b> | <b>1913.69</b> | <b>2133.46</b> | <b>1902.73</b> |

**Table 70: True-up of ARR submitted by the Petitioner and approved by the Commission for FY 2008-09 and FY 2009-10 (Rs. Cr.)**

| Particulars  | 2008-09        |                | 2009-10        |                |
|--|----------------|----------------|----------------|----------------|
|  | Petition       | Approved       | Petition       | Approved       |
| Own Generation Cost                                | 2601.92        | 2708.81        | 3837.72        | 3785.59        |
| Power purchase cost                                | 82.10          | 82.10          | 753.11         | 753.11         |
| T&D Cost   | 173.73         | 160.73         | -              | -              |
| Pension as allowed by CERC                         | 628.19         | 580.05         | -              | -              |
| Sinking fund contribution as allowed by CERC       | 27.55          | 25.49          | -              | -              |
| Pension for distribution activity                  | 1.23           | 1.23           | 0.49           | 0.49           |
| Additional O&M expenses for pay revision           | 100.00         | -              | -              | -              |
| Others Costs (incl. Of Tariff filing & Pub. Exp.)  | 0.33           | 0.33           | 1.12           | 1.12           |
| Income Tax   | 84.26          | -              | -              | -              |
| Water and Pollution Cess                           | 1.84           | 1.84           | 2.79           | 2.79           |
| Interest on Temp. Financial accommodation          | 16.24          | -              | 1.27           | -              |
| Legal Expenses                                     | 0.17           | 0.17           | 0.84           | 0.84           |
| <b>Total Cost (=Sum of 1 to 12)</b>                | <b>3717.55</b> | <b>3560.74</b> | <b>4597.32</b> | <b>4543.93</b> |
| Less: Non-Tariff income                            | 24.26          | 24.26          | 1.89           | 1.89           |
| <b>Net Cost (=13-14)</b>                           | <b>3693.29</b> | <b>3536.48</b> | <b>4595.43</b> | <b>4542.04</b> |
| Ratio of sales in Jharkhand area to total DVC area | 60.00%         | 60.00%         | 58.35%         | 58.35%         |



| Particulars  | 2008-09        |                | 2009-10        |                |
|--|----------------|----------------|----------------|----------------|
|  | Petition       | Approved       | Petition       | Approved       |
| <b>Allocation of cost to Jharkhand area in ratio of energy sales in Jharkhand area</b> | <b>2216.03</b> | <b>2121.92</b> | <b>2681.25</b> | <b>2650.18</b> |
| Add: Tariff filing & Publication Expense JSERC   | 0.24           | 0.27           | 0.63           | 0.63           |
| Add: Interest on working capital   | 2.37           | 2.99           | 3.29           | 3.53           |
| Add: Interest on security deposit  | -              | -              | -              | -              |
| <b>Total ARR for Jharkhand area (=sum of 17 to 20)</b>                                 | <b>2219.01</b> | <b>2125.18</b> | <b>2685.17</b> | <b>2654.34</b> |

**Table 71: True-up of ARR submitted by the Petitioner and approved by the Commission for FY 2010-11 and FY 2011-12 (Rs. Cr.)**

| Particulars                                       | 2010-11  |          | 2011-12  |          |
|---|----------|----------|----------|----------|
|   | Petition | Approved | Petition | Approved |
| Own Generation Cost                               | 4206.96  | 4204.48  | 5358.69  | 4789.08  |
| Power purchase cost                               | 600.05   | 600.05   | 555.00   | 555.00   |
| T&D Cost  | -        | -        | -        | -        |
| Pension as allowed by CERC                        | -        | -        | -        | -        |
| Sinking fund contribution as allowed by CERC      | -        | -        | -        | -        |
| Pension for distribution activity                 | 0.49     | 0.49     | 0.49     | 0.49     |
| Additional O&M expenses for pay revision          | -        | -        | -        | -        |
| Others Costs (incl. Of Tariff filing & Pub. Exp.) | 1.17     | 1.17     | 1.38     | 1.38     |
| Income Tax  | -        | -        | -        | -        |



| Particulars  | 2010-11        |                | 2011-12        |                |
|--|----------------|----------------|----------------|----------------|
|  | Petition       | Approved       | Petition       | Approved       |
| Water and Pollution Cess   | 2.75           | 2.75           | 2.06           | 2.06           |
| Interest on Temp. Financial accommodation  | 5.11           | -              | 19.10          | -              |
| Legal Expenses   | 0.87           | 0.87           | 1.26           | 1.26           |
| <b>Total Cost (=Sum of 1 to 12)</b>  | <b>4817.39</b> | <b>4809.81</b> | <b>5937.99</b> | <b>5349.27</b> |
| Less: Non-Tariff income  | 7.63           | 7.63           | 28.54          | 28.54          |
| <b>Net Cost (=13-14)</b>   | <b>4809.76</b> | <b>4802.18</b> | <b>5909.45</b> | <b>5320.73</b> |
| Ratio of sales in Jharkhand area to total DVC area                                     | 59.47%         | 59.47%         | 58.86%         | 58.86%         |
| <b>Allocation of cost to Jharkhand area in ratio of energy sales in Jharkhand area</b> | <b>2860.21</b> | <b>2855.58</b> | <b>3478.54</b> | <b>3131.99</b> |
| Add: Tariff filing & Publication Expense JSERC   | 0.66           | 0.66           | 0.34           | 0.34           |
| Add: Interest on working capital   | 53.58          | 3.53           | 73.45          | 68.87          |
| Add: Interest on security deposit  | -              | -              | 1.02           | 1.02           |
| <b>Total ARR for Jharkhand area (=sum of 17 to 20)</b>                                 | <b>2914.45</b> | <b>2859.78</b> | <b>3553.35</b> | <b>3202.22</b> |



# **CHAPTER 6: GAP/(SURPLUS) AND ITS TREATMENT**



## 6. GAP/(SURPLUS) AND ITS TREATMENT

### Treatment of Revenue Gap/(Surplus) from FY 2006-07 to FY 2011-12

#### *Petitioner's Submission*

6.1 The Petitioner (DVC) has submitted that the cumulative gap/(surplus), as worked out and claimed in the Petition, amounts to Rs. 277.09 crore .

#### *Commission Analysis*

6.2 The Commission has duly examined and considered the submissions made by the Petitioner in respect of the additional financial impact on account of revision of the Annual Fixed Charges of its generating stations, contribution towards Pension and Gratuity, additional expenditure arising from pay revision, and other recoverable claims, as placed on record. The interest/carrying cost on the surplus arising during the year has been computed based on the average interest rate, in accordance with the applicable regulatory principles and based on the average cost of borrowings.

6.3 In view of the analysis in the aforementioned chapters, the cumulative gap/ (surplus) as approved by the Commission is summarised in the following tables:

**Table 72: Cumulative Gap/ (Surplus) for Jharkhand Area approved by the Commission for FY 2006-07 to FY 2011-12. (Rs. Cr.)**

| Particulars                           | Approved by the Commission |                 |                 |                 |                 |                 |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                       | FY 2006-07                 | FY 2007-08      | FY 2008-09      | FY 2009-10      | FY 2010-11      | FY 2011-12      |
| <b>Net ARR (DVC Jharkhand) A</b>      | 1913.69                    | 1902.73         | 2125.18         | 2654.34         | 2859.78         | 3202.22         |
| <b>Net Receipts including JBVNL B</b> | 2216.69                    | 2181.46         | 2438.02         | 2882.68         | 3006.28         | 3550.90         |
| <b>Revenue gap/(surplus) C= A-B</b>   | <b>(303.00)</b>            | <b>(278.73)</b> | <b>(312.84)</b> | <b>(228.34)</b> | <b>(146.52)</b> | <b>(348.68)</b> |



| Particulars                             | Approved by the Commission |            |            |            |            |            |
|---|----------------------------|------------|------------|------------|------------|------------|
|   | FY 2006-07                 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| Opening Gap/(Surplus)                   | -                          | (318.53)   | (653.35)   | (1,065.38) | (1,438.22) | (1,762.33) |
| Gap/(Surplus) should be passed on       | (303.00)                   | (278.73)   | (312.84)   | (228.34)   | (146.52)   | (348.68)   |
| Gap/(Surplus) already passed on         | -                          |            |            |            |            |            |
| Gap/(Surplus) difference                | (303.00)                   | (278.73)   | (312.84)   | (228.34)   | (146.52)   | (348.68)   |
| Int. rate (SBI base rate + 350/200 bps) | 10.25%                     | 12.25%     | 12.25%     | 12.25%     | 11.75%     | 13.00%     |
| Carrying Cost during the year           | (15.53)                    | (56.09)    | (99.20)    | (144.50)   | (177.60)   | (251.77)   |
| Closing Gap/(Surplus)                   | (318.53)                   | (653.35)   | (1,065.38) | (1,438.22) | (1,762.33) | (2,362.78) |

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on May 15, 2026.

**Date: 15.05.2026**

**Place: Ranchi**

**Sd/-**

**Mahendra Prasad**  
**Member (Law)**

**Sd/-**

**Justice Navneet Kumar**  
**Chairperson**



## ANNEXURE - I

## Name of Public participated in the Public Hearing

| Sr. No.                                       | Name                 | Address / Organisation                  |
|---|----------------------|---|
| <b>Place: Hazaribagh, Date April 25, 2026</b> |                      |   |
| 1   | Samrat Bhowmik       | DVC, Kolkata                            |
| 2   | Vikrant Vishal       | DVC, Kolkata                            |
| 3   | Piyush Lohia         | PWC                                     |
| 4   | Pramod Kumar         | DVC, Kolkata                            |
| 5   | Bikas Das            | DVC, Hazaribagh                         |
| 6   | Pradeep Gari         | Barli Solution, Hazaribagh              |
| 7   | Dhananjay Kumar      | Radha Casting & Metal Pvt. Ltd, Ramgarh |
| 8   | Mazhar Khan          | Maihar Alloys Pvt Ltd, Hazaribagh       |
| 9   | Ms. Gargi Srivastava | Noida                                   |
| 10  | Gopal                | Radha Gopal Ispat, Haribagh             |
| 11  | B.K.                 | Povonputy Steel                         |
| 12  | Biswajit Kumar       | DVC, Hazaribagh                         |
| 13  | Ajay Kumar Chaudhary | Shiam Iron & Steel, Giri                |
| 14  | Tarun Kumar          | DVC, Dhanbad                            |
| 15  | Sunil Bansal         | Vaishnavi fero Tech, Ramgarh            |
| 16  | Rajeev Agarwal       | JSV Ent., Barhi                         |
| 17  | Yogendra Prasad      | CGRF, Maithan                           |
| 18  | Punam Sharma         | Dhanbad                                 |