Jharkhand State Electricity Regulatory Commission

Order on

True-up Petition for FY 2023-24

for

Jharkhand Urja Utpadan Nigam Limited (JUUNL)
Dhurwa, HEC, Ranchi

September 18th ,2026

Contents

List of Abbreviations

Abbreviation	Description
AAD	Advance Against Depreciation
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal for Electricity
BOQ	Bill of Quantity
COD	Date of Commercial Operation
CEA	Central Electricity Authority
DPR	Detailed Project Report
EA'03	Electricity Act 2003
ECR	Energy Charge Rate
FY	Financial Year
GFA	Gross Fixed Assets
GOI	Government of India
GoJ	Government of Jharkhand
JSEB	Jharkhand State Electricity Board
JSERC	Jharkhand State Electricity Regulatory Commission
IDC	Interest During Construction
kWh	Kilowatt-Hour
MAT	Minimum Alternative Tax
MU	Million Units
MW	Megawatt
MYT	Multi Year Tariff
NAPAF	Normative Annual Plant Availability Factor

Abbreviation	Description
O&M	Operation and Maintenance
PAF	Plant Availability Factor
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
RoE	Return on Equity
Rs	Rupees
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SLDC	State Load Dispatch Centre
SLM	Straight Line Method
SRHP	Swarn Rekha Hydel Power Project
JUUNL	Jharkhand Urja Utpadan Nigam Limited

List of Tables

BEFORE

Jharkhand State Electricity Regulatory Commission, Ranchi

Case (Tariff) No.: 06 of 2026

In the matter of:

Petition for

True-up of FY 2023-24

In the matter:

JUUNL, Dhurwa, HEC, Ranchi ……………………………………**Petitioner**

PRESENT

Shri. Navneet Kumar	Chairperson
Shri. Mahendra Prasad	Member (Law)

Order dated

September 18th, 2026

Jharkhand Urja Utpadan Nigam Limited (hereinafter referred to as 'JUUNL' or 'the Petitioner') has filed the Petition dated May 14, 2026 for approval of Truing-up for FY 2023-24.

Chapter 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 (hereinafter referred to as "GoJ") 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 (hereinafter referred to as the 'Act') came into force, the earlier Electricity Regulatory Commissions Act, 1998 stands repealed and the functions of 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 licenses 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 to also 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) reorganization 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 Tariff Policy notified by the Government of India under Section 3 of the Act. The objectives of the 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.

Jharkhand Urja Utpadan Nigam Limited

1.8 The erstwhile Jharkhand State Electricity Board (hereinafter referred to as “Board” or “JSEB”) is a statutory body constituted under Section 5 of the Electricity (Supply) Act, 1948 and was engaged in electricity generation, transmission, distribution and related activities in the State of Jharkhand.

1.9 Jharkhand Urja Vikas Nigam Ltd. (hereinafter to be referred to as “JUVNL” or “the Holding company”) has been incorporated under Indian Companies Act, 1956 pursuant to decision of Government of Jharkhand to reorganize erstwhile Jharkhand State Electricity Board. The Petitioner submits that the said reorganization of the JSEB has been done by Government of Jharkhand pursuant to “Part XIII – Reorganization of Board” read with Section 131 of the Electricity Act 2003. The holding company has been incorporated on 16th September 2013 with the Registrar of Companies, Jharkhand, Ranchi and has obtained Certificate of Commencement of Business on 12th November 2013.

1.10 Jharkhand Urja Utpadan Nigam Ltd. (hereinafter to be referred to as “JUUNL” or “the Petitioner”) or erstwhile “JSEB-Generation function” has been incorporated on 23rd October 2013 with the Registrar of Companies, Jharkhand, Ranchi and has obtained Certificate of Commencement of Business on 28th November 2013. The Petitioner is a Company constituted under the provisions of Government of Jharkhand, General Resolution as notified by transfer scheme vide notification no. 8, dated 6th January 2014, later revised vide notification no. 2917 dated 20th November 2015. The Generation Company - Jharkhand Urja Utpadan Nigam Ltd. is duly registered with the Registrar of Companies, Ranchi on 23rd October 2013.

1.11 Prior to unbundling the generation function of JSEB had two plants i.e. Patratu Thermal Power Station (PTPS) with a capacity of 840 MW and Swarn Rekha Hydel Power Project, Sikidiri (SRHP) with a capacity of 130 MW. However, in a revised transfer scheme notified by the GoJ vide notification no-2917 dated 20th November 2015, PTPS was directly vested to GoJ post unbundling that is from 06th January 2014. Therefore, JUUNL currently owns 130 (2 X 65) MW SRHP power generation plant only.

1.12 Pursuant to the enactment of the Electricity Act, 2003, every utility is required to submit its Aggregate Revenue Requirement (ARR) for control period and Tariff Petitions as per procedures outlined in section 61, 62 and 64, of Electricity Act 2003, and the governing regulations thereof.

The present petition is being filed by JUUNL before the Commission for approval of the True-Up of FY 2023-24 of the Control period as per the Electricity Act, 2003 and as per the provisions of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions For Determination of Generation Tariff) Regulations, 2020 and its amendments.

Petitioner's Prayer

1.13 The Petitioner in the filing of Petition for True up of FY 2023-24 has prayed before the Commission:

a) To admit the True Up Petition for FY 2023-24, filed by JUUNL, in accordance with provisions of the Jharkhand State Electricity Regulatory Commission JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 and subsequent amendments.

b) To approve the True Up of components of ARR and proposed revenue gap along with the carrying cost.

c) To allow the actual expenses incurred and its impact on the True Up.

d) To approve the operating parameters such as Plant Availability Factor of the hydro plant.

e) To approve the design energy in million units as per the operating manual of the manufacturer.

f) To direct Jharkhand Bijli Vitran Nigam Limited (JBVNL) to practice timely payment of bills raised by JUUNL.

g) To allow JUUNL to impose Late payment surcharge on JBVNL as per clause 22.3 of JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 on delay in payment of bills raised by JUUNL.

h) Allow the Petitioner to add/ change/ alter/ modify this application at a future date;

i) To condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date;

j) To pass such Orders as deemed fit and proper in the facts and circumstances of the case in the interest of justice.

Chapter 2: PROCEDURAL HISTORY

Background

2.1 The Commission had passed Tariff Order of True Up for FY 2016-17 to FY 2020-21 and Business plan and determination of ARR for the control period FY 2021-22 to FY 2025-26 on 26th February 2024 in Case (Tariff) No. 6 of 2023 (hereinafter to be referred to as “MYT Order”).

2.2 The Petitioner had filed a petition for review of the MYT Order dated February 26, 2024. The Commission had issued the Order for this petition on 30th May, 2024 in Case No. 13 of 2024 (hereinafter to be referred to as “Review Order”).

2.3 The Commission had passed Tariff Order of True Up for FY 2021-22 and FY 2022-23 on 27th May 2025 in Case (Tariff) No 2 of 2025.

2.4 In the instant petition, the Petitioner has sought Truing-up for FY 2023-24 based on audited accounts as submitted by the Petitioner.

Inviting Public Comments/Suggestions

2.5 The Commission directed the Petitioner to publish a Public Notice inviting comments/suggestions from public and to make available copies of the Petition to the members of general public on request.

2.6 Accordingly, Public Notice was published by the Petitioner in the newspapers and a period of twenty-one (21) days was given for submitting the comments/suggestions by the general public:

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

Newspaper	Date of Publication
Dainik Jagran	22.05.2026
Prabhat Khabar	22.05.2026
Hindustan Times	22.05.2026 & 23.05.2026
Hindustan	22.05.2026 & 23.05.2026
Times of India	22.05.2026 & 23.05.2026

2.7 The Commission has also published a Public Notice on its website www.jserc.org and various newspapers confirming the date of conducting public hearing on the Petition giving time to various Stakeholders to submit their comments/suggestions. Accordingly, the Commission had also organized a Public Hearing on July 24, 2026 where an additional opportunity was provided to all the Stakeholders to submit their comments/suggestions on the above 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

Newspaper	Date of Publication
Dainik Bhaskar	09.07.2026 & 22.07.2026
Prabhat Khabar	09.07.2026
The Times of India	09.07.2026
The Morning India	09.07.2026 & 22.07.2026
Hindustan	22.07.2026
The Times of India	22.07.2026

Submission of Comments/Suggestions during Public Hearing

2.8 Comments/Suggestions on the Petition were received from only its sole beneficiary JBVNL. The Comments/Suggestions of the Public, Petitioner's Responses and Commission's views thereon are detailed in **Chapter 4** of this Order.

Chapter 3: BRIEF FACTS OF THE PETITION

3.1 The following chapter summarizes the Petition for truing-up of FY 2023-24 as filed by the Petitioner for the Commission's approval for the two units of Sikidiri Power Plant 130 MW (2x65MW).

True-up for FY 2023-24:

3.2 The summary of operational performance parameters for FY 2023-24 as submitted by the Petitioner is given in the table below:

Table 3: Operational Performance Parameters as submitted by the Petitioner for FY 2023-24

Sr. No.	Particulars	UoM	FY 2023-24	
			MYT	Petition
1	Plant availability factor	%	50.00%	89.77%
2	Aux. consumption	%	0.70%	0.70%
3	Gross generation	MUs	159.43	96.833
4	Aux. consumption	MUs	1.12	0.07
5	**Net generation**	**MUs**	**158.32**	**96.76**

3.3 The summary of Annual fixed charge for FY 2023-24, as submitted by the Petitioner is given in the table below:

Table 4: Summary of Annual Fixed charge as submitted by the Petitioner for FY 2023-24

Particulars	UOM	FY 2023-24	
		MYT	Petition
O&M Expense (incl. other expenses)	Rs.Cr	22.62	26.41
Depreciation	Rs.Cr	0.14	0.08
Interest on loans (excl. other financial charges)	Rs.Cr	1.91	2.25
Other Finance charges	Rs.Cr	0.00	3.08
Return on Equity	Rs.Cr	1.95	5.48
Interest on working capital	Rs.Cr	0.84	1.41
Gross Annual Fixed Cost	**Rs.Cr**	**27.46**	**38.71**

Particulars	UOM	FY 2023-24	
		MYT	Petition
Less: Non-Tariff Income	Rs.Cr	5.38	4.91
Net Annual Fixed Charge (AFC)	Rs.Cr	**22.08**	**33.80**

3.4 The Summary of Revenue Gap/(Surplus) as submitted by the Petitioner for FY 2023-24 is given in the table below:

Table 5: Revenue Gap/(Surplus) (in Rs. Cr) as submitted by the Petitioner for the control period FY 2023-24

Particulars	UOM	Formula	FY 2023-24
ARR	Rs. Cr.	A	30.56
Revenue	Rs. Cr.	B	42.38
Opening Gap/(Surplus)	Rs. Cr.	C	64.11
Addition during the FY	Rs. Cr.	D=A-B	(11.82)
Closing Gap/(Surplus)	Rs. Cr.	E=C+D	52.29
Avg Gap/(Surplus)	Rs. Cr.	F=AVG (C,E)	58.20
Interest Rate	%	G	10.50%
Carrying Cost for respective Financial Year	Rs. Cr.	**H=F*G**	**6.11**
Closing Gap/(Surplus) incl. Carrying Cost	**Rs. Cr.**	**I=E+H**	**58.41**

Chapter 4: PUBLIC CONSULTATION PROCESS

4.1 A Public Hearing was held by the Commission on July 24, 2026 at the conference hall of the Commission Office for giving additional opportunity to all the stakeholders for ensuring maximum public participation and transparency for providing opportunity to the stakeholders and several stakeholders submitted their comments and suggestions. The list of the attendees is mentioned in **Chapter-9** of this Order.

4.2 The comments and suggestions of the public along with the response of the Petitioner and the views of the Commission are summarized in this Chapter. The issues raised by the stakeholders, which do not have any bearing to the petition have not been discussed.

Stakeholder's Comments

4.3 The claimed Plant Availability Factor should be independently verified and validated by SLDC. Mere compilation by SLDC based on the monthly reports submitted by the Project Manager, SRHP, without independent verification of the underlying operational and outage data, cannot be considered sufficient. The fact that scheduling of SRHP is presently not being undertaken by SLDC cannot justify determination of the availability factor solely on the basis of the Project Manager's reported data. Therefore, the claimed availability factor should be accepted only on the basis of a duly authenticated and independently verified SLDC report.

Petitioner's Submission

4.4 JUUNL submits that the Plant Availability Factor (PAF) of 89.77% and the net generation of 96.76 MU have been computed based on the actual operational records of the Small Hydro Power (SRHP),Sikidri. PAF submitted by JUUNL is derived from authenticated plant operation records and the same is shared with SLDC as well.

Stakeholder's Comment

4.5 JUUNL has claimed employee expenses of Rs. 18.49 crore against the approved baseline of Rs. 18.29 crore, including terminal benefits of Rs. 4.92 crore. The additional claim of Rs. 0.20 crore over the approved amount requires due scrutiny and should be admitted only upon verification and adequate justification of the expenditure.

Petitioner's Response

4.6 JUUNL has submitted that the Employee Expenses claim of Rs. 18.49 crore represents the actual expenditure incurred during the relevant financial year and is duly supported by books of accounts audited by the CAG. The marginal excess of Rs. 0.20 crore over the approved baseline of

Rs. 18.29 crore has been attributed to normal increases in salary and employee-related statutory contributions, leave encashment and other admissible employee benefits. The claim also includes terminal benefits of Rs. 4.92 crore, which JUUNL states have been accounted for in accordance with the applicable accounting standards and Tariff Regulations. JUUNL has contended that these expenses are legitimate, unavoidable and necessary for continued operation of the generating station and compliance with statutory obligations, and that the marginal increase does not indicate any operational inefficiency. Accordingly, JUUNL has requested that the entire Employee Expenses, including terminal benefits, be admitted after applying the prescribed prudence check.

Stakeholder's Comments

4.7 JBVNL has requested a strict prudence check of the A&G expenses claimed by JUUNL, amounting to Rs. 2.36 crore against the approved allocation of Rs. 2.11 crore. The excess claim of Rs. 0.25 crore should be adequately justified and verified, failing which the same should be disallowed, as unjustified escalation beyond the normative ceilings should not be passed on to consumers.

Petitioner's Response

4.8 JUUNL has submitted that the A&G Expenses of Rs. 2.36 crore claimed for the relevant financial year are based on actual expenditure incurred and are duly supported by its audited books of accounts. The excess of Rs. 0.25 crore over the approved allocation of Rs. 2.11 crore has been attributed to unavoidable expenditure required for the efficient operation and maintenance of the generating station. JUUNL has contended that the increase is marginal and represents genuine operational requirements during the year, rather than any inefficiency or imprudence. Accordingly, the claimed A&G expenses may be considered for approval after applying the prescribed prudence check.

Stakeholder's Comments

4.9 JUUNL has claimed R&M expenses of Rs. 2.71 crore against the approved amount of Rs. 2.22 crore. The excess claim of Rs. 0.49 crore should be properly scrutinized, verified and supported with adequate justification before being considered for inclusion in the tariff.

Petitioner's Submission

4.10 JUUNL has submitted that the R&M Expenses of Rs. 2.71 crore claimed for the relevant financial year represent the actual expenditure incurred and are duly supported by its audited books of accounts. The excess of Rs. 0.49 crore over the approved R&M expenditure of Rs. 2.22 crore has been attributed to increased maintenance requirements arising from the ageing of the plant and machinery, statutory maintenance requirements and other operational exigencies. JUUNL has contended that R&M expenditure is inherently dependent on the actual condition and maintenance needs of the generating station and may therefore vary from approved estimates. It has further submitted that the additional expenditure was incurred prudently and was necessary to ensure the reliable, safe and efficient operation of the plant, without involving any avoidable or imprudent expenditure. Accordingly, JUUNL has sought consideration of the entire R&M claim after the prescribed prudence check.

Stakeholder's Comments

4.11 The 7% annual employee growth factor applied for determining normative employee expenses is not justified in the absence of any increase in employee strength. Its application has resulted in normative employee expenses of Rs. 24.12 crore against actual expenses of Rs. 18.49 crore. Accordingly, the Commission may consider adopting actual employee expenses in the absence of adequate justification or specific normative parameters for such escalation.

Petitioner's Submission

4.12 JUUNL has submitted that Employee Expenses are subject to various factors such as annual increments, dearness allowance revisions, statutory contributions, pay revisions, performance-linked benefits, retirement benefits, leave encashment and gratuity, and therefore, absence of an increase in employee strength cannot by itself justify adopting a zero-growth factor. JUUNL has further stated that its employees are also serving in JBVNL, being sister organizations under JUVNL, and that the normative escalation is consistent with the methodology prescribed under the regulatory framework and previously accepted by the Commission. It has contended that the apprehension regarding inflation of O&M expenses or misuse in sharing of gains/losses is unfounded, citing that the same methodology has resulted in efficiency gains being shared with JBVNL in earlier years, including Rs. 1.96 crore for FY 2021-22, Rs. 2.30 crore for FY 2022-23 and Rs. 2.73 crore computed for FY 2023-24. Accordingly, JUUNL has defended the continued application of the normative employee growth factor.

Stakeholder's Comments

4.13 JBVNL has submitted that the depreciation claim of Rs. 0.078 crore should be scrutinized, as the plant has already exceeded its useful life and there is no outstanding loan against it. Further, the audit report states that certain assets have already been depreciated up to their residual value and no depreciation was charged on such assets during FY 2023-24. Accordingly, the claimed depreciation should be allowed only after proper verification of the asset-wise depreciation status.

Petitioner's Submission

4.14 JUUNL has submitted that the depreciation claim of Rs. 0.078 crore is based on the actual depreciation recorded in its CAG-audited books of accounts. It has contended that the expiry of the originally envisaged useful life of the hydro generating station does not necessarily preclude depreciation, as the plant continues to remain operational through renovation, modernization, refurbishment, replacement of critical components and regular maintenance. According to JUUNL, depreciation may continue to arise on capitalized additions, replacement assets or assets that have not been fully depreciated in accordance with the applicable accounting and regulatory provisions. JUUNL has further submitted that the absence of outstanding loan cannot, by itself, be a basis for disallowing depreciation, and that the claimed amount is nominal compared to the overall asset base. Accordingly, it has requested approval of the depreciation claim after the prescribed prudence check.

Stakeholder's Comments

4.15 JBVNL has submitted that the claim of normative interest on loan capital requires scrutiny, as JUUNL has no outstanding loan and the plant has already exhausted its useful life. In the absence of fresh capital addition or a demonstrated residual life requirement, the basis for continuing normative loan and interest charges needs clear justification, and such costs should not be passed on to consumers without adequate substantiation.

Petitioner's Submission

4.16 JUUNL has submitted that its claim towards interest on loan capital has been made in accordance with Clause 15.18 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020. It has relied on the provision that where no actual loan is outstanding but a normative loan continues to remain outstanding, interest may be allowed at the normative rate linked to the Bank Rate plus 200 basis points. JUUNL has further submitted that the Commission has followed the same principle while determining the tariff for FY 2021-22 and FY 2022-23 in its Tariff Order dated 27.05.2025. Accordingly, JUUNL has justified the normative interest claim as being consistent with the applicable regulatory provisions and the Commission's earlier approach.

Stakeholder's Comments

4.17 JBVNL has sought verification of JUUNL's claim of Rs. 5.46 crore towards O&M shared gains, particularly the methodology and baseline used for its computation. Since the normative parameters are already considered at a higher level and JUUNL has not achieved the required operational performance, including minimum availability and scheduling, the claimed efficiency gains are not justified. Accordingly, the shared gains should not be allowed without demonstrating actual efficiency improvement against an appropriate and validated baseline.

Petitioner's Submission

4.18 JUUNL has submitted that the O&M shared gains of Rs. 5.46 crore have been computed in accordance with the JSERC Generation Tariff Regulations, 2020, based on the normative O&M expenses approved by the Commission under the MYT Order, which constitute the regulatory baseline for assessing efficiency gains. It has contended that the methodology is neither new nor unique and has been consistently adopted by the Commission in earlier proceedings, under which O&M efficiency gains of Rs. 1.96 crore for FY 2021-22 and Rs. 2.30 crore for FY 2022-23 were approved, while Rs. 2.73 crore was shared with JBVNL for FY 2023-24. JUUNL has therefore argued that JBVNL's objection regarding absence of a baseline is unfounded and inconsistent with its earlier acceptance of the methodology. It has further submitted that lower actual O&M expenditure should be treated as efficiency and should not result in reduction of the approved normative baseline, as this would discourage efficiency and undermine regulatory certainty. Accordingly, JUUNL has requested approval of the claimed O&M shared gains of Rs. 5.46 crore.

Stakeholder's Comments

4.19 JBVNL has objected to the inclusion of penal charges, interest on Government loans and TDS on flexi accounts under Other Financial Charges, particularly when JUUNL has stated that there is no outstanding loan pertaining to the project. Such charges should be properly justified and verified, and any costs arising from financial defaults, penalties or unrelated loans should not be passed on to consumers and may be disallowed.

Petitioner's Submission

4.20 JUUNL has submitted that the Other Financial Charges comprise various legitimate financial expenses recorded in its audited accounts and are not limited to interest on project loans. These include interest on Government dues, penal charges and TDS-related financial adjustments on Flexi Accounts, as applicable. Regarding interest on Government loans, JUUNL has clarified that any such amount relates to obligations recorded in its books in accordance with applicable accounting practices and Government directives and does not pertain to unrelated projects or activities. JUUNL has further stated that the allocation of these charges to the generating station is based on its accounting records and may be verified by the Commission during the prescribed prudence check.

Stakeholder's Comments

4.21 JBVNL has objected to JUUNL's claim of Rs. 2.08 crore towards 16% ROE on a normative equity base of Rs. 13.01 crore, stating that the plant has completed its useful life and no fresh capital has been infused. In the absence of a Residual Life Assessment and clear justification for continuing the normative equity base, the claim of ROE requires scrutiny and should not be allowed without establishing its regulatory basis.

Petitioner's Submission

4.22 JUUNL has submitted that the RoE claim of Rs. 2.08 crore has been computed at 16% on the approved normative equity base of Rs. 13.01 crore in accordance with the JSERC Generation Tariff Regulations, 2020. It has contended that the Regulations do not provide for cessation of RoE merely on account of the generating station crossing its design life or repayment of project loans, and that the approved normative equity remains eligible for RoE as long as the station continues to operate under the regulatory framework. JUUNL has further stated that the normative equity of Rs. 13.01 crore was already approved by the Commission after prudence check and that the same methodology was followed in the Tariff Order dated 27.05.2025 for FY 2021-22 and FY 2022-23. It has also clarified that the actual equity of Rs. 38.06 crore is irrelevant since RoE has been claimed only on the approved normative equity base. Accordingly, JUUNL has requested rejection of JBVNL's objections and approval of the claimed RoE.

Stakeholder's Comments

4.23 JBVNL has objected to the grossing-up of tax on ROE, stating that only the actual tax payable or paid on the allowed return on equity should be considered in the ARR. In the absence of any explicit provision under the JSERC Regulations permitting such grossing-up, the additional tax expense arising from the grossing-up should be disallowed.

Petitioner's Submission

4.24 JUUNL has submitted that tax on Return on Equity may be determined and allowed in accordance with the applicable Tariff Regulations, after carrying out the prescribed prudence check. It has accordingly requested the Commission to approve the admissible tax expense on ROE as determined under the regulatory framework.

Stakeholder's Comments

4.25 JBVNL has objected to JUUNL's calculation of Interest on Working Capital, stating that the petitioner has deviated from the prescribed JSERC norms by considering 15% of O&M towards maintenance spares and a two-month receivable cycle. As per the applicable framework, maintenance spares are limited to 20% of O&M and receivables to 45 days. Accordingly, the working capital requirement and consequential interest claim should be recalculated in accordance with the prescribed norms, with any excess claim disallowed.

Petitioner's Submission

4.26 JUUNL has submitted that the Interest on Working Capital (IoWC) has been recalculated in accordance with Clause 15.25 of the JSERC Generation Tariff Regulations, 2020. It has clarified that the receivables should be considered at Rs. 4.15 crore, equivalent to 45 days of the annual fixed cost of Rs. 33.62 crore, instead of Rs. 5.63 crore considered earlier. Accordingly, JUUNL has revised the IoWC claim from Rs. 1.41 crore to Rs. 1.24 crore as per below mentioned table and requested the Commission to consider the revised amount after the prescribed prudence check.

Sl. No.	Particulars	Formula	Claimed (Earlier)	Claimed (Modified)
1	O&M expenses for 1 month	A	2.20	2.20
2	Maintenance spares (@15% of O&M Expenses)	B	3.96	3.96
3	Receivables equivalent to 45 days of annual fixed cost	C	5.63	4.15
4	**Total Working Capital**	**D= A+B+C**	**11.79**	**10.33**
5	Interest Rate Applicable	E	12.00%	12.00%
6	**Interest on Working Capital**	**F=D*E**	**1.41**	**1.24**

Stakeholder's Comments

4.27 JBVNL has submitted that the claimed net annual fixed charge of Rs. 33.80 crore should be revised downward after prudence scrutiny and adjustment of O&M expenses, depreciation, interest on loan, other financial charges, ROE and IoWC in accordance with the applicable regulations. The Commission is requested to allow only duly justified and regulation-compliant claims and disallow amounts lacking adequate basis or justification.

Petitioner's Submission

4.28 JUUNL has submitted that the Annual Fixed Charges (AFC) have been computed in accordance with the JSERC Generation Tariff Regulations, 2020, based on the admissible tariff components, subject to the Commission's prudence check. It has further revised the Interest on Working Capital in accordance with Clause 15.25, reducing the receivables from Rs. 5.63 crore to Rs. 4.15 crore, equivalent to 45 days of the revised AFC of Rs. 33.62 crore, and consequently reducing IoWC from Rs. 1.41 crore to Rs. 1.24 crore. Accordingly, the AFC has been revised from Rs. 33.80 crore to Rs. 33.62 crore. JUUNL has stated that the methodology is consistent with the Commission's approach adopted in the Tariff Order dated 27.05.2025 and has requested approval of the revised AFC of Rs. 33.62 crore after the prescribed prudence check.

Stakeholder's Comments

4.29 The claimed Energy Charge Rate (ECR) of Rs. 1.07/kWh is based on the claimed AFC of Rs. 33.80 crore. Since the AFC is subject to downward revision after prudence scrutiny, the corresponding ECR should also be recalculated and is expected to be lower than the rate claimed by JUUNL.

4.30 JUUNL has claimed capacity charges of Rs. 20.23 crore based on an annual fixed charge of Rs. 33.80 crore and PAFM of 89.77%. Since the fixed charge is subject to downward revision, the corresponding capacity charges should also be revised accordingly. Further, the PAFM of 89.77% should be verified and determined based on actual scheduled energy and duly validated operational data, rather than being accepted as claimed.

Petitioner's Submission

4.31 JUUNL has submitted that the Energy Charge Rate (ECR) has been revised in accordance with the JSERC Generation Tariff Regulations, 2020, consequent upon the correction of Interest on Working Capital under Clause 15.25. As a result, the Net Annual Fixed Charges have been revised from Rs. 33.80 crore to Rs. 33.62 crore, leading to a reduction in the ECR from Rs. 1.067/kWh to Rs. 1.062/kWh. Correspondingly, the Capacity Charges have been revised from Rs. 20.23 crore to Rs. 20.12 crore, Energy Charges from Rs. 10.34 crore to Rs. 10.28 crore, and the cumulative revenue gap from Rs. 58.41 crore to Rs. 58.24 crore. JUUNL has stated that the revised computation follows the methodology adopted by the Commission in its Tariff Order dated 27.05.2025 for FY 2021-22 and FY 2022-23. It has further emphasized that the Sikidri Hydro Power Station supplies power exclusively to JBVNL during peak demand hours and provides relatively economical and environmentally sustainable power compared to several conventional and short-term sources. JUUNL has therefore requested the Commission to consider the revised tariff components while ensuring the financial sustainability of the generating station and has also urged JBVNL to maintain timely payment discipline.

Stakeholder's Comments

4.32 JBVNL has submitted that, since the Sikidiri Hydro Project has completed its useful life and the original capital debt has been fully repaid, continued recovery of full normative capital costs and returns requires reconsideration. In the absence of fresh capital infusion, an active long-term loan or a duly conducted Residual Life Assessment (RLA), the recovery should be restricted to actual and duly validated operational expenses, particularly O&M costs, rather than allowing full normative returns and ROE on an expired asset base.

Petitioner's Submission

4.33 JUUNL has submitted that the JSERC Generation Tariff Regulations, 2020 do not provide for cessation of admissible tariff recovery merely because a generating station has crossed its design useful life or its original project debt has been repaid. It has relied on the Commission's Tariff Order dated 27.05.2025, wherein tariff for Sikidri Hydro Power Station continued to be determined under the same regulatory framework despite the project having crossed its original design life. JUUNL has further contended that there is no regulatory requirement to restrict recovery only to actual O&M expenses or to make fresh equity infusion or completion of an RLA a pre-condition for allowing RoE and other admissible tariff components; however, it has stated that an RLA study is presently underway and will be submitted to the Commission upon completion. Regarding O&M efficiency gains, JUUNL has defended the existing methodology, noting that it has been consistently accepted by the Commission and has resulted in sharing of gains with JBVNL in earlier years. It has also emphasized that the hydro station continues to operate through regular maintenance and refurbishment and supplies relatively economical and reliable power to JBVNL, particularly during peak demand hours. Accordingly, JUUNL has requested that the tariff be determined under the applicable normative framework after the prescribed prudence check, enabling the station to remain financially sustainable while continuing to provide reliable and affordable renewable power.

Commission's Observations

4.34 The Commission has taken into account the submissions made by the Stakeholders and Petitioner and have dealt with the issues in subsequent chapters.

Chapter 5: TRUE-UP FOR FY 2023-24

5.1 The Commission has analyzed the submission of the Petitioner with respect to the ARR for the period FY 2023-24 and has undertaken the true up exercise of ARR components. The component wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

5.2 The Commission while conducting the True up exercise for FY 2023-24 has taken into consideration:

(a) Audited accounts for FY 2023-24;

(b) JSERC (Terms & Conditions for Determination of Generation) Tariff Regulations, 2020;

(c) Materials placed before the Commission;

(d) Methodology adopted by the Commission in its previous Orders.

5.3 The component-wise details filed by the Petitioner, the Commission's analysis and discussion is provided in the upcoming paragraphs.

Operational Performance

Plant Availability

Petitioner's Submission

5.4 The Petitioner has submitted the actual plant availability factor for the SRHP plant for FY 2023-24 which has been summarized in the table below:

Table 6: Plant Availability Factor (%) of SRHP as submitted by the Petitioner for FY 2023-24

Particulars	UoM	FY 2023-24
Plant Availability Factor	%	89.77%

5.5 The Petitioner has submitted the SLDC report on SRHP's plant availability factor for FY 2023-24 dated 17.06.2025.

5.6 The Petitioner has also submitted that it has taken into account the plant availability factor for the Swarn Rekha Hydel Power Project, Sikidiri, in accordance with the Plant Availability Factor approved by the Commission in its Review Order dated 30th May 2024.

5.7 The Petitioner has requested the Commission to consider the actual plant availability factor excluding the incidences of water shortage or lack of generation due to lower water level as submitted in the table above.

Commission's Analysis

5.8 The Commission has referred to JSERC (Terms & Conditions for Determination of Generation) Tariff Regulations, wherein Regulation 18.7

of the Generation Tariff Regulations, 2020 specifies the NAPAF for the Petitioner for FY 2023-24 as 75%. However, in the MYT order for FY 2023-24 dated February 26th 2024 the Commission had revised and approved the availability of the plant at 50% for the entire duration of the third control period.

5.9 The Petitioner has submitted the SLDC report with the petition wherein the Commission has observed that the scheduling of SRHP is not being done by SLDC at present, however based on the monthly report submitted by Project Manager (SRHP), Sikidri, the Plant Availability factor has been compiled by SLDC in its report. The Commission, after scrutinizing the data and considering the fact that the SRHP is dual purpose project wherein the project generates power as well as supplies water for irrigation and drinking has considered the availability to be in line with the submission made by the Petitioner.

5.10 After review of the data and supporting documents, the Commission has considered the actual availability as per the submitted data and has approved the same for FY 2023-24. The details of the PAF approved by the Commission is given in the table below:

Table 7: Plant Availability factor (%) of the plant as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Plant availability factor	%	50.00%	89.77%	89.77%

Gross Generation

Petitioner's Submission

5.11 The Petitioner in its Tariff Petition has submitted the actual gross generation for both the units during FY 2023-24 as given in the table below:

Table 8: Gross Generation (MU) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	FY 2023-24
Gross Generation	MUs	96.833

Commission's Analysis

5.12 The Commission upon scrutinizing and verifying the documents submitted by the Petitioner, approves gross generation of the plant for FY 2023-24 as mentioned in the table below:

Table 9: Gross Generation (MU) as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Gross Generation	MUs	159.43	96.833	96.833

Auxiliary Consumption

Petitioner's Submission

5.13 The Petitioner in its Tariff Petition for the period FY 2023-24 has submitted the auxiliary consumption of the plant as shown in the table below:

Table 10: Auxiliary Consumption (%) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	FY 2023-24
Auxiliary consumption	%	0.70%

Commission's Analysis

5.14 Auxiliary consumption refers to the quantum of energy consumed by the auxiliary equipment of the generating station. Higher auxiliary consumption reduces net generation of a generating station and leads to higher cost per unit of generation.

5.15 Regulation 18.7 of the Generation Tariff Regulations, 2020 specifies norm for the auxiliary consumption for the Petitioner for FY 2023-24 as 0.7%. The Commission, after analyzing the information submitted by the Petitioner approves the auxiliary consumption for FY 2023-24, as given in the table below:

Table 11: Auxiliary Consumption (%) as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Auxiliary consumption	%	0.70%	0.70%	0.70%

Net Generation

Petitioner's Submission

5.16 The Petitioner has submitted net generation of the plant for FY 2023-24 as given in the table below:

Table 12: Net Generation (MU) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	FY 2023-24
Net Generation	MUs	96.76

Commission's Analysis

5.17 The Commission, after scrutiny of the documents and information submitted by the Petitioner and considering the auxiliary consumption as approved in para 5.15 approves the Net-Generation of the Petitioner for FY 2023-24 as mentioned in the table below:

Table 13: Net Generation (MU) as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Net Generation	MUs	158.32	96.76	96.76

Determination of Fixed Cost

Capitalization during FY 2023-24

Petitioner's Submission

5.18 The Gross Fixed asset schedule as submitted by the Petitioner along with addition in GFA for FY 2023-24 is given in the table below:

Table 14: Gross Fixed Asset (Rs. Cr.) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	FY 2023-24
Opening GFA	Rs. Cr.	43.61
Addition for the year	Rs. Cr.	0.43
Closing GFA	Rs. Cr.	44.04

5.19 The Petitioner has claimed addition in GFA off Rs 0.43 Cr. for FY 2023-24. The petitioner has submitted that it has neither availed any loan or utilized equity rather it has used cash in hand for the above-mentioned capitalization hence there is no change in loan and equity.

Commission's Analysis

5.20 The Commission has referred to MYT Order dated 26.02.2024 wherein the Commission had observed that the Petitioner had not projected any

Capitalization during FY 2023-24 during MYT petition; however, it has claimed addition of Rs 0.43 Cr during true-up as addition for FY 2023-24.

5.21 Since, the petitioner has claimed that it has neither availed any loan or utilized equity for the additional capitalization, the Commission has not considered the same in calculating Return on Equity or Interest on Loan.

5.22 Upon scrutinizing and prudence check of the documents and audited accounts submitted by the Petitioner, the Commission approves the gross fixed asset for FY 2023-24 as given in the table below:

Table 15: Gross Fixed Asset (Rs. Cr) as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Opening GFA	Rs. Cr.	43.61	43.61	43.61
Addition for the year	Rs. Cr.	0.00	0.43	0.43
Closing GFA	Rs. Cr.	43.61	44.04	44.04

Depreciation

Petitioner's Submission

5.23 The Petitioner has submitted that it has followed clause 15.28 to 15.34 of JSERC Generation Tariff Regulations, 2020 for the calculation of depreciation expense which has the following methodology:

> *"15.28 Depreciation shall be calculated every year, on the amount of Capital Cost of the assets as admitted by the Commission. In case tariff of multiple Units of a generating station is determined, weighted average life for the generating station shall be applied:*
>
> *Provided that depreciation shall not be allowed on assets funded by Consumer Contribution and Capital Subsidies/Grants. Provision for replacement of such assets shall be made in the Capital Investment Plan.*
>
> *15.29 Depreciation for each year shall be determined based on the methodology as specified in these Regulations along with the rates and other terms specified in these Regulations.*
>
> *15.30 Depreciation shall be calculated annually, based on the straight-line method, at the rates specified at* ***Appendix-I****. The base value for the purpose of depreciation shall be original cost of the asset:*
>
> *Provided that the Generating Company shall ensure that once the*

individual asset is depreciated to the extent of seventy (70) percent of the Book Value of that asset, remaining depreciable value as on March 31 of the year closing shall be spread over the balance useful life of the asset;

Provided that in case the tenure of PPA executed between the Generating plant and Beneficiaries is more than that of the Useful life of the plant, the Commission after prudence check may consider the PPA life for spreading the remaining depreciable value as on March 31 of the year instead of useful life;

Provided that in case after carrying out the residual life assessment, it is found that the residual life of the generating station or unit as the case may be is beyond the useful life specified in these regulations the Commission after prudence check, may spread the remaining depreciable value to be recovered over the extended life of the plant.

15.31 Depreciation shall be charged from the first year of commercial operation of the asset. In case, the operation of the asset is for a part of the year, depreciation shall be charged on pro rata basis:

Provided that any depreciation disallowed on account of lower availability of the generating station shall not be allowed to be recovered at a later stage during the useful life and the extended life.

15.32 The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset. Land is not a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset:

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable:

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:

Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term Power Purchase Agreement at regulated tariff.

15.33 The Commission may, in the absence of the Fixed Assets Register, calculate Depreciation (%) arrived by dividing the Depreciation and the Average Gross Fixed Assets as per the latest available Audited Accounts of the Generating Company. The Depreciation (%) so arrived shall be multiplied by the Average GFA approved by the Commission for the relevant Financial Year to arrive at the Depreciation for that Financial Year.

15.34 In case of de-capitalization of assets in respect of Generating Station or Unit thereof the cumulative depreciation shall be adjusted by taking into account the depreciation recovered through tariff towards decapitalization asset during its useful services."

5.24 The Petitioner has submitted a fixed asset schedule & depreciation based on the actuals as per the audited annual accounts. The Petitioner has requested the Commission to allow the submitted depreciation expense as per audited accounts as summarized in the table below:

Table 16: Depreciation (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	FY 2023-24
Depreciation	Rs. Cr.	0.078

Commission's Analysis

5.25 The Commission has referred the clause 15.28 to clause 15.34 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

5.26 The Commission has reviewed the depreciation details submitted by the Petitioner and has also checked the audited accounts of FY 2023-24 and accordingly approves the depreciation for the period as referred to in the table below:

Table 17: Depreciation (Rs. Cr) as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Depreciation	Rs. Cr.	0.14	0.078	0.078

Interest on Loan

Petitioner's Submission

5.27 The Petitioner has submitted that it has followed clause 15.13 to 15.22 of JSERC Generation Tariff Regulations, 2020 for the calculation of Interest on Loan which has the following methodology:

> *"15.13 The loans arrived at in the manner indicated in Clause 15.6 and Clause 15.7 of these Regulations, shall be considered as gross normative loan for calculation of Interest on Loan.*
>
> *15.14 The normative loan outstanding as on April 01, 2021 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021 from the gross normative loan.*
>
> *15.15 The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that financial year.*

15.16 In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on pro-rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalization of such assets.

15.17 Notwithstanding any moratorium period availed by the Generating Company, the repayment of loan shall be considered from the first year of operation of the scheme/asset.

15.18 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Generating Company:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, then the rate of interest shall be considered on normative basis and shall be equal to Bank Rate as on April 01 of the respective year of the Control Period plus 200 basis points;

Provided also that, in case of new Generating Company commencing its operation after the date of effectiveness of these Regulations, and which does not have actual loan portfolio, the rate of interest shall be considered on normative basis and shall be equal to Bank Rate as on April 01of the respective year of the Control Period plus 200 basis points.

15.19 The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest;

15.20 The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by Generating Company."

5.28 The Petitioner has submitted that it does not have any outstanding loan for the financial year 2023-24. The Petitioner has considered the closing balance of normative loan for FY 2022-23 as approved by the Commission in order dated 26.02.2024 as the opening balance of normative loan for FY 2023-24. Further, in absence of any actual loan for a particular year the Petitioner has considered interest rate of 10.50 % for FY 2023-24 as mentioned in the clause 15.18 of JSERC Generation Tariff Regulation, 2020.

5.29 The normative interest on loan as submitted by the Petitioner is summarized in the table below:

Table 18: Interest on Loan (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	MYT	Petition
Opening Balance	Rs. Cr.	21.29	21.45
Addition	Rs. Cr.	0.00	0.00

Particulars	UoM	MYT	Petition
Repayment	Rs. Cr.	0.14	0.08
Closing Balance	Rs. Cr.	21.15	21.37
Average Loan	Rs. Cr.	21.22	21.41
Rate of Interest	%	9.00%	10.50%
Interest on Loan	**Rs. Cr.**	**1.91**	**2.25**

Commission's Analysis

5.30 The Commission has referred the clause 15.13 to clause 15.22 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

5.31 The Commission upon scrutinizing the data furnished by the Petitioner observes that the Petitioner has no outstanding actual loan as on date and the Petitioner has claimed normative interest on Loan for the period FY 2023-24.

5.32 The Commission has referred to clause 15.18 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 and has considered the same for calculating the interest rate for normative loan.

5.33 Clause 15.18 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides as under:

> *"15.18 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Generating Company:*
>
> *Provided that if there is no actual loan for a particular year but normative loan is still outstanding, then the rate of interest shall be considered on normative basis and shall be equal to Bank Rate as on April 01 of the respective year of the Control Period plus 200 basis points;"*

Further, Bank rate has been defined in the clause 3.1.8 of the Tariff Regulations as under:

> *"8. **'Bank Rate'** means the one-year Marginal Cost of Lending Rate (MCLR) of the State Bank of India from time to time or any replacement thereof for the time being in effect;"*

5.34 The Commission observes that the Bank rate effective as on 01.04.2023 is 8.50%. Hence, in accordance with Regulation 15.18, the Commission has considered the applicable rate of interest as 10.50% for FY 2023-24.

5.35 The repayment of loan for the year has been considered equal to the value of depreciation approved by the Commission for the year mentioned in para 5.26 above which is in line with clause 15.15 of the JSERC

Generation Tariff Regulations, 2020.

5.36 The Interest on Loan as approved by the Commission for FY 2023-24, has been tabulated below:

Table 19: Interest on Loan (Rs. Cr) as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Opening Balance	Rs. Cr.	21.29	21.45	21.45
Addition	Rs. Cr.	0.00	0.00	0.00
Repayment	Rs. Cr.	0.14	0.08	0.08
Closing Balance	Rs. Cr.	21.15	21.37	21.37
Average Loan	Rs. Cr.	21.22	21.41	21.41
Rate of Interest	%	9.00%	10.50%	10.50%
Interest on Loan	**Rs. Cr.**	**1.91**	**2.25**	**2.25**

Other Finance Charges

Petitioner's Submission

5.37 The Petitioner has submitted that it has incurred other finance charges towards expenditures like bank charges, TDS on flexi, Interest on Govt. loan and penal interest and the same is mentioned in the audited books of accounts for FY 2023-24 as under:

Table 20: Other Finance Charges (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Sl No	Particulars	Formula	Claimed
1	Bank Charges	A	0.0001
2	TDS on Flexi	B	0.0001
3	Int on Govt loan	C	2.5799
4	Penal interest	D	0.4961
5	**Total**	**E=A+B+C+D**	**3.0762**

Commission's Analysis

5.38 The Commission has referred the Review Order dated 30.05.2024 wherein the Commission had observed as under:

"12. The Commission has taken note of the submission made by the Petitioner in the review petition concerning the interest on government loan, mentioned under A&G expense, as referred in table 30 above.

In the review petition the Petitioner has highlighted the fact that the said interest pertains to loans obtained from the Government of Jharkhand for Banhardih coal block and Patratu Energy Limited (PEL) for new projects initiated by the Petitioner aimed at establishing a power plant. However, due to unforeseen circumstances, these projects were not executed, resulting in the transfer of liabilities to the Petitioner via the books of accounts by Government of Jharkhand. Consequently, the Petitioner incurred the obligation of paying interest on the government loan. In this context the Commission is of the view that since the expense pertains to a different project hence the cost of such expense should not be factored in the ARR of SRHP as it would impose an undue burden on the beneficiaries of the SRHP project. The Commission is of the view that such expense should be dealt with under a separate book of accounts.

13. The Commission has assessed the prayer submitted by the Petitioner, requesting the consideration of actual loan in lieu of normative loan as per the impugned order dated February 26, 2024. Upon careful examination, the Commission notes that the Petitioner's original submission was based on normative loan calculations. The Petitioner's subsequent request in the review petition to alter the methodology and advocate for consideration of actual loan lacks justification in the Commission's view. It is imperative to uphold consistency and integrity in the legal process, and permitting such alterations at this juncture could undermine the fairness and reliability of the proceedings.

14. However, the Commission after giving due diligence, has considered the bank charges pertaining to FY-17, FY-18 & FY-19 as summarized in the table below. Furthermore, the Commission has not considered bank charges in the projection of the third MYT control period i.e. FY 2021-22 to FY 2025-26. The Commission shall consider the bank charges as per actuals supported by proper audited documents during true up exercise for the relevant year of the third control period.

....

16. Taking into consideration of aforesaid observation Issue No-A, as raised by the Petitioner is partially allowed (only bank charges). However, the remaining aspects is sans merit and it refers no interference on review, accordingly the prayer for review of the issue is hereby rejected."

5.39 The Petitioner, in the instant tariff petition, has submitted that it has no outstanding loan for FY 2023-24 and has claimed normative loan in lieu of actual loan.

5.40 The Commission observes that Clause 6.11 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 identifies NAPAF, Station Heat Rate, Auxiliary Energy Consumption, Secondary Fuel Oil Consumption, Transit Loss and O&M Expenses as controllable performance parameters. Further, Clause 6.13 expressly provides that any financial loss on account of under-performance in respect of such controllable parameters shall not be recoverable through tariff. In view of the above provisions, any fine, penalty, additional expenditure or other financial liability arising from the inefficiency, negligence, non-compliance or lapse attributable to the Generating Company shall be borne by the Generating Company and shall not be passed on to the beneficiaries/consumers through tariff.

5.41 The Commission upon scrutinizing the data furnished by the Petitioner and considering the observations made in the Review Order approves the other finance charges as under:

Table 21: Other Finance Charges (Rs. Cr) as approved by the Commission for FY 2023-24

Sr No	Particulars	FY 2023-24	
		Petition	Approved
1	Bank Charges	0.0001	0.0001
2	TDS on Flexi	0.0001	0.0000
3	Int on Govt loan	2.5799	0.0000
4	Penal interest	0.4961	0.0000
5	**Total**	**3.0762**	**0.0001**

Return on Equity

Petitioner's Submission

5.42 The Petitioner has submitted that the Commission has amended clause 15.10 of the principal regulation JSERC Determination of Generation Tariff, 2020 and issued the first amendment of the same on 31.10.2023 in which the Hon'ble commission has clearly specified that the base rate for calculating the RoE is 16.00% for different categories of hydro generating stations. The amended clause is reproduced here as follows:

> *"15.10.*
>
> *…*
>
> *The return on equity shall be computed on post-tax basis at the base rate of 15.00% for thermal generating stations, and run of the river hydro generating station, and at the base rate of 16.00% for the storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage for generating stations whose Date of Commercial Operation is before April 01, 2021:*
>
> *…"*

5.43 The Petitioner has considered the debt equity ratio as 70:30. Further the Petitioner has mentioned that the Commission has approved the normative Equity of Rs. 13.01 Cr. for FY 2023-24 in its MYT order issued on 26.02.2024. The Petitioner has submitted that it has not made any addition to its equity base. The Petitioner has claimed RoE based on the actual audited books of accounts for FY 2023-24 of the Petitioner.

5.44 The Return on equity, as submitted by the Petitioner for FY 2023-24 is shown in the table below:

Table 22: Return on Equity (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Sr No	Particulars	UoM	MYT	FY 2023-24
1	Opening Balance	Rs. Cr.	13.01	13.01
2	Addition	Rs. Cr.	0.00	0.00
3	Closing Balance	Rs. Cr.	13.01	13.01
4	Average	Rs. Cr.	13.01	13.01
5	Rate of Equity	%.	15%	16.00%
6	**ROE**	**Rs. Cr.**	**1.95**	**2.08**

5.45 Further, the Petitioner has submitted that in the JSERC Generation Regulations, 2020 and subsequent amendments there is a lack of clarity on the methodology for grossing up of the tax expense on top of the RoE. Hence, the Petitioner has added the tax expenses incurred during the FY 2023-24 by the Petitioner for the purpose of grossing up of tax expenses the same is mentioned in the below:

Table 23: Grossed up Return on Equity (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Sr No	Particulars	UoM	FY 2023-24
1	Return on Equity	Rs. Cr.	2.08
2	Tax Expense	Rs. Cr.	3.40
3	**Grossed up considering Tax Expense**	**Rs. Cr.**	**5.48**

Commission's Analysis

5.46 The Commission has referred to the amended clause 15.10 as per the JSERC (Terms and Conditions for Determination of Generation Tariff) (First Amendment) Regulations, 2023 as provided below:

"6.1 In the Principal Regulations Clause 15.10 shall be substituted as follows:

The return on equity shall be computed on post-tax basis at the base rate of 14.50% for thermal generating stations, and run of the river hydro generating station, and at the base rate of 15.50% for the *storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage for generating stations whose Date of Commercial Operation is after April 01, 2021:*

The return on equity shall be computed on post-tax basis at the base rate of 15.00% for thermal generating stations, and run of the river hydro generating station, and at the base rate of 16.00% for the storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage for generating stations whose Date of Commercial Operation is before April 01, 2021:

All existing Provisos shall remain in force"

5.47 Further, the Commission has referred the clause 15.11 and 15.12 of the JSERC Tariff Regulations 2020 which mention about the tax allowable on RoE as under:

"Income Tax

15.11 Tax on income, if any, on the Generating business of the Generating Company shall be limited to tax on the allowed return on equity;

15.12 The income tax actually payable or paid limited to the tax on allowed return on equity shall be included in the ARR while truing up. The actual assessment of income tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 and its amendments thereof shall be passed on to the Beneficiaries. Tax on the other income streams of the Generating Company shall not be recovered from the Beneficiaries."

5.48 Accordingly, the Commission has considered the approved closing equity for FY 2022-23, i.e. Rs. 13.01 Cr., as the opening equity for FY 2023-24. As there is no addition of equity the same has been considered as nil.

5.49 Regarding the submission of the Petitioner about the lack of clarity on methodology for the grossing up RoE with the tax expense, the clause 15.11 and 15.12 of the Regulations as provided above, have very clearly specified that the income tax actually payable or paid limited to the tax on allowed return on equity shall be included in the ARR while truing up.

5.50 Further the Commission has grossed up the Return on Equity as per the prevailing corporate tax of 25.17% to arrive at the final approved RoE.

5.51 The Return on Equity as approved by the Commission for FY 2023-24, is given in the following table:

Table 24: Return on Equity (Rs. Cr) as approved by the Commission for FY 2023-24

Sr No	Particulars	FY 2023-24		
		MYT	Petition	Approved

Sr No	Particulars	FY 2023-24		
		MYT	Petition	Approved
1	Opening Balance	13.01	13.01	13.01
2	Addition	0.00	0.00	0.00
3	Closing Balance	13.01	13.01	13.01
4	Average	13.01	13.01	13.01
5	Rate of Equity	15.00%	16.00%	16.00%
6	**ROE**	**1.95**	**2.08**	**2.08**
7	Tax rate			25.17%
8	Tax expenses		3.40	0.70
9	**Grossed up RoE**	**1.95**	**5.48**	**2.78**

Operation & Maintenance Expense

Petitioner's Submission

5.52 The Petitioner has submitted the O&M Expenses for FY 2023-24 under the following broad categories:

(a) Employee Expenses;

(b) Administrative and General costs;

(c) Repairs and maintenance expenses; and

(d) Other expenses

5.53 The Petitioner has submitted that O&M expenses comprise of employee related costs, A&G expenses and R&M expenditure as per provision 10.5 and 10.6 of JSERC Generation Tariff Regulations 2020.

5.54 The petitioner has referred to the below mentioned formula for approval of O&M expense for the control period.

"O&Mn = (R&Mn + EMPn + A&Gn) + Terminal Liabilities

Where,

R&Mn – Repair and Maintenance Costs of the Generating Company for the nth year;

EMPn – Employee Costs of the Generating Company for the nth year excluding terminal liabilities;

A&Gn – Administrative and General Costs of the Generating Company for the nth year.

10.6 The above components shall be computed in the manner specified below:

*a) (Repair & Maintenance)n = K*GFA*(INDXn/ INDXn-1)*

Where,

'K' is a constant (expressed in %) governing the relationship between Repair & Maintenance costs and Gross Fixed Assets (GFA) and shall be calculated based on the % of Repair &Maintenance to GFA of the preceding years of the Base Year in the MYT Order after normalising any abnormal expenses;

'GFA' is the opening value of the gross fixed asset of the nth year;

*b) EMPn + A&Gn = [(EMPn-1) * (1+Gn)+ (A&Gn-1)]*(INDXn/ INDXn-1)*

Where,

EMPn-1 – Employee Costs of the Generating Company for the (n-1)th year excluding terminal liabilities;

A&Gn-1 – Administrative and General Costs of the Generating Company for the (n-1)th year excluding legal/litigation expenses;

INDXn – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

Gn – is a growth factor for the nth year and it can be greater than or lesser than zero based on the actual performance. Value of Gn shall be determined by the Commission in the MYT Order for meeting the additional manpower requirement based on the Generating Company Filing, benchmarking and any other factor that the Commission feels appropriate;

*c) INDXn = 0.55*CPIn +0.45*WPIn;"*

5.55 The petitioner has submitted the combined inflation factor for FY 2023-24 as under:

Table 25: Combined inflation Index as submitted by the petitioner for FY 2023-24

Particulars	WPI	CPI	Total
Weightage	0.45	0.55	1.00
Avg Indexation for FY 2023-24	151.42	397.20	
Avg Indexation for FY 2022-23	152.53	377.62	
Avg Indexation $_{n}$ (Index * wt)	68.14	218.46	286.60
Avg Indexation $_{n-1}$(Index * Wt)	68.64	207.69	276.33
Combined Inflation (Index $_{n}$/Index $_{n-1}$)	**3.72%**		

5.56 The petitioner has submitted that O&M expense comprise of employee related cost, A&G expenses and R&M expenditure. The petitioner has submitted both the actual and normative O&M expense components for while claiming the O&M expenses. The details of submission of Actual and Normative expenses are summarized in the tables below.

5.57 The actual employee expenses as submitted by the petitioner for FY 2023-24 is as under:

Table 26: Actual Employee Expense (Rs Cr) as submitted by the petitioner for FY 2023-24.

Sr No	Particulars	Formula	MYT	Audited
1	Salaries wages & Benefits	A		13.56
2	**Employees Expense (excl. Terminal Liabilities**	**B**	**18.29**	**13.56**
3	**Terminal Benefits**			4.92
4	*Pension Cost*	C		3.54
5	*Gratuity Cost*	D		0.35
6	*Leave Encashment Cost*	E		1.03
7	*Others*	F		
8	**Employees Expenses (incl. terminal benefits)**	**A+B+C+ D+ E+F**	**18.29**	**18.49**

5.58 The actual A&G expenses as submitted by the petitioner for FY 2023-24 is as under:

Table 27: Actual A&G Expenses (Rs Cr) as submitted by the petitioner for FY 2023-24.

Sr No	Particulars	Formula	MYT	Audited
1	Rent Rates & taxes	A		0.00
2	Insurance	B		0.04
3	Telephone Charges etc	C		0.03
4	Audit Fees	D		0.03
5	Consultancy charges	E		0.14
6	Conveyance & Travelling Expenses	F		0.11
7	Fees & Subscriptions	G		0.39
8	Printing & Stationary	H		0.02
9	Advertising	I		0.00
10	Other Professional Charges	J		0.18
11	RoC Compliance Charges	K		0.03
12	Entertainment Charges	L		0.03
13	Home Guard	M		1.21
14	Miscellaneous Expenses	N		0.16

15	**Total A&G Charges**	**O**	**2.11**	**2.36**

5.59 The actual R&M expenses as submitted by the petitioner for FY 2023-24 is as under:

Table 28: Actual R&M Expenses (Rs Cr) as submitted by the petitioner for FY 2023-24.

Sr No	Particulars	Formula	MYT	Audited
1	Plant & Machinery	A		1.60
2	Building	B		0.01
3	Civil work	C		0.18
4	Line Cable Network	D		0.39
5	Vehicle	E		0.00
6	Office Equipment	F		0.03
7	Furniture	G		0.01
8	Hydraulic Work	H		0.49
9	**Total**	**I**	**2.22**	**2.71**

5.60 The petitioner has also submitted the normative O&M expense according to the principles enumerated in Tariff Regulations and tariff Orders issued from time to time. The component wise normative O&M expense as claimed by the petitioner is in the below mentioned tables.

5.61 The normative employee expense as claimed by the petitioner is submitted as under:

Table 29: Normative Employee Expense (Rs Cr) as claimed by the petitioner for FY 2023-24.

Sr No	Particulars	Formula	Claimed
1	Normative Employee Cost (n-1) excluding Terminal Liabilities	A	17.30
2	Weighted Avg. Inflation factor (%)	B	3.72%
3	Growth factor G_n (%)	C	7%
4	**Employee Cost as per normative basis excl, terminal liabilities**	D=A*{(1+B)*(1+C)}	**19.20**
5	Add: Terminal Liabilities	E	4.92
6	**Employee Cost as per normative basis incl terminal liabilities**	**F=D+ E**	**24.12**

5.62 The normative A&G expense as claimed by the petitioner is submitted as under:

Table 30: Normative A&G Expense (Rs Cr) as claimed by the petitioner for FY 2023-24.

Sr No	Particulars	Formula	Claimed
1	Total A&G Expenses for (n-1)	A	2.12

2	Add: Inflation factor (in %)	B	3.72%
3	**Sub- total**	C=A*(1+B)	**2.20**
4	Add: Load Growth Factor (%)	D	0.00%
5	**Normative A&G Expenses**	**E=C*(1+ D)**	**2.20**

5.63 The normative R&M expense as claimed by the petitioner is submitted as under:

Table 31: Normative R&M Expense (Rs Cr) as claimed by the petitioner for FY 2023-24.

Sr No	Particulars	Formula	Claimed
1	Opening GFA	A	43.61
2	K Factor as per MYT	B	4.89%
3	**Opening GFA* K factor**	C=A*B	**2.13**
4	Add: Inflation factor for FY 2021-22	D	6.93%
5	Add: Inflation factor for FY 2022-23	E	6.87%
6	Add: Inflation factor for FY 2023-24	F	3.72%
7	**Normative R&M Expenses**	**G=C*(1+ D)*(1+E)*(1+F)**	**2.53**

5.64 The petitioner has also submitted the water and other direct cost, pollution board expense under the other cost category as per the annual accounts. The summary of other cost claimed by the petitioner is as under:

Table 32: Other Expense (Rs Cr) as claimed by the petitioner for FY 2023-24.

Sr No	Particulars	Formula	MYT	Claimed
1	Water & Other Direct Costs	A	0	0.083
2	Pollution Board Expenses	B	0	0.025
3	**Total Other Expenses**	C=A+B	**0**	**0.108**

5.65 The summary of the O&M Expenses and sharing of Gain / Loss as submitted by the Petitioner is summarized in the table below:

Table 33: Summary of O&M Expense (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Sr No	Particulars	Formula	Claimed
1	Actual Employee Cost (excl Terminal Liabilities)	A	13.56
2	Actual A&G Cost (excl litigation expenses)	B	2.36

Sr No	Particulars	Formula	Claimed
3	Actual R&M Cost	C	2.71
4	**Actual O&M for Gain Computation**	D=A+B+C	**18.63**
5	Normative Employee Cost (excl Terminal Liabilities)	E	19.20
6	Normative A&G Cost (excl Litigation Expenses)	F	2.20
7	Normative R&M Cost	G	2.53
8	**Normative O&M expense Claimed**	**H=E+F+G**	**24.09**
9	Gains	I=H-D	5.46
10	Sharing with Beneficiaries	J=50% of I	2.73
11	Share of Petitioner	K=I-J	2.73
12	**Total Share of Petitioner**	**L=D+K**	**21.36**
13	Terminal Liabilities	M	4.92
14	Legal expenses	N	0.02
15	Water & Other Expenses	O	0.11
16	**Total O&M Expenses**	**P=L+M+N+O**	**26.41**

5.66 The Petitioner has prayed to the commission to approve the operation and maintenance expense as per the on normative basis including the treatment on account of sharing of gain

Commission's Analysis

5.67 The Commission has referred to para 44 of clause A 3.1. and clause 15.35 of the JSERC Generation Tariff Regulations, 2020 as quoted below:

> *"44. Operation and Maintenance Expenses' or 'O&M expenses' means the expenditure incurred for operation and maintenance of the project, or part thereof, and includes the expenditure on manpower, repairs and maintenance, spares, consumables, insurance and overheads, and fuel other than used for generation of electricity;*
>
> *.......*
>
> *15.35 Operation and Maintenance (O&M) expenses shall comprise of the following:*
>
> *1. Salaries, wages, pension contribution and other employee costs;*
>
> *2. Administrative and General costs;*
>
> *3. Repairs and maintenance expenses;"*

5.68 Further the Commission has also referred clause 15.40 to clause 15.43 and clause 15.47 of the JSERC Generation Tariff, Regulations 2020, which specify the methodology to be adopted for computation of normative employee expense, repair and maintenance expense and administrative and general expense as quoted below:

Existing Generating Stations

15.40 The O&M Expenses for the Base Year of the Control Period shall be approved by the Commission taking into account the audited accounts of FY 2015-16 to FY 2019-20, Business Plan filed by the Generating Company, estimates of the actual for the Base Year, prudence check and any other factor considered appropriate by the Commission.

15.41 The O&M expenses permissible towards ARR of each year of the Control Period shall be approved based on the formula shown below:

O&Mn = (R&Mn + EMPn + A&Gn) + Terminal Liabilities

Where,

R&Mn – Repair and Maintenance Costs of the Generating Company for the nth year;

EMPn – Employee Costs of the Generating Company for the nth year excluding terminal liabilities;

A&Gn – Administrative and General Costs of the Generating Company for the nth year.

15.42 The above components shall be computed in the manner specified below:

*a) (Repair & Maintenance)n = K*GFA*(INDXn/ INDXn-1)*

Where,

'K' is a constant (expressed in %) governing the relationship between Repair & Maintenance costs and Gross Fixed Assets (GFA) and shall be calculated based on the % of Repair &Maintenance to GFA of the preceding years of the Base Year in the MYT Order after normalising any abnormal expenses;

'GFA' is the opening value of the gross fixed asset of the nth year;

*b) EMPn + A&Gn = [(EMPn-1) * (1+Gn)+ (A&Gn-1)]*(INDXn/ INDXn-1)*

Where,

EMPn-1 – Employee Costs of the Generating Company for the (n-1)th year excluding terminal liabilities;

A&Gn-1 – Administrative and General Costs of the Generating Company for the (n-1)th year excluding legal/litigation expenses;

INDXn – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

Gn – is a growth factor for the nth year and it can be greater than or lesser than zero based on the actual performance. Value of Gn shall *be determined by the Commission in the MYT Order for meeting the additional manpower requirement based on the Generating Company Filing, benchmarking and any other factor that the Commission feels appropriate;*

*c) INDXn = 0.55*CPIn +0.45*WPIn;*

Note-1: *For the purpose of estimation, the same INDXn/INDXn-1 value shall be used for all years of the Control Period.* ***However, the Commission will consider the actual values in the INDXn/INDXn-1 at the end of each year during the Annual Performance Review exercise and true up the employee cost and A&G expenses on account of this variation, for the Control Period****;*

Note-2: *Any variation due to changes recommended by the Pay Commission or wage revision agreement, etc., will be considered separately by the Commission.*

Note-3: *Terminal Liabilities will be approved as per actual submitted by the Generating Company along with documentary evidence such as actuarial studies.*

15.43 The Generating Company, in addition to the above details shall also submit the detailed break-up of the Legal/Litigation Expenses for the previous Years (FY 2015-16 to FY 2019-20) along with the details and documentary evidence of incurring such expenses. The Commission shall approve the legal expenses as per the relevant provisions of the Jharkhand State Litigation Policy based on the necessary documentary evidence submitted for the Control Period and shall carry out due prudence check of legal expenses at the time of truing up.

……

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

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

5.69 The Commission has also referred to the clause 6.14 and 6.15 of the JSERC Tariff Regulations, 2020 which state as below:

6.14 ***Sharing of gains due to variation in norms:*** *The Generating Company shall workout gains based on the actual performance of applicable controllable parameters as under:-*

1. Station Heat Rate;

2. Secondary Fuel Oil Consumption;

3. Auxiliary Energy Consumption; and

4. Operations and Maintenance Expenses.

The financial gains by the Generating Company, on account of *above controllable parameters shall be shared between the Generating Company and the beneficiaries on annual basis.*

……

Provided that in case of hydro generating stations, the net gain on account of Actual Auxiliary Energy Consumption being less than the Normative Auxiliary Energy Consumption, shall be computed as per following formulae provided the saleable scheduled generation is more than the saleable design energy and shall be shared in the ratio of 50:50 between generating station and beneficiaries:

(i) When saleable scheduled generation is more than saleable design energy on the basis of normative auxiliary energy consumption and less than or equal to saleable design energy on the basis of actual auxiliary energy consumption:

Net gain (Million Rupees) = [(Saleable Scheduled generation in MUs) - (Saleable Design energy on the basis of normative auxiliary energy consumption in MUs)] x [0.80 or ECR, whichever is lower]

(ii) When saleable scheduled generation is more than saleable design energy on the basis of actual auxiliary energy consumption:

Net gain (Million Rupees) = {Saleable Scheduled generation in MUs - [(Saleable Scheduled Generation in MUs x (100% - normative AEC in %)/ (100% - actual AEC in %)]}x [0.80 or ECR, whichever is lower]

6.15 The financial gains on account of Operations and Maintenance Expenses for thermal and hydro stations shall be shared in the ratio of ***50:50*** *between the generating stations and beneficiaries at the time of truing up."*

5.70 The Commission, after scrutinizing the information submitted by the Petitioner, finds that the Petitioner has claimed employee expense, repair & maintenance expense and administrative and general expense on normative basis including treatment on account of sharing of gain for FY 2023-24. The Petitioner has claimed other finance charges which are a part of the A&G expenses in the audited accounts. The Petitioner has also claimed the other expenses (Water charges and other expenses) as per the audited accounts. The Commission's analysis on these components is provided in the paragraphs below:

O&M Expenses (excluding other expenses):

a. Employee expenses and Terminal liabilities

5.71 The Commission, upon prudence check of the audited accounts, has found that there is an increase in employee expense as compared to the MYT order dated 26.02.2024 for FY 2023-24.

5.72 The Petitioner also submitted that the minor increase in employee expenses is primarily due to increased cost for Terminal liabilities which were claimed as a part of the employee expenses. The Petitioner submitted that it has claimed employee expenses inclusive of terminal liabilities for FY 2023-24 and that the cost pertaining to Gratuity cost, leave encashment cost and pension cost considered under terminal liabilities is as per annual audited accounts. The Petitioner has submitted the breakdown of employee expenses along with terminal liabilities.

5.73 The Commission has verified the documents submitted by the Petitioner and has considered the submissions of the Petitioner.

b. A&G expenses

5.74 The Commission observed that there is minor increase in certain components of A&G expense as compared to previous years. The Petitioner submitted that it has claimed Consultancy charges, Fees and subscriptions, Other Professional Charges and Miscellaneous charges as per the actuals mentioned within the audited annual accounts.

5.75 The Petitioner also submitted the detailed breakup of Consultancy charges, Fees and subscriptions charges, Other professional charges and Miscellaneous charges for FY 2023-24.

5.76 The Commission has verified the documents submitted by the Petitioner and has considered the submissions of the Petitioner.

c. R&M expenses

5.77 The Commission observed that R&M expenses have been claimed by the Petitioner. The Commission, after analyzing the submission made by the Petitioner, and verifying the audited accounts, approves O&M expense for the year FY 2023-24 as given in the table below:

Table 34: Actual O&M Expense (excl. other charges) (Rs. Cr) as approved by the Commission for FY 2023-24

Sr No	Particulars	UoM	FY 2023-24		
			MYT	Petition	Approved
1	Employee Expense	Rs. Cr.	18.29	13.56	13.56
2	Terminal benefits	Rs. Cr.	0.00	4.92	4.92
3	**Total Employee Expense**	**Rs. Cr.**	**18.29**	**18.49**	**18.49**
4	A&G Expense	Rs. Cr.	2.11	2.36	2.36
5	Legal expenses	Rs. Cr.		0.02	0.02
6	R&M Expense	Rs. Cr.	2.22	2.71	2.71
7	**Total O&M expense (excl. Other exp)**	**Rs. Cr.**	**22.62**	**23.58**	**23.58**

Other expenses:

5.78 The Commission has referred the submission made by the Petitioner for expenses pertaining to Water & other direct cost along with the Pollution board expense. Upon careful examination of the audited accounts and the submissions of the Petitioner, the Commission has considered the same and accordingly approves Other Charges for the FY 2023-24 as given in the table below:

Table 35: Other expenses (Rs. Cr) as approved by the Commission for FY 2023-24

Sr No	Particulars	UoM	FY 2023-24		
			MYT	Petition	Approved
1	Water & other direct costs	Rs. Cr.	0.00	0.083	0.083
2	Pollution board expenses	Rs. Cr.	0.00	0.025	0.025
3	**Total other expenses**	**Rs. Cr.**	**0.00**	**0.108**	**0.108**

Normative Employee expenses:

5.79 The Commission has considered the base figures as per approved true up values of FY 2022-23 of employee expense (excluding terminal liabilities). The Commission has computed the inflation factor as 3.72% FY 2023-24. considering the weightage of WPI & CPI in line with clause 15.42 c) of the JSERC Generation Tariff Regulations, 2020.

5.80 The Commission has considered Growth factor of 0% as no new employee has been added in FY 2023-24 as compared to FY 2022-23.

5.81 The Commission, after consideration of the methodology as mentioned in the above paras, approves the revised normative employee expense as provided below:

Table 36: Normative Employee expenses (Rs. Cr) as approved by the Commission for FY 2023-24

Sl. No	Particulars	FY 2023-24		
		MYT	Petition	Approved
1	Normative Employee Cost (n-1) excluding Terminal Liabilities		17.30	17.30
2	Weighted Avg. Inflation factor (%)		3.72%	3.72%
3	Growth factor G_n (%)		7%	0%
4	**Employee Cost as per normative basis excl, terminal liabilities**		**19.20**	**17.94**
5	Add: Terminal Liabilities		4.92	4.92
6	**Employee Cost as per normative basis incl terminal liabilities**	**18.29**	**24.12**	**22.86**

5.82 **Normative Repair & Maintenance Expenses:** The Commission has considered the K factor as 4.89%, as approved in the MYT Order in line with Regulation 15.42 a) of the Tariff Regulations 2020 and further considered the inflation factor as determined above to arrive at the normative R&M expenses as provided below:

Table 37: Normative R&M expenses (Rs. Cr) as approved by the Commission for FY 2023-24

Sr No	Particulars	MYT	Claimed	Approved
1	Opening GFA		43.61	43.61
2	K Factor as per MYT		4.89%	4.89%
3	**Opening GFA* K factor**		**2.13**	**2.13**
4	Add: Inflation factor for FY 2021-22		6.93%	6.93%
5	Add: Inflation factor for FY 2022-23		6.87%	6.87%
6	Add: Inflation factor for FY 2023-24		3.72%	3.72%
7	**Normative R&M Expenses**	**2.22**	**2.53**	**2.53**

5.83 **Normative Administrative and General Expenses:** The Commission has considered the inflation factor as determined above to arrive at the normative A&G expenses as provided below:

Table 38: Normative A&G expenses (Rs. Cr) as approved by the Commission for FY 2023-24

Sr No	Particulars	MYT	Claimed	Approved
1	Total A&G Expenses for (n-1)		2.12	2.12
2	Add: Inflation factor (in %)		3.72%	3.72%
3	**Sub- total**		**2.20**	**2.20**
4	Add: Load Growth Factor (%)		0.00%	0.00%
5	**Normative A&G Expenses**	**2.11**	**2.20**	**2.20**

5.84 The total Normative O&M expenses excluding terminal benefits and Legal/Litigation expenses approved by the Commission have been provided below:

Table 39: Normative O&M expenses (Rs. Cr) as approved by the Commission for FY 2023-24

Sr No	Particulars	FY 2023-24		
		MYT	Petition	Approved
1	Normative employee expenses	18.29	19.20	17.94

Sr No	Particulars	FY 2023-24		
		MYT	Petition	Approved
	excl. TL			
2	Normative R&M expenses	2.22	2.53	2.53
3	Normative A&G expenses	2.11	2.20	2.20
4	**Total Normative O&M expenses**	**22.62**	**24.09**	**22.67**

Interest on Working Capital

Petitioner's Submission

5.85 The Petitioner has referred the clause 15.23 of the JSERC Generation Tariff Regulations, 2020 for components of working capital along with calculation of interest on working capital. Further, the petitioner has revised the interest on working capital from Rs 1.41 Crores to Rs 1.24 Cr in response to queries raised by the beneficiary.

5.86 In line with the above provisions of the regulations the Petitioner has calculated the working capital components as per the actual audited figures and arrived at the total working capital requirement as summarized in the table below:

Table 40: Interest on Working Capital (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Sr No	Particulars	UoM	MYT	Claimed
1	O&M expenses for 1 month	Rs. Cr.	1.88	2.20
2	Maintenance Spares @15% of O&M expenses	Rs. Cr.	3.39	3.96
3	Receivables for 2 months	Rs. Cr.	2.71	5.63*
4	**Total Working capital requirement**	Rs. Cr.	**7.99**	**11.79**
5	Rate of Interest	%	10.50%	12.00%
6	**IOWC**	**Rs. Cr.**	**0.84**	**1.41**

**Originally Claimed*

Commission's Analysis

5.87 The Commission has referred to clause 15.25 to 15.27 of the JSERC Generation Tariff Regulations 2020 as quoted below:

> *"15.25 The working capital for Hydro Generating Stations (including Pumped Storage Hydro Generating Station) and shall comprise the following components:*
>
> *1. Operation and Maintenance expenses, including security expenses for one month;*
>
> *2. Maintenance spares @ 15% of Operation & Maintenance*

Expenses including security expenses;

3. Receivables equivalent to 45 days of annual fixed cost.

15.26 The rate of Interest on Working Capital shall be on normative basis and shall be equal to Bank Rate plus 350 basis points as on September 30 of the financial year in which the MYT Petition is filed or as on April 01, of the year during the Control Period from FY 2021-22 to FY 2025-26 in which the generating station or a Unit thereof, is declared under commercial operation, whichever is later:

Provided that the rate of interest on working capital shall be trued up on the basis of Bank Rate plus 350 basis points as applicable on April 01, of the respective financial year at the time of true up.

15.27 The interest on working capital shall be payable on normative basis notwithstanding that the Generating Company has not taken working capital loan from any outside agency."

5.88 The Commission has also referred to clause 2.1(8) of the JSERC Generation Tariff Regulations, 2020 for computing rate of interest of working capital as quoted below:

"8. 'Bank Rate' means the one-year Marginal Cost of Lending Rate (MCLR) of the State Bank of India from time to time or any replacement thereof for the time being in effect;"

5.89 The Commission observes that the Bank rate effective as on 01.04.2023 was 8.50%. Hence, in accordance with Regulation 15.26, the Commission has considered the applicable rate of interest as 12.00% (8.50% + 3.50%) for FY 2023-24.

5.90 In line with the above, the Commission has approved the Interest on Working capital for the Petitioner for FY 2023-24 as given in the table below:

Table 41: Interest on Working Capital (Rs. Cr) as approved by the Commission for FY 2023-24

Sr No	Particulars	FY 2023-24		
		MYT	Petition	Approved
1	O&M expenses for 1 month	1.88	2.20	1.96
2	Maintenance Spares @15% of O&M expenses	3.39	3.93	3.53
3	Receivables equivalent to 45 days of annual fixed cost	2.71	5.63	3.32
4	Total Working capital requirement	**7.99**	**11.79**	**8.82**
5	Rate of Interest	10.50%	12.00%	12.00%
6	**IOWC**	**0.84**	**1.41**	**1.06**

Non-Tariff Income

Petitioner's Submission

5.91 The Petitioner has submitted the actual figures of the non-tariff income for SRHP as per the audited annual accounts as follows:

Table 42: Non-Tariff Income (Rs. Cr.) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	MYT	Claimed
Non-Tariff Income	Rs. Cr.	5.38	4.91

Commission's Analysis

5.92 The Commission has referred to the audited accounts submitted by the Petitioner and has found that the Non-Tariff Income claimed by the Petitioner basically consists of miscellaneous receipts and bank interest including term deposit.

5.93 The Commission after prudence check of the audited accounts approves the Non-Tariff income of the Petitioner for FY 2023-24 as given in the table below:

Table 43: Non-Tariff Income (Rs. Cr) as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Non-Tariff Income	Rs. Cr.	5.38	4.91	4.91

Revenue from Sale of Power

Petitioner's Submission

5.94 The Petitioner has submitted the revenue from sale of power for FY 2023-24 as given in the table below:

Table 44: Revenue billed (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	FY 2023-24
Revenue from Sale of Power	Rs. Cr.	42.38

Commission's Analysis

5.95 Upon scrutiny of the audited accounts, the Commission has found that JUUNL has raised overall claim of Rs. 42.38 Cr. for FY 2023-24 over JBVNL.

5.96 The Commission hereby approves the revenue from sale of power for FY

2023-24 as per the audited accounts submitted by the Petitioner as referred to in the table below:

Table 45: Revenue from sale of power (Rs. Cr) as approved by the Commission for FY 2023-24

Particulars	UoM	FY 2023-24		
		MYT	Petition	Approved
Revenue from Sale of Power	Rs. Cr.	-	42.38	42.38

Sharing of Financial gains

Petitioner's Submission

5.97 The Petitioner has submitted computation of financial gains for O&M and Normative Auxiliary consumption in line with the Regulations. The Petitioner has submitted as under:

a. <u>Financial gains on account of O&M expenses:</u> The Petitioner has submitted that it has claimed normative O&M expenses in accordance with Chapter A7 of JSERC Generation Tariff Regulations 2020.

Table 46: Summary of Financial gain (Rs. Cr) on account of O&M Expense as submitted by the Petitioner for FY 2023-24

Sr No	Particulars	Formula	Claimed
1	Actual Employee Cost (excl Terminal Liabilities)	A	13.56
2	Actual A&G Cost (excl litigation expenses)	B	2.36
3	Actual R&M Cost	C	2.71
4	**Actual O&M for Gain Computation**	D=A+B+C	**18.63**
5	Normative Employee Cost (excl Terminal Liabilities)	E	19.20
6	Normative A&G Cost (excl Litigation Expenses)	F	2.20
7	Normative R&M Cost	G	2.53
8	**Normative O&M expense Claimed**	**H=E+F+G**	**24.09**
9	Gains	I=H-D	5.46
10	Sharing with Beneficiaries	J=50% of I	2.73
11	**Share of Petitioner**	**K=I-J**	**2.73**

Commission's Analysis

5.98 The Commission noted that the computation of gains on account of O&M

expenses as submitted by the Petitioner.

5.99 The Commission has referred to the clause 6.14 and 6.15 of the JSERC Tariff Regulations, 2020 which state as below:

> *6.14* ***Sharing of gains due to variation in norms:*** *The Generating Company shall workout gains based on the actual performance of applicable controllable parameters as under:-*
>
> *1. Station Heat Rate;*
>
> *2. Secondary Fuel Oil Consumption;*
>
> *3. Auxiliary Energy Consumption; and*
>
> *4. Operations and Maintenance Expenses.*
>
> *The financial gains by the Generating Company, on account of above controllable parameters shall be shared between the Generating Company and the beneficiaries on annual basis.*
>
> *……*
>
> *Provided that in case of hydro generating stations, the net gain on account of Actual Auxiliary Energy Consumption being less than the Normative Auxiliary Energy Consumption, shall be computed as per following formulae provided the saleable scheduled generation is more than the saleable design energy and shall be shared in the ratio of 50:50 between generating station and beneficiaries:*
>
> *(i) When saleable scheduled generation is more than saleable design energy on the basis of normative auxiliary energy consumption and less than or equal to saleable design energy on the basis of actual auxiliary energy consumption:*
>
> ***Net gain (Million Rupees) = [(Saleable Scheduled generation in MUs) - (Saleable Design energy on the basis of normative auxiliary energy consumption in MUs)] x [0.80 or ECR, whichever is lower]***
>
> *(ii) When saleable scheduled generation is more than saleable design energy on the basis of actual auxiliary energy consumption:*
>
> ***Net gain (Million Rupees) = {Saleable Scheduled generation in MUs - [(Saleable Scheduled Generation in MUs x (100% - normative AEC in %)/ (100% - actual AEC in %)]}x [0.80 or ECR, whichever is lower]***
>
> *6.15 The financial gains on account of Operations and Maintenance Expenses for thermal and hydro stations shall be shared in the ratio of 50:50 between the generating stations and beneficiaries at the time of truing up."*

5.100 In accordance with the above-mentioned clauses, the Commission has computed the gains on account of O&M expenses for SRHP as provided below:

Table 47: Sharing of Gains on account of O&M expenses (Rs. Cr) as approved by the Commission for FY 2023-24

Sl No	Particulars	Claimed	Approved
1	Actual Employee Cost (excl Terminal Liabilities)	13.56	13.56
2	Actual A&G Cost (excl litigation expenses)	2.36	2.36
3	Actual R&M Cost	2.71	2.71
4	**Actual approved O&M for gain computation**	**18.63**	**18.63**
5	Normative Employee Cost (excl Terminal Liabilities)	19.20	17.94
6	Normative A&G Cost (excl Litigation Expenses)	2.20	2.20
7	Normative R&M Cost	2.53	2.53
8	**Normative O&M approved in this Order**	**24.09**	**22.67**
9	Gains	5.46	4.04
10	Sharing with Beneficiaries	2.73	2.02
11	Share of Petitioner	2.73	2.02
12	**Total share of Petitioner**	**21.36**	**20.65**
13	Terminal benefits	4.92	4.92
14	Legal expenses	0.02	0.02
15	Water and Other exp.	0.11	0.11
16	**Total O&M to be considered for ARR**	**26.41**	**25.70**

Summary of Fixed Cost Determinants & Generation Tariff

Petitioner's Submission

5.101 The Petitioner has referred to clause 15.3 of the JSERC Generation Tariff Regulations, 2020 for determination of Annual fixed cost as quoted below:

> *"15.3 Capacity Charges: The Capacity Charges shall be derived on the basis of annual fixed cost. The Annual Fixed Cost (AFC) of a generating station shall consist of the following components:*
>
> *1. Return on Equity;*
>
> *2. Interest on Loan Capital;*
>
> *3. Depreciation;*
>
> *4. Interest on Working Capital;*
>
> *5. Operation & Maintenance Expenses, and*
>
> *6. Less: Non-Tariff Income, and*
>
> *7. Less: Income from Other Business…."*

5.102 With reference to the above provisions of the JSERC Generation Tariff Regulations 2020, the Petitioner has submitted the Annual Fixed Cost

(AFC) for both the FYs as summarized in the table below:

Table 48: Annual Fixed Cost (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Sl No	Particulars	Formula	MYT Order	Claimed
1	O&M Expense (incl. Other exp)	A	22.62	26.41
2	Depreciation	B	0.14	0.08
3	Interest on loans (excl. Other Finance charges)	C	1.91	2.25
4	Other Finance charges	D	-	3.08
5	Return on Equity	E	1.95	5.48
6	Interest on working capital	F	0.84	1.41
7	**Total Fixed Cost**	**G=A+B+C+D+E+F**	**27.46**	**38.71**
8	Non-Tariff Income	H	5.38	4.91
9	**Annual Fixed Charge**	I=G-H	**22.08**	**33.80**

<u>Computation and Payment of Capacity Charges and Energy Charges for Hydro Generating Stations:</u>

5.103 The Petitioner has referred to clause 19.1 to 19.9 of the JSERC Generation Tariff Regulations 2020 for computation of capacity and energy charges for FY 2023-24 as quoted below:

"19.1 The Annual Fixed Cost of a Hydro generating station shall be computed, based on norms specified under these Regulations, and recovered on monthly basis under capacity charge (inclusive of incentive) and energy charge, which shall be payable by the Beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station, that is to say, in the capacity excluding the free power to the home State:

Provided that during the period between the date of Commercial Operation of the first Unit of the generating station and the Date of Commercial Operation of the generating station, the Annual Fixed Cost shall provisionally be worked out based on the latest estimate of the completion cost for the generating station, for the purpose of determining the Capacity Charge and Energy Charge payable during such period.

19.2 The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be

Capacity Charge (inclusive of incentive) = AFCx0.5xNDM/NDY x (PAFM/NAPAF) (in Rs.)

Where,

AFC: Annual Fixed Cost specified for the Year, in Rupees;

NAPAF: Normative Plant Availability Factor in percentage;

NDM: Number of Days in the month;

NDY: Number of Days in the Year;

PAFM: Plant Availability Factor achieved during the month, in Percentage:

Provided that the revenue recovered through capacity charges shall not exceed 50% of the Annual Fixed Charges determined.

19.3 The PAFM shall be computed in accordance with the following

formula:

$$PAFM = 100 \times \sum_{i=1}^{N} DCi \, / \, \{N \times IC \times (1 - Aux)\} \, \%$$

Where,

Aux: Normative auxiliary energy consumption in percentage;

DCi: Declared Capacity (in ex-bus MW) for the ith Day of the month, which the station can deliver for at least three (3) hours, as certified by the State Load Despatch Centre after the Day is over;

IC: Installed Capacity (in MW) of the complete generating station;

N: Number of Days in the month.

19.4 The Energy Charge shall be payable by every Beneficiary for the total energy scheduled to be supplied to the Beneficiary, excluding free energy, if any, during the calendar month, on ex power plant basis, at the computed Energy Charge Rate.

Total Energy Charge payable to the Generating Company for a month

shall be:

Energy Charges = (Energy Charge Rate in Rs. / kWh) x {Scheduled Energy (ex-bus) for the month in kWh} x (100 - FEHS) / 100.

19.5 Energy Charge Rate (ECR) in Rupees per kWh on ex-power plant basis, for a hydro generating station, shall be determined up to three decimal places based on the following formula, subject to Clause 19.9 of these Regulations:

ECR = AFC x 0.5 x 10 / {DE x (100 - AUX) x (100 - FEHS)}

Where,

DE: Annual Design Energy specified for the Hydro generating station, in MWh, subject to the provision in Clause 19.6 of these Regulations;

FEHS: Free Energy for home State, as defined in Clause 22.2 of these Regulations.

19.6 In case the saleable scheduled energy (ex-bus) of a hydro generating station during a year is less than the saleable design energy (ex-bus) for reasons beyond the control of the Generating Company, the treatment shall be as per Clause19.7 of these Regulations, on an application filed by the Generating Company.

19.7 Shortfall in energy charges in comparison to fifty percent of the Annual Fixed Cost shall be allowed to be recovered in six equal monthly instalments:

Provided that in case actual generation from a hydro generating station is less than the design energy for a continuous period of four years on account of hydrology factor, the generating station shall approach the Central Electricity Authority with relevant hydrology data for revision of design energy of the station."

5.104 In line with the above provisions the Petitioner has calculated the energy charge rate and arrived at the Energy Charges as summarized in the tables below:

Table 49: Energy Charge Rate (Rs/kWh) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	Formula	claimed
Annual Fixed charges	Rs. Cr.	A	33.80
50% of Annual Fixed charges	Rs. Cr.	B=50% of A	16.90
Design energy	MUs	C	159.43
Auxiliary consumption	%	D	0.70%
Energy charge rate	**Rs./kWh**	**F=(B*10)/{C*(1-D)}**	**1.07**

Table 50: Total Energy Charge (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	Formula	Claimed
Design Energy (Mus)	MUs	A	159.43
Auxiliary Consumption	%	B	0.70%
FEHS	%	C	0.00%
Net Design Energy	MUs	D=A*(1-B) * (1-C)	158.314
ECR	Rs./kWh	E	1.07
ECR for beyond DE	Rs./kWh	F	0.800
Schedule Energy Ex-bus for the year	MUs	G	96.83
Excess energy	MUs	H = G-D	-
Energy charge for excess generation	Rs. Cr.	I = F*H/10	-
Energy Charges for Design Energy	Rs. Cr.	J = E*G/10	10.34

Particulars	UoM	Formula	Claimed
Total Energy Charge	**Rs. Cr.**	**K=I+J**	**10.34**

5.105 The Petitioner further submitted that it has computed the total capacity charge as per the methodology adopted by the Commission in the JSERC Generation Tariff Regulation, 2020 and amendments thereof as mentioned below:

Table 51: Capacity charge (Rs. Cr.) as submitted by the Petitioner for FY 2023-24

Sl. No.	Particulars	UOM	Formula	Claimed
1	Annual Fixed Charges (AFC)	Rs. Cr.	A	33.80
2	NAPAF	%	B	50%
3	PAFM	%	C	89.77%
4	NAPAF for computation of Capacity Charges inclusive of incentive	%	D	75%
5	**Capacity Charges**	**Rs. Cr.**	**E=(A*B*C)/D**	**20.23**

<u>Aggregate Revenue Requirement</u>

5.106 The Petitioner has submitted that the overall ARR has been calculated as per the methodology adopted by the Commission in the previous tariff order dated 26.02.2024 and in compliance with the JSERC Generation Tariff Regulations, 2020.

5.107 The Petitioner has submitted that the overall ARR for the respective financial years based on the actual expenses incurred shown in the audited annual accounts has been summarized in the table below:

Table 52: ARR (Rs. Cr.) as submitted by the Petitioner for FY 2023-24

Particulars	UoM	Formula	Claimed
Energy charge	Rs. Cr	A	10.34
Capacity Charge	Rs. Cr	B	20.23
Annual Revenue Requirement (ARR)	**Rs. Cr**	**C=A+B**	**30.56**

Commission's Analysis

5.108 The Commission has referred the clause 15.3 of the JSERC Generation Tariff Regulations, 2020.

5.109 The Commission, after detailed scrutiny and prudence check, hereby approves the annual fixed cost of the plant for FY 2023-24, as given in the table below:

Table 53: Summary of Annual Fixed Cost (Rs. Cr) as approved by the

Commission for FY 2023-24

Particulars	UOM	FY 2023-24		
		MYT	Petition	Approved
O&M Expense (incl. Other exp)	Rs. Cr	22.62	26.41	25.70
Depreciation	Rs. Cr	0.14	0.08	0.08
Interest on loans (excl. other finance charges	Rs. Cr	1.92	2.25	2.25
Other Finance charges	Rs. Cr	-	3.08	0.0001
Return on Equity	Rs. Cr	1.95	5.48	2.78
Interest on working capital	Rs. Cr	0.84	1.41	1.06
Total Fixed Cost	**Rs. Cr**	**27.46**	**38.71**	**31.86**
Non-Tariff Income	Rs. Cr	5.38	4.91	4.91
Annual Fixed Charge	**Rs. Cr**	**22.08**	**33.80**	**26.95**

Computation and Payment of Capacity Charges and Energy Charges for Hydro Generating Stations:

5.110 The Commission has referred to clause 19.1 to 19.9 of the JSERC Generation Tariff Regulations, 2020 for computation of capacity charge and energy charge for FY 2023-24.

5.111 As per the proviso to Regulation 19.2 of the JSERC Generation Tariff Regulations, 2020, the revenue recovered through capacity charges shall not exceed **50% of the Annual Fixed Cost (AFC)** determined by the Commission. Accordingly, the capacity charge admissible to the generating station has been restricted to the extent necessary to ensure that the total revenue recovered through capacity charges does not exceed 50% of the approved AFC.

5.112 The Commission has also referred to MYT order dated 26.02.2024 wherein the Commission has specifically highlighted that the Petitioner would be entitled for incentive only when the PAFM is more than 75%. The relevant para from the MYT Order is provided below:

> *"7.28 The Commission has approved a relaxed availability considering the issues highlighted above. It may also happen that due to good rainfall and higher water availability in reservoir, the Petitioner may be available for more than 75%. Hence the Commission would like to highlight that the Petitioner would be eligible for incentive in the MYT control i.e. FY 2021-22 to FY 2025-26 period only when the PAFM goes above 75%."*

5.113 Thus, the Commission has considered the PAFM of 75% while computing and approving the capacity charges (inclusive of incentive) as per clause 19.2 of the JSERC Generation Tariff Regulations, 2020. The detailed calculation is being provided in Annexure-1 of this order. The Capacity charges as approved by the Commission for the plant for FY 2023-24 is given in the table below:

Table 54: Capacity Charges (Rs. Cr) as approved by the Commission for FY 2023-24

Particulars	UOM	Formula	FY 2023-24		
			MYT	Petition	Approved
Annual Fixed Charges	Rs. Cr	A	22.08	33.80	26.95
PAFM	%	B		89.77%	89.77%
NAPAF (approved in MYT Order)	%	C		50%	50%
NAPAF (for computing capacity charges inclusive of incentive)	%	D		75%	75%
Capacity Charges calculated	**Rs. Cr**	**E=(A*B*C) /D**		**20.23**	**16.13**
Capacity Charges restricted to 50 % of AFC as per Clause 19.2 of Regulation				**20.23**	**13.47**

5.114 The Commission has also referred to clause 19.5 and clause 19.6 of the JSERC Generation Tariff Regulations, 2020 as quoted below:

"19.5 Energy Charge Rate (ECR) in Rupees per kWh on ex-power plant basis, for a hydro generating station, shall be determined up to three decimal places based on the following formula, subject to Clause 19.9 of these Regulations:

ECR = AFC x 0.5 x 10 / {DE x (100 - AUX) x (100 - FEHS)}

Where,

DE: Annual Design Energy specified for the Hydro generating station, in MWh,

subject to the provision in Clause 19.6 of these Regulations;

FEHS: Free Energy for home State, as defined in Clause 22.2 of these Regulations.

19.6 In case the saleable scheduled energy (ex-bus) of a hydro generating station during a year is less than the saleable design energy (ex-bus) for reasons beyond the control of the Generating Company, the treatment shall be as per Clause19.7 of these Regulations, on an application filed by the Generating Company."

5.115 As referred in the above para the Commission has accordingly calculated the energy charge as given in the table below:

Table 55: Energy Charge (Rs. Cr) as computed by the Commission

Particulars	UOM	Formula	Petition	Approved
Design Energy (Gross)	MU	A	159.43	159.43
Normative Aux Consumption	%	B	0.70%	0.70%
FEHS	MU	C	0.00	0.00
Net Design Energy	MU	D=A*(1-B)*(1-C)	158.314	158.314
Energy Charge Rate (ECR)	Rs./kWh	E	1.07	0.851
ECR for Saleable energy beyond DE	Rs./kWh	F	0.800	0.800
Schedule Energy Ex Bus for the year (Actual)	MU	G	96.83	96.76
Saleable energy beyond design energy	MU	H=G-D	-	-
Energy charge for energy beyond Design energy	Rs. Cr	J=F*H/10	-	-
Energy charge for Design energy	Rs. Cr	I=G*E/10	10.34	8.24
Total Energy charge for ARR	**Rs. Cr**	**K=I+J**	**10.34**	**8.24**

Annual Revenue Requirement

5.116 Based on the above calculated capacity and energy charges for FY 2023-24 the Commission hereby approves the Annual Revenue Requirement of the Plant as given in the table below:

Table 56: ARR (Rs. Cr) as approved by the Commission for FY 2023-24

Particulars	UOM	Formula	FY 2023-24	
			Petition	Approved
Energy charge	Rs. Cr.	A	10.34	8.24
Capacity Charge	Rs. Cr.	B	20.23	13.47
Aggregate Revenue Requirement	**Rs. Cr.**	**C=A+B**	**30.56**	**21.71**

Chapter 6: Gap/(Surplus) for FY 2023-24

Petitioner's Submission

6.1 The Petitioner has submitted that the cumulative revenue gap/ (surplus) has been calculated in line with the methodology adopted by the Commission in its latest tariff order issued on 26.02.2024 and the JSERC Generation Tariff Regulations, 2020. The Gap/(Surplus) submitted by the Petitioner for FY 2023-24 is as given in the table below:

Table 57: Gap/(Surplus) (Rs. Cr) as submitted by the Petitioner for FY 2023-24

Particulars	UOM	FY 2023-24
Annual Revenue Requirement	Rs. Cr.	30.56
Total amount billed by JUUNL	Rs. Cr.	42.38
Opening Gap/(Surplus)	Rs. Cr.	64.11
Gap/(Surplus) for the Year	Rs. Cr.	(11.82)
Closing Gap/(Surplus)	Rs. Cr.	52.29
Rate of Interest	%	10.50%
Carrying Cost	Rs. Cr.	6.11
Closing Gap/(Surplus) incl. Carrying Cost	**Rs. Cr.**	**58.41**

Commission's Analysis

6.2 For computation of Gap/(Surplus) the Commission has referred the clause 7.2 to clause 7.4 of the JSERC Generation Tariff Regulations 2020 for adjustment of excess/deficit amount as quoted below:

> *"7.2 Where after the truing up, the revenue recovered exceeds the trued up value approved by the Commission under these Regulations, the Generating Company shall refund to the Beneficiaries, the surplus amount so recovered as specified in Clause 7.4 of these Regulations.*
>
> *7.3 Where after the truing up, the revenue recovered is less than the trued-up value approved by the Commission under these Regulations, the Generating Company shall recover from the Beneficiaries, the gap amount in accordance with Clause7.4 of these Regulations.*
>
> *7.4 The amount under-recovered or over-recovered, along with simple interest at the rate equal to Bank Rate as on April 01 of the respective year plus 350 basis points, shall be recovered or refunded by the Generating Company in six equal monthly instalments starting within three months from the date of the Tariff Order issued by the Commission:*
>
> *Provided that no carrying cost on the duration of delay shall be allowed on unrecovered gap if the Generating Company fails to submit the Petition as per timelines stipulated in Section A 39"*

6.3 The Commission observes that JUUNL has not submitted the Petition within the timeline prescribed under Section A 39 of the JSERC Generation Tariff Regulations, 2020. As per the first proviso to Clause 7.4, **no carrying cost on the unrecovered gap is admissible for the period of delay** attributable to the Generating Company. Accordingly, while the admissible unrecovered amount may be considered as per the applicable Regulations, the carrying cost claimed by JUUNL for the delayed period is hereby disallowed.

6.4 The Commission after due deliberation has approved the gap/(surplus) of the Petitioner for FY 2023-24 as given in the table below:

Table 58: Gap/(Surplus) in Rs. Cr as approved by the Commission for FY 2023-24

Particulars	UOM	Formula	FY 2023-24	
			Petition	Approved
ARR	Rs. Cr.	A	30.56	21.71
Revenue	Rs. Cr.	B	42.38	42.38
Opening Gap/(Surplus)	Rs. Cr.	C	64.11	64.11
Addition during the FY	Rs. Cr.	D=A-B	(11.82)	(20.67)
Closing Gap/(Surplus)	Rs. Cr.	E=C+D	52.29	43.45
Avg Gap/(Surplus)	Rs. Cr.	F=AVG (C,E)	58.20	53.78
Interest Rate	%	G	10.50%	10.50%
Carrying Cost for Financial Year	Rs. Cr.	**H=F*G**	**6.11**	**Nil**
Closing Gap/(Surplus) incl. Carrying Cost	**Rs. Cr.**	**I=E+H**	**58.41**	**43.45**

Chapter 7: STATUS OF EARLIER DIRECTIVES

7.1 The Commission has time and again issued various directives in order to improve the functioning of the Petitioner. The compliance submitted by the Petitioner to the Commission earlier directions is tabulated below:

Table 59: Status of earlier directives issued by the Commission

S.No.	Directives	Petitioner's submission	Commission's views
1	**Detailed Project Report (DPR) (direction in MYT Order dated 25.09.2018):** The Petitioner has not submitted DPR of schemes that has been proposed along with the Petition. The Petitioner is required to submit detailed DPR along with the next Petition. In the DPRs the Petitioner has to submit details about the project along with costs and the impact of such schemes. The analysis and costs should be supported by rate reasonability and should have approval of the competent authority of JUUNL. The Petitioner should provide supporting documents in the form of ordered rates, order for work carried out previously, quotations etc. The Petitioner is directed to ensure compliance.	The Petitioner would like to appraise the Commission that the Detailed Project Reports (DPR) are under preparation and shall be submitted to the Commission in due course of time. The Petitioner requests the Commission to consider the delay in its submission of the Detailed Project Reports (DPR).	The Commission has assessed the submissions made by the Petitioner. However, since the DPR has not yet been submitted, the same needs to be submitted at the earliest. In this regard, the Commission considers this directive as **non-complied**

S.No.	Directives	Petitioner's submission	Commission's views
2	**Timeliness and Data Adequacy in the Next Tariff Petition:** The Commission directs the licensee to file the next tariff petition, after removing deficiencies highlighted in this Tariff Order. The Petitioner should ensure that the data submitted to the Commission is accurate and justified with proper certification. The Commission also directs the licensee to ensure submission of the next tariff petition within the time frame as stipulated in Section A 39 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.	The Petitioner would like to apprise the Hon'ble Commission that the Petitioner has provided valid documents to substantiate its claim in the present petition. Additionally, the Petitioner would like to mention that in case of any further deficiencies the Petitioner will cooperate and will try to provide necessary documents as and when required by the Hon'ble Commission to validate its submissions.	The Petitioner has filed the Petition on May 14, 2026 which is outside the timelines. Further, in future too, the Petitioner is directed to adhere to the timelines. The current Petition timeline was not in line with time frame as stipulated in Section A 39 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020. Thus. the Commission considers the Directive **Non-Complied**
3	**Residual Life Assessment of the Plant:** Considering the fact that the plant has already exhausted its useful life therefore the Commission directs the Petitioner to conduct RLA for both the units of the plant at the earliest.	It is submitted that the RLA for both the units are under progress. The Petitioner will submit the same before the Hon'ble Commission in due course of time.	The Petitioner is directed to complete the study within stipulated timelines and submit the complete RLA report to the Commission with next tariff petition. This directive is considered **Non-complied**

Chapter 8: DIRECTIVES

Timeliness and Data Adequacy in the Next Tariff Petition

8.1 The Commission observed that the petitioner has not filed its petition in time during last few years as mandated in the statute. Accordingly, Commission directs the petitioner to ensure submission of the next tariff petition within the time frame as stipulated in Section A 39 of the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 failing which penalty may be imposed under appropriate provisions of Electricity Act, 2003.

8.2 The Commission also directs the petitioner to take appropriate steps for recovery pending dues from JBVNL within a month from the date of receipt of this order and submit a report to the Commission in this regard.

8.3 The petitioner is also directed to comply with the directives issued in previous Tariff Orders.

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on September 18, 2026

Date: 18.09.2026

Place: Ranchi

Sd/-	**Sd/-**
Mahendra Prasad	**Justice Navneet Kumar**
Member (Law)	**Chairperson**

Chapter 9: List of Participants

9.1 List of members of public who participated in the Public Hearing and submitted their Suggestions/Comments

S.No	Name	Organization
1	Shri Rakesh Roshan	Director Technical, JUUNL
2	Shri Birendra Kisku	Sr Manager JBVNL
3	Shri Bijoy Kumar Ghosh	Sr Manager JBVNL
4	Shri Rakesh Pandey	Sr Manager JUUNL
5	Shri Jayant Prasad	Sr Manager JUUNL
6	Shri R. K Tripathy	Consultant, JBVNL
7	Shri Om Prakash Gupta	Sr Manager JUUNL
8	Shri Tanmay Chatterjee	Consultant, JUUNL
9	Shri Ritesh Kumar	Consultant, JUUNL

Annexure-1

10.1 Month-wise calculation of Capacity Charges (Rs. Cr) of SRHP for FY 2023-24

Table 60: Capacity Charges (Rs. Cr) of SRHP for FY 2023-24

FY 2023-24						
Month	**PAFM**	**NAPAF**	**NDM**	**NDY**	**50% of AFC approved in this T.O.**	**CC**
Apr-23	100.00%	75%	30	366	13.47	1.23
May-23	91.26%	75%	31	366	13.47	1.16
Jun-23	0.00%	75%	30	366	13.47	0.00
Jul-23	90.52%	75%	31	366	13.47	1.15
Aug-23	97.10%	75%	31	366	13.47	1.23
Sep-23	98.73%	75%	30	366	13.47	1.21
Oct-23	99.69%	75%	31	366	13.47	1.27
Nov-23	100.00%	75%	30	366	13.47	1.23
Dec-23	100.00%	75%	31	366	13.47	1.27
Jan-24	100.00%	75%	31	366	13.47	1.27
Feb-24	100.00%	75%	29	366	13.47	1.19
Mar-24	100.00%	75%	31	366	13.47	1.27
Capacity Charges (Rs. Cr)						**13.47**

Note: Monthly Capacity Charges is allowed as per total AFC restricted up to 50 % according to Regulations.

Where,

AFC - Annual Fixed Cost approved for the Year, in Rupees;

NAPAF - Normative Plant Availability Factor in percentage;

NDM - Number of Days in the month;

NDY - Number of Days in the Year;

PAFM - Plant Availability Factor achieved during the month, in Percentage.