

No. PFI/Prog/BERC/2025/465

Dated: 2/01/2026

To,

The Secretary

Bihar Electricity Regulatory Commission
Ground Floor, Vidyut Bhawan-III
Nehru Path, Patna – 800021

Subject: PFI Comments: Bihar DISCOMs True Up Petition for FY 2024-25 & ARR Petition for FY 2026-27

Reference: BERC inviting Comments on True Up of FY 2024-25 & ARR Petition for FY 2026-27

Dear Sir,

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.

With reference to above, PFI has analyzed the True Up Petition for FY 2024-25 & ARR Petition for FY 2026-27 filed by Bihar DISCOMs North Bihar Power Distribution Company limited (NBPDCCL) & South Bihar Power Distribution Company limited (SBPDCCL) before BERC. Our comments/ suggestions on the said Petition are enclosed herewith for your consideration as Annexure- I & II respectively. We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

The comments have also been emailed to secretaryberc@bihar.gov.in.

Warm Regards,

Encl: Annexure – I & II

Copy to:

1. **The Hon'ble Chairperson**
Bihar Electricity Regulatory Commission
2. **The Hon'ble Member**
Bihar Electricity Regulatory Commission

Yours Sincerely,



Anshuman Srivastava
(Executive Director, PFI)

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ANNEXURE-I

PFI Comments/Suggestions: NBPDCI True Up Petition for FY 2024-25

A. UNMETERED ENERGY SALES

- 1) NBPDCI in True Up Petition for FY 2024-25 has claimed un-metered energy sales of 227.38 MU under street light category against the projection of 116.19 MU by the Hon'ble Commission.
- 2) It is observed that in the last few years, the un-metered sales of Street-light service have increased significantly, which is as follows:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
No. of consumer	743	916	1464	1717	2289	2681
Connected load (kW)	10130	12632	16758	21358	25913	31636
Un-metered Sale (MU)	28.89	25.78	89.05	89.32	192.36	227.38

- 3) Further, Hon'ble Commission in True-up Order for FY 2023-24 has considered un-metered sales of Street-light service based on the norms of energy consumption finalized in Tariff Order for FY 2017-18 dated 24th March 2017. The relevant extract is as follows:

The Commission observed that for assessing the sale for un-metered category of consumers, the petitioner (NBPDCI) has adopted the methodology as prescribed by the Commission in the tariff order for FY 2017-18 dated 24th March 2017. The extract of the same is provided hereunder for ease of understanding :

*"The Commission has revised the Norms of energy consumption to be considered for various **unmetered categories** for estimating energy sales for FY 2017-18 are as given below:*

Category	Consumption
KJY	50 units per connection per month
DS-I	75 units per kW per month
NDS-I	50 units per kW per month
IAS-I	1485 units per kW per annum
IAS-II	3620 units per kW per annum
SS	25 units per 100 watts per month

Therefore, the Commission decides to re-evaluate the sales of un-metered Street Light category on consumption of 250 units per KW per month and accordingly computed the SS category sale.

4) PFI computed the un-metered sales of Street-light service as per the specific consumption for Street Light considered by the Hon'ble Commission and corresponding additional Power Purchase cost.

5) Accordingly, PFI worked out the additional Sale of 132.47 MU and corresponding Power Purchase Cost of Rs. 87.40 Cr. w.r.t. un-metered sales over the norms. The computation is as follows:

Particulars	PFI Working
	FY 2024-25
No. of consumer (as claimed by NBPDCI)	2681
Connected load (kW) (as claimed by NBPDCI)	31636
Sale (MU) (as claimed by NBPDCI)	227.38
Hon'ble BERC Norm for un-metered consumption (25 kWh per 100 watts per month) (kWh/kW/month)	250
Consumption as per Norms (MU)	94.91
Additional Sale (MU) considered by NBPDCI	132.47
Distribution Loss (MU @11.46% as claimed by NBPDCI)	17.15
Energy Required at Dist. Periphery (MU)	149.62
Transmission Losses (MU @6.87% as claimed by NBPDCI)	11.04
Energy Required at State Periphery (MU)	160.65
Avg. Power Purchase Cost (Rs./kWh) (as claimed by NBPDCI)	5.44
Additional Power Purchase Cost (Rs. Cr.)	87.40

6) Accordingly, PFI requests the Hon'ble Commission to reduce the Power Purchase Cost by **Rs. 87.40 Cr. against the un-metered sales over and above the specific consumption, the same may be reduced from the Power Purchase Cost of DISCOM and should be borne by Govt. of Bihar in the form of subsidy.**

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Sales	19,866	19,733	(132)
Less: Un-metered sales over and above the norms		132	

B. COLLECTION EFFICIENCY

7) NBPDCL in True-Up Petition for FY 2024-25, has claimed 96.96% collection efficiency, however the approved collection efficiency, as per Hon'ble Commission Tariff Order dated 1/03/2024 was 98.30% for FY 2024-25. In this regard, the relevant extract of the Commission's aforementioned Order is as follows:

“6.3. Distribution Loss

Petitioners' submission:

Government of India, through Ministry of Power introduced “Revamped Distribution Sector Scheme – A Reform based, and Results linked scheme” in July 2021.

...

To improve the metering, billing and collection process, the petitioner has also started implementation of smart pre-paid meter project envisaging that the same shall enable Discoms to significantly improve its metering, billing & collection and minimize the commercial losses.

Accordingly, the Petitioners requests the Commission to approve the Distribution Loss, Billing Efficiency, Collection Efficiency, AT&C Loss for FY 2024-25 as approved under RDSS scheme as provided below:

AT&C loss for FY 2024-25

Sl. No	Particulars	NBPDCL	SBPDCL
1	Distribution Loss (%)	14.55%	17.49%
2	Billing Efficiency (%)	85.45%	82.51%
3	Collection Efficiency (%)	98.30%	96.96%
4	AT&C Loss (%)	16.00%	20.00%

Commission's analysis:

The Govt. of India introduced Revamped Distribution Sector Scheme (RDSS) scheme- A reform based and results linked scheme. The DISCOMs have participated in the scheme and submitted the action plan and DPR. The Monitoring Committee for RDSS has approved the action plan and AT&C loss reduction of NBPDCL and SBPDCL for FY 2021-22 to FY 2024-25 as given in the table below.

Table 6.12: AT&C Loss Target Under RDSS Scheme

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
NBPDCL	25%	22%	19%	16%
SBPDCL	35%	31%	25%	20%

The Ministry of Power, Govt of India, vide letter F.No.24/3/3/2019-PFC (MoP)-Part(2)-(E-263367) dated 28.08.2023 and also the Rules issued vide its GSR 558 (E) dated 26th July 2023 has provided that the AT&C loss reduction trajectory adopted by the SERC for tariff determination shall be in accordance with the trajectory agreed by the respective State Governments and approved by the Central Government under RDSS and the BERC may adopt the trajectory in accordance with the Rules. Accordingly, the Commission in its tariff order dated 01.03.2024 has considered the AT&C loss trajectory for FY 2024-25 as specified in the RDSS scheme. The same is considered for APR of FY 2024-25 as given below:

Table 6.13: Distribution Loss AT&C Loss Target for FY 2024-25

Particulars	NBPDCI	SBPDCL
Distribution Loss	14.55%	17.49%
Collection Efficiency	98.30%	99.96%
AT&C Loss	16.00%	20.00%

8) Further, Hon'ble Commission vide its Tariff Order dated 28/03/2025 issued Annual Performance Review for FY 2024-25, wherein Hon'ble Commission approved the Collection Efficiency for FY 2024-25 as 98.30% based on the submission of NBPDCI, relevant extract is as follows:

“5.3. Distribution Losses for FY 2024-25

Petitioners' submission:

The Petitioners submits that the Government of India, through Ministry of Power has introduced “Revamped Distribution Sector Scheme – A Reform based, and Results linked scheme” in July 2021.

...

Further, the Petitioners in its Tariff Petition for determination of Tariff for FY 2024-25 had requested the Commission to consider the distribution loss and AT&C loss as per the targets approved under the RDSS. The Commission, in the Tariff Order dated 01st March 2024, has approved distribution losses, collection efficiency and AT&C loss for the FY 2024-25, as shown in Table below:

Table 5.7: Distribution loss, Billing Efficiency and AT&C losses projected by NBPDCL & SBPDCL for FY 2024-25

Sl. No.	Particular	NBPDCL	SBPDCL
1	Distribution Loss (%)	14.55%	17.49%
2	Billing Efficiency (%)	85.45%	82.51%
3	Collection Efficiency (%)	98.30%	96.96%
4	AT&C Loss (%)	16.00%	20.00%

Commission's analysis:

The Govt. of India introduced Revamped Distribution Sector Scheme (RDSS) scheme- A reform based and results linked scheme. The DISCOMs have participated in the scheme and submitted the action plan and DPR. The Monitoring Committee for RDSS has approved the action plan and AT&C loss reduction of NBPDCL and SBPDCL for FY 2021-22 to FY 2024-25 as given in the table below.

Table 5.8: AT & C Loss Target Under RDSS Scheme

Discom	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
NBPDCL	25%	22%	19%	16%
SBPDCL	35%	31%	25%	20%

The Ministry of Power, Govt of India, vide letter F.No.24/3/3/2019-PFC (MoP)-Part(2)-(E-263367) dated 28.08.2023 and also the Rules issued vide its GSR 558 (E) dated 26th July 2023 has provided that the AT&C loss reduction trajectory adopted by the SERC for tariff determination shall be in accordance with the trajectory agreed by the respective State Governments and approved by the Central Government under RDSS and the BERC may adopt the trajectory in accordance with the Rules. Accordingly, the Commission in its tariff order dated 01.03.2024 has considered the AT&C loss trajectory for FY 2024-25 as specified in the RDSS scheme. The same is considered for APR of FY 2024-25 as given below:

Table 5.9: Distribution and AT & C Loss Target for FY 2024-25

Particulars	NBPDCL	SBPDCL
Distribution Loss	14.55%	17.49%
Collection Efficiency	98.30%	96.96%
AT&C Loss	16.00%	20.00%

9) As mentioned above, NBPDCI in the Tariff Petition for FY 2024-25 and further in APR Petition for FY 2024-25 has submitted Collection Efficiency of 98.30% in line with RDSS scheme.

10) PFI has observed that although collection efficiency of NBPDCI is lower than the RDSS target but the same has improved in the last 3 years i.e., from 94.84% in FY 2022-23 to 96.96% in FY 2024-25. It indicates that Smart Meters installed by DISCOM have resulted in higher collection efficiency.

11) Further, it is observed that Govt. consumers have **pending dues of Rs. 301.55 Cr.** and Govt. of Bihar has not disbursed **subsidy of Rs. 62.27 Cr.**, this resulted in lower collection efficiency of DISCOM than the norm and corresponding penalty. Further, such dues put additional financial burden on the DISCOM in the form of short-term loan leading to higher Interest on Working Capital. Since, these two components are attributable to Govt. of Bihar, therefore the State Govt. should bear the burden so that this burden will not be socialized at large among the consumers through Tariff. PFI has considered these two parameters for computing the collection efficiency of DISCOM and the same was considered for computing the Revenue (Gap)/Surplus for the year.

12) Accordingly, PFI has recomputed the collection efficiency and Revenue is as follows:

Particulars	UoM	Value
Revenue from Sale of Energy as per Audited Accounts	Rs. Cr.	16022.48
Collection efficiency as per NBPDCI	%	96.96%
Pending dues of Govt. departments	Rs. Cr.	301.55
Pending subsidy from Govt. of Bihar	Rs. Cr.	62.27
Total Revenue to be considered for computing Revenue (Gap)/Surplus	Rs. Cr.	16386.30
Collection efficiency as per proposed revenue	%	99.16%

13) In view of above, PFI requests the Hon'ble Commission to consider Revenue as Rs. 16386.30 Cr. and the gap of Rs. 363.82 Cr. against the pending dues of Govt.

departments and pending subsidy should be borne by Govt. of Bihar in the form of subsidy.

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Collection Efficiency	96.96%	99.16%	2.20%
Revenue from Sale of Power	16,022	16,386	364

C. POWER PURCHASE COST

14) It is observed that NBPDCI has procured 582 MU from FSTPP-I & II (45.91 MW) against the projected procurement of 252 MU which in turns convert into PLF of 145% during FY 2024-25, PFI is requesting the Hon'ble Commission to review the actual generation of the Plant as it is technically not possible to run the Plant at such high PLF throughout the year.

15) **Merit Order Despatch:** As per the applicable BERC Regulations, the power purchase requirement is to be considered by applying the Merit Order Despatch (MoD) principle. In this regard, relevant extract of the Bihar Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensee) Regulation, 2018 is as follows:

“6. Power Procurement Plan.—On the basis of demand/energy forecast and availability projections in accordance with provisions of these Regulations, the Distribution Licensee shall prepare a Power Procurement Plan for procuring balance power and energy under short term power procurement plan and long term power procurement plan.

6.1 Long Term Power Procurement Plan

6.1.1 The long-term Power Procurement Plan shall be prepared by the Distribution Licensee(s) on the basis of the rolling plan for ten years. The plan shall be prepared on monthly basis as per the principles laid down earlier in the Regulations. The procurement of power through Long term should be at least equal to the base load assessed under Regulation 4 of these Regulations.

6.1.2 The long-term Power Procurement Plan shall be strictly as per merit order principle and it should be the least cost plan [least financial cost to the Distribution Licensee(s)], the ultimate objective being to make available secure and reliable power supply at economically viable tariffs to all consumers while satisfying power supply planning and security standards; Provided that the must run Plants/generators shall be exempted from merit order principle.”

However, NBPDCI has not submitted monthly reports certified by SLDC that MoD has been followed in true spirit while scheduling the Power from various Generating Stations. **Further, PFI requests to the Hon'ble Commission to allow the Power Purchase Cost after Prudence check of the Power Purchase based on the submission by DISCOM.**

16) **DSM Charges:** NBPDCI also claimed DSM charges of Rs. 50.31 Cr. and mentioned that Deviation charges are merely a commercial mechanism and not penal charges and are introduced with an overall objective of maintaining grid discipline and security.

Hon'ble Commission in previous True-up Orders while allowing DSM charges has mentioned that underdrawl and/or overdrawl of Energy above the allowable limit and/ or beyond the allowable time blocks can be controlled through better power planning combined with improved power portfolio management and efficient Grid operation and for this reason the Commission is of the view that imposition of additional deviation charges on account of deviation in volume and overdrawl when grid frequency is below that 49.95 Hz are penal in nature and therefore should not be allowed to pass through in the power purchase cost.

Further, Hon'ble Commission sought additional information w.r.t. deviation charges and allowed a fraction of DSM charges against the claim of DISCOMs. Accordingly, **PFI requests to the Hon'ble Commission to consider DSM charges after prudence check of the claim of DISCOM as per past practice.** The impact of the same should not be socialized to the consumers of Bihar and may be directly borne by the Govt. of Bihar in the form of subsidy.

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Power Purchase Cost	10,903	10,763	(140)
Less: Power Purchase corresponding to Unmetered Sales		90	
Less: DSM/UI Charges		50	

D. RENEWABLE POWER PURCHASE OBLIGATION

17) NBPDCCL in True Up Petition for FY 2024-25, submits that it has considered the Renewable Purchase Obligation (RPO) targets in combination of Wind RPO and HPO altogether. NBPDCCL has procured 3266.99 MU from Renewable Energy Sources.

18) PFI has observed that there is variation in RPO Trajectory specified by the Hon'ble Commission and MoP Trajectory for FY 2024-25.

19) As per 4th Amendment in the BERC (Renewable Purchase Obligation, its compliance and REC Framework Implementation) Regulations, 2010 dated 27/06/2023, the RPO target is as follows:

RPO Target	Units	Wind	HPO	Other	Total
	%	2.46%	1.08%	26.37%	29.91%

20) Further, RPO Trajectory as per Ministry of Power notification dated 23/10/2023 is as follow:

TABLE

SLNo	Year	Wind renewable energy	Hydro renewable energy	Distributed renewable energy*	Other renewable energy	Total renewable energy
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2024-25	0.67%	0.38%	1.50%	27.35%	29.91%
2.	2025-26	1.45%	1.22%	2.10%	28.24%	33.01%
3.	2026-27	1.97%	1.34%	2.70%	29.94%	35.95%
4.	2027-28	2.45%	1.42%	3.30%	31.64%	38.81%
5.	2028-29	2.95%	1.42%	3.90%	33.10%	41.36%
6.	2029-30	3.48%	1.33%	4.50%	34.02%	43.33%

21) NBPDCCL has submitted the RPO compliance status in the Petition as per Hon'ble Commission 4th Amendment in the *BERC (Renewable Purchase Obligation, its compliance and REC Framework Implementation) Regulations, 2010*. However, Ministry of Law & Justice through Gazette Notification dated 20/12/2022 amended the *Energy Conservation (Amendment) Act, 2022* and gives power to Central Govt. to specify minimum share of consumption of non-fossil sources by designated

consumers as energy or feedstock, provided different share of consumption may be specified for different types of non-fossil sources for different designated consumers. Subsequently, Ministry of Power notified minimum share of consumption of non-fossil sources (renewable energy) by designated consumers including DISCOMs vide its notification dated 23/10/2023. Accordingly, Ministry of Power notification dated 23/10/2023 will supersede the Hon'ble Commission Regulation.

- 22) Further, with respect to NBPDCI request to consider RPO targets in combination of Wind RPO and HPO altogether, it is submitted that energy transition is the need of the hour and in order to achieve the Country's target of 500 GW of RE by 2030 and Net Zero by 2070, it is important that every designated consumer including DISCOM should procure Renewable Energy at least equivalent to meet the yearly RPO Targets. In last few years the share of Renewable Energy has increased significantly which resulted in the concern of grid stability due to intermittent nature of RE and raised the challenges of providing Round the Clock power at affordable prices. To overcome these concerns, Renewable Energy Implementing Agencies like SECI have evolved from plain Vanilla tenders (procuring only Solar or wind energy) to the new age Tenders like RTC or FDRE (Firm & Dispatchable Renewable Energy) Tenders assuring providing round the clock power or peak power through Renewable plus storage combination. The intent of National RPO target is to provide firm and dispatchable renewable energy by providing power through Solar, Wind, Hydro, other Renewable Energy sources and Energy Storage. Further to save the transmission loss and charges, it is also important to have Distributed Renewable Energy to meet the load at the injecting point.
- 23) It is evident from the above para that every source is important to provide round the clock power and have minimum impact on grid.
- 24) Accordingly, PFI has reworked for the computation of RPO as per Ministry of Power notification dated 23/10/2023. Further, due to unavailability of data with respect to power procured from Wind & Hydro Projects commissioned after the 31st March, 2024 and power from DRE plants, PFI has considered all the renewable energy procured

by DISCOM under Other RE and computed the penalty equivalent to buyout price of Rs. 245/MWh proposed by Hon'ble CERC vide its suo-moto Order 22/10/2025. The summary of RPO shortfall and penalty is as follows:

Energy Sale considered by PFI	MU	16660.53				
RPO Target as per MoP Notification dated 23/10/2023		Wind	HPO	DRE	Other	Total
	%	0.67%	0.38%	1.50%	27.35%	29.91%
	MU	111.79	63.48	249.91	4557.32	4982.50
RE procured as claimed by NBPDCI						
a) Wind	MU	895.23	0	0	2371.76	3266.99
<i>before 31/03/2022</i>	MU	762.71				
<i>a) 93%</i>	MU	709.32				
<i>b) 7%</i>	MU	53.39				
<i>after 31/03/2022</i>	MU	132.52				
b) Other RE						
<i>Solar</i>	MU				1329.77	
<i>Sugar mill and biomass</i>	MU				40.07	
<i>BSHPC</i>	MU				15.17	
<i>Hydro</i>	MU				779.85	
<i>Green Power from Exchange</i>	MU				42.64	
<i>Captive consumption solar</i>	MU				58.94	
<i>Captive consumption Non solar</i>						
<i>BERDA</i>	MU				105.32	
<i>Net metering</i>	MU				0	
RE power procured against the Target						
<i>Hydro</i>	MU		0.00		0.00	
<i>Wind</i>	MU	0.00			895.23	
<i>DRE</i>	MU			0.00	0.00	
<i>Other RE</i>	MU				2371.76	
Total	MU	0.00	0.00	0.00	3266.99	3266.99
RPO Shortfall						
<i>Hydro</i>	MU		(63.48)			
<i>Wind</i>	MU	(111.79)				
<i>DRE</i>	MU			(249.91)		
<i>Other RE</i>	MU				(1,290.33)	
Total	MU	(111.79)	(63.48)	(249.91)	(1,290.33)	(1,715.51)
Penalty as per CERC Buyout price @105% of Avg. REC price of FY 2024-25	Rs./ kWh	0.245				
Total Penalty	Rs. Cr.	42.03				

25) So, based on the above, PFI requests the Hon'ble Commission to consider RPO Target as per MoP Notification dated 23/10/2023 and penalties should be imposed on DISCOM for not complying the RPO Trajectory. **Accordingly, PFI request Hon'ble Commission to impose penalty of Rs. 42.30 Cr. for non-compliance of RPO. The impact of the same should not be socialized to the consumers of Bihar and may be directly borne by the Govt. of Bihar in the form of subsidy.**

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Power Purchase Cost	10,903	10,721	(182)
Less: Power Purchase corresponding to Unmetered Sales		90	
Less: DSM/UI Charges		50	
Less: RPO Penalty		42	

E. DEPRECIATION

26) NBPDCCL has claimed depreciation for FY 2024-25 Rs. 529.16 Cr. however Hon'ble Commission in ARR Order for FY 2024-25 has approved Rs 489.88 Cr. as Depreciation.

27) PFI has observed that NBPDCCL has erred in computing Depreciation and has considered the Depreciation as per the Audited Accounts (Note 2). NBPDCCL has not considered the opening GFA and opening grants same as approved by Hon'ble Commission as closing for FY 2023-24 (in True-Up). PFI has reworked the Depreciation as per the Regulatory principles considering opening GFA and opening grants for FY 2024-25 same as approved by Hon'ble Commission in True-Up of FY 2024-25 as closing GFA for FY 2023-24, as tabulated below:

Particulars	Claimed by NBPDCCL	Proposed by PFI
Opening depreciable GFA (excl. land)	22367	25174
Additions during the year (excl. value of land)	1577	1577
Adjustment for assets sold/ discarded etc.	87	87
Closing GFA	23857	26664
Average depreciable GFA	23112	25919
Weighted average rate of depreciation	5.11%	5.11%
Depreciation for the year (incl. grant also)	1181	1324
Opening Grants	11956	12254
Grants during the year	592	592
Less: Adjustment of assets sold/ discarded etc.	0.11	0.11
Total Grants	12548	12846
Average Grants	12252	12550

Particulars	Claimed by NBPDCCL	Proposed by PFI
Weighted average rate of Depreciation (on grant)	5.32%	5.32%
Depreciation for GFA on Grants	651	668
Net Depreciation	529	657

28) In view of the above, as per the Regulatory provisions PFI has worked out Rs. **657 Cr.** as Depreciation against Rs. **529 Cr.** claimed by NBPDCCL for FY 2024-26. **So, PFI requests the Hon'ble Commission to allow the Depreciation expenses of Rs. 657 Cr. in the Trued-Up ARR of FY 2024-25 for NBPDCCL.**

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Depreciation	529	657	128

F. OPERATION AND MAINTENANCE EXPENSES

29) NBPDCCL has claimed O&M Expenses of Rs. 1325.68 Cr. against the Hon'ble Commission projection of Rs. 1309.30 Cr.

30) PFI has observed that Hon'ble Commission has specified O&M expenses norms for the control period after considering the actual O&M expense of past three years along with inflation rate only. It is also observed that the Hon'ble Commission Regulation does not consider the provision of considering the Actual O&M expenses subject to Prudence Check which will be lower of Actual or Normative O&M expenses. The same provisions are considered by other SERCs like DERC in its DERC (Business Plan) Regulations, 2023 has limited O&M Expenses during True-up equal to lower of Actual or Normative O&M expenses. The relevant extract of DERC (Business Plan) Regulations, 2023 is as follows:

(4) The Distribution Licensee shall be allowed O&M expenses for a particular Financial Year of the Control Period by multiplying the normative rate per unit defined herewith of that particular year with the Trued-up sales during the relevant Financial Year.

Provided that, under no circumstances, Distribution Licensees shall be allowed O&M Expenses more than the Actual O&M Expenses as per Audited Books of Accounts during True-up of relevant Financial Year.

31) It is observed that the NBPDCCL has shown lower O&M expenses as per O&M norms in comparison to O&M expenses computed by the Commission while approving the ARR for FY 2024-25 and claimed the incentive for lower O&M expenses. However, as per Audited Accounts, the O&M expenses claimed by NBPDCCL as per norms are on higher side.

32) Accordingly, PFI requests the Hon'ble Commission to consider the O&M expenses equal to lower of Actual or Normative O&M expenses.

33) NBPDCCL has claimed Rental charge for Smart Pre-paid Meter of Rs. 273.06 Cr. under O&M expenses head. However, NBPDCCL has submitted details of only Smart pre-paid meters installed under Phase-I equivalent to Rs. 76.63 Cr. However, NBPDCCL has not submitted the detailed breakup of month-wise smart per-paid meters installed under Phase-II and Phase-III, wherein NBPDCCL has booked Rs. 196.42 Cr. Further, PFI has observed that as per Note 31 of Audited Accounts, expenses booked under the head of "*Rent Charges for Smart Prepaid Meter*" is only Rs. 70.86 Cr. against the claim of Rs. 76.63 Cr.. In view of above, **PFI requests the Hon'ble Commission to consider only Rs. 70.86 Cr. under A&G expenses** against the claimed amount of Rs. 273.06 Cr.

34) In view of above, PFI is requesting the Hon'ble Commission to consider the O&M Expenses as Rs. 1098.47 Cr., which is as follows:

(Rs. Cr.)

Particulars	Claimed by NBPDCCL	PFI working
Employee Cost	515.32	505.94
R&M Expenses	277.35	236.47
A&G Expenses	234.94	234.94

Particulars	Claimed by NBPDCI	PFI working
Rental charge for Smart Pre-paid Meter	273.06	70.86
Holding company expenses	25.02	25.02
Total	1325.68	1073.22

35) In view of the above, **PFI requests to the Hon'ble Commission to allow O&M Expenses of Rs. 1073 Cr. against the claim of Rs. 1326 Cr.** and the gap of Rs. 252 Cr. should be borne by the State Government in the form of subsidy.

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
O&M Expenses	1,326	1,073	(252)

G. INTEREST ON LOANS

36) NBPDCI has claimed Rs. 710.57 Cr. loan addition during the year and accordingly computed the Interest on Loan as Rs. 530.37 Cr. However, as per details submitted by NBPDCI, the actual addition of loan during the year was only Rs. 689.58 Cr. and accordingly recomputed the Interest on Loan as follows:

Sr. No.	Particulars	As claimed by NBPDCI	PFI Working
1	Opening loan balance	5,599.60	5,599.60
2	Additions during the year	710.57	689.58
3	Normative Repayment	529.16	656.80
4	Closing Loans (1+2-3)	5,781.01	5,632.38
5	Average Loans $\{(1+4)/2\}$	5,690.31	5,615.99
6	Interest rate	9.32%	9.32%
7	Interest Charges (5*6)	530.37	523.44

37) PFI has considered the suggested depreciation value based on the closing GFA approved by the Hon'ble Commission and accordingly computed the Interest on Loans. Accordingly, PFI requests the Hon'ble Commission to consider Rs. 523.44 Cr. as Interest on Loan for FY 2024-25 and the gap should be directly borne by the Govt. of Bihar in the form of subsidy.

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Interest on Loan	530	523	(7)

H. OTHER FINANCE CHARGES

38) NBPDCL has claimed LPSC to Power suppliers of Rs. 3.26 Cr. DISCOMs are defaulting on payment timelines to the Generating Companies for which LPSC are levied on DISCOMs.

39) In this regard, PFI submits that Hon'ble Commission has specified Regulatory provisions for not allowing LPSC as a part of Power Purchase Cost. Relevant extract of the Regulation is as follows:

(10) **"Expenditure"** means reasonable and prudently required expenditure incurred on the following:

(a) purchase of energy less rebate availed / to be availed and excluding late payment surcharge;

40) Accordingly, PFI requests the Hon'ble Commission to not to consider Rs. 3.26 Cr. under Other Finance Charges. The same may be borne by Govt. of Bihar in the form of subsidy as Govt. departments have huge pending dues and Govt. of Bihar have not disbursed the required subsidy.

I. NON-TARIFF INCOME

41) Hon'ble Commission while approving ARR for FY 2024-25 has considered 1% rebate on Power Purchase and Transmission Cost i.e., Rs. 128.91 Cr. as part of Non-tariff Income. However, NBPDCL has only considered Rs. 51.15 Cr. as Rebate and Discount received under the Non-Tariff Income.

42) As per Hon'ble Commission past practice of considering rebate @1% on total Power Purchase (including Transmission charges) as Non-tariff income should consider Rs. 125.78 Cr. The revised computation of NTI is as follows:

Particulars	Value (Rs. Cr.)
Non-Tariff Income claimed by NBPDCCL	412.69
Rebate and discount received as claimed by NBPDCCL	51.15
Rebate and discount as per Hon'ble Commission norm of 1% on total Power Purchase (including Transmission charges)	125.78
Non-Tariff Income to be considered	487.32

43) In view of above, PFI requests the Hon'ble Commission to consider Rs. 487.32 Cr. as Non-Tariff Income for FY 2024-25.

J. SUMMARY

44) As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for NBPDCCL is as follows, Hon'ble Commission is requested to kindly consider the same.
(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	19,866	19,866	
2	Distribution Loss	11.46%	11.46%	
3	Collection Efficiency	96.96%	99.16%	2.20%
4	Power Purchase Cost	10,903	10,721	(182)
4a	<i>Less: Power Purchase corresponding to Unmetered Sales</i>		90	
4b	<i>Less: DSM/ UI Charges</i>		50	
4c	<i>Less: RPO Penalty</i>		42	
5	Transmission Charges	1,796	1,796	0
6	Operation & Maintenance (O&M) Expenses (7a+7b+7c)	1,326	1,073	(252)
6a	Employee Expenses	515	506	(9)
6a-i	<i>Less: Difference between actual and as per regulatory provision (lower of the two)</i>		9	
6b	Administrative & General (A&G) Expenses	533	331	(202)
6b-i	<i>Less: Rental charges for Smart Prepaid Meter</i>		202	
6c	Repair & Maintenance (R&M) Expenses	277	236	(41)
6c-i	<i>Less: Difference between actual and as per regulatory provision (lower of the two)</i>		41	
7	Return on Equity (RoE)	463	463	0

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
8	Interest on Loan	530	523	(7)
8a	<i>Less: Due to change in Depreciation</i>		7	
9	Depreciation	529	657	128
9a	<i>Less/Add: Opening GFA equal to Closing GFA of FY 2023-24</i>		128	
10	Others (Other Finance Charges, Interest on Security Deposit & DSM)	105	102	(3)
10a	<i>Less: LPSC</i>		3	
11	Gross Aggregate Revenue Requirement (ARR)	15,653	15,336	(317)
12	Non-Tariff Income	413	487	74
12a	<i>Add: Rebate against timely payment to GENCOs & TRANSCOs</i>		74	
13	ARR	15,240	14,849	(391)
14	Revenue from Sale of Power	16,022	16,386	364
14a	<i>Add: Pending Govt. dept. dues and subsidy</i>		364	
15	Revenue (Gap)/Surplus	782	1,537	755

45) As above, PFI requests the Hon'ble Commission to consider the submissions made by PFI and as part of the Prudence Check. Further, **PFI request the Hon'ble Commission that the elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers, rather it should be borne by Govt. of Bihar in the form of additional subsidy. Accordingly, the revised subsidy is of Rs. 8,212 Cr. (Rs. 7,457 Cr. + Rs. 755 Cr.) instead of booked subsidy of Rs. 7,457 Cr. for FY 2024-25 which should be paid by Govt. of Bihar to DISCOMs.**

PFI Comments/Suggestions: NBPDCI ARR Petition for FY 2026-27

K. UNMETERED ENERGY SALES – Street Light Services

46) NBPDCI in ARR Petition has projected un-metered energy sales of 223.12 MU (3949 no. of consumers with connected load of 45903 kW) under un-metered Street light Service category after considering 0.75% reduction in consumer numbers.

47) It is observed that in the last few years, the un-metered sales of Street-light service have increased significantly, which is as follows:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
No. of consumer	743	916	1464	1717	2289	2681	3979	3949
Connected load (kW)	10130	12632	16758	21358	25913	31636	46600	45903
Un-metered Sale (MU)	29	26	89	89	192	227	227	223

48) Further, Hon'ble Commission vide its Tariff Order dated 28/03/2025 directed DISCOMs to submit a report suggesting methodology and norms for assessment of sale to un-metered category of consumers before next tariff filing. The relevant extract is as follows:

“The Commission observed that the norms prescribed for estimation of un-metered category of consumers in FY 2017-18 Tariff order needs to be revisited in order to capture the technological advancement. The Commission therefore directs the petitioners to conduct a study of un-metered sales in their supply area as provided in Regulation 17 of the BERC (Multi Year Distribution Tariff) Regulations, 2024 and submit the report suggesting methodology and norms for assessment of sale to un-metered category of consumers before next tariff filing.”

49) It is observed that DISCOM has not submitted any details or information related to the above-mentioned Hon'ble Commission direction in the current Petition. Accordingly, PFI request to the Hon'ble Commission to consider the norms approved by the Commission in its Tariff Order for FY 2017-18 for computation of sales for FY 2026-27. Norms approved by Hon'ble Commission is as follows:

Category	Consumption
IAS-I	1485 units per kW per annum (i.e. 166/HP month)
IAS-II	3620 units per kW per annum
Street Light Service	25 units per 100 watts per month

50) Accordingly, PFI computed the additional Sale of 137.71 MU and corresponding Power Purchase Cost of Rs. 57.55 Cr. w.r.t. un-metered sales over the norms. The computation is as follows:

Particulars	PFI Working FY 2026-27
No. of consumer (as claimed by NBPDCI)	3949
Connected load (kW) (as claimed by NBPDCI)	45903
Sale (MU) (as claimed by NBPDCI)	223.12
Hon'ble BERC Norm for un-metered consumption (25 kWh per 100 watts per month) (kWh/kW/month)	250
Consumption as per Norms (MU)	137.71
Additional Sale (MU) considered by NBPDCI	85.41
Distribution Loss (MU @11.46% as claimed by NBPDCI)	13.57
Energy Required at Dist. Periphery (MU)	98.98
Transmission Losses (MU @6.87% as claimed by NBPDCI)	6.44
Energy Required at State Periphery (MU)	105.42
Avg. Power Purchase Cost (Rs./kWh) (as claimed by NBPDCI)	5.60
Additional Power Purchase Cost (Rs. Cr.)	59.05

51) Hon'ble BERC has directed Bihar DISCOMs to meter all unmetered consumers. The latest Directive has been issued in the Tariff Order for FY 2025-26 dtd. 28/03/2025 wherein Hon'ble BERC directed DISCOMs for providing 100% metered connection to all consumers. Hon'ble Commission also directed DISCOMs to submit a timeframe along with roadmap for 100%-meter connection along with the next quarterly report along with monthly progress of metering on quarterly basis. Relevant extract from Tariff Order dtd. 28/03/2025 is as follows:

Directive 2: Cent percent Consumer Metering

The Commission has noted the status of installation of meters in IAS-I and street light (un-metered) categories (as on 30.09.2024) as shown below:

DISCOM	IAS-I			SS (Street Light)		
	No. of Connections	No. of Connections with meter	%	No. of Connections	No. of Connections with meter	%
NBPDCI	3,06,126	2,88,293	94%	3437	987	29%
SBPDCL	4,00,124	1,55,071	39%	1339	0	0

FY 2023-24 (as on 30.9.2023)

DISCOM	IAS-I			SS (Street Light)		
	No. of Connections	No. of Connections with meter	%	No. of Connections	No. of Connections with meter	%
NBPDCI	231688	224920	97%	2461	969	39%
SBPDCL	324440	169555	52%	1296	--	--

It is surprising to note that as against 94% metered connection in IAS-I category for NBPDCI, the SBPDCL has provided only 39% metered connection which is beyond any reasonable explanation. Similar trend is also noted for street light connections, where against 29% metered connection in NBPDCI, there is no metered connection provided by SBPDCL in that category. The Commission views the above action seriously and repeats earlier direction for providing 100% metered connection to all consumers. Both the DISCOMs are also directed to submit a timeframe along with roadmap for 100%-meter connection along with the next quarterly report.

The Commission directs that the monthly progress of metering of IAS-I and Street Light categories should be submitted in the quarterly report in the following format.

Category	Number of Connections existing	Number of Connections provided with meters	Balance connections to be provided with meters
IAS -I			
Street Light (Unmetered)			

52) It is observed that NBPDCI has neither submitted any compliance of Directives with the current Petition, nor provided any summary of steps taken by them for 100% metering in the Petition. Instead of reduction in number of un-metered Street Light Service consumers, NBPDCI has submitted that as per revised estimates un-metered consumers have increased in FY 2025-26 to 3979 against the actual number in FY

2024-25 as 2681, i.e., a sharp increase of 48% in one year, even after clear direction of the Hon'ble Commission.

53) Further, MoP *Electricity (Rights of Consumers) Rules, 2020* dtd. 31/12/2020 states that no connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Relevant extract of the said Rules is as follows:

“5. Metering – (1) No connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Any exception to the smart meter or prepayment meter shall have to be duly approved by the Commission. The Commission, while doing so, shall record proper justification for allowing the deviation from installation of the smart pre-payment meter or prepayment meter.”

54) It is evident from the above paras that NBPDCI has clearly violated the MoP *Electricity (Rights of Consumers) Rules, 2020* and Hon'ble Commission directive.

55) In view of above, PFI is requesting to the Hon'ble Commission to consider the sales of unmetered Street Light Service consumer of 137.71 MU equivalent to the norms specified by the Commission against the claimed 223.12 MU. Accordingly, energy sales to be considered for FY 2026-27 is as follows:

Particulars	Sales (MU)
Claimed by NBPDCI	19,973.02
Unmetered Street Light Services sales- claimed by NBPDCI	223.12
Unmetered Street Light Services sales- As per norms	137.71
Sales to be considered by the Commission	19,887.61

56) Further, **PFI requests to the Hon'ble Commission to reduce the Power Purchase & Transmission Cost by Rs. 59.05 Cr. against the projected unmetered Street Light Service sales. The additional Power Purchase Cost against the unmetered sales should be borne by Govt. of Bihar.**

57) It is further proposed that NBPDCI may be directed to submit action plan for 100% metering of unmetered Street light Services (SS) and unmetered Irrigation & Agriculture Services (IAS-I) within the target date of maximum two (2) years and to submit monthly progress report to the Hon'ble Commission on metering of SS & IAS-I consumers along with sharing the same on their website.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Sales	19,973	19,888	(85)

L. ISTS Transmission Loss

58) NBPDCI has claimed inter-state Transmission Loss of 3.62% for FY 2026-27 as per latest weeks average (till Oct 2025) POSOCO report and requested to the Commission to consider the same.

59) It is submitted that the Hon'ble Commission in Tariff Order for FY 2025-26 dated 28/03/2025 has approved the Central Transmission Loss at 3.55% for FY 2025-26 to FY 2027-28 at the same level as approved for FY 2024-25 in APR, subject to True-up based on actuals. Relevant extract is as follows:

Central Transmission Loss (CTU)

Petitioners' submission

The Petitioner has submitted CTU loss of 3.55% as per latest 52 weeks moving average and accordingly requests the Commission to consider the same

Commission's analysis

The Commission considers the Central Transmission Loss at 3.55% for FY 2025-26 to 2027-28 at the same level as approved for FY 2024-25 in APR, subject to True-up based on actuals.

However, while truing up for the relevant year, the CTU losses will be considered based on the actual energy billed and scheduled from those sources which have injected power into CTU grid.

60) Accordingly, **PFI requests the Hon'ble Commission to consider inter-state Transmission Loss as 3.55% for FY 2026-27.** The impact of the same should not be socialized to the consumers of Bihar and may be directly borne by the Govt. of Bihar in the form of subsidy.

M. Power Purchase Cost

61) NBPDCCL has claimed that they have implemented the methodology of Merit Order Despatch (MoD) for projecting the power purchase quantum in order to meet its projected demand. NBPDCCL further submitted that they firstly allocated the minimum technical limit to all its conventional plants i.e., up till 55 % PLF of the plants based on their variable charge per unit (ECR). Further, the remaining demand of the system has then been tried to be fulfilled through bucket-filling up to a maximum PLF of 85% for the conventional generating stations based on their ECR.

62) NBPDCCL further submitted that 2% escalation in fixed charges has been considered in FY 2026-27 with respect to the fixed charges in FY 2025-26 and 5% increase in Variable cost of the plants in FY 2026-27.

63) It is submitted that the Central Government, vide Ministry of Finance Notification No.9/2025-Central Tax (Rate) dated 17/09/2025, has increased the GST rate on coal from 5% to 18%; and vide Notification No. 2/2025-Compensation Cess (Rate) dated 17/09/2025, has abolished the Compensation Cess of Rs. 400/MT, with effect from 22/09/2025. The abolition of the Compensation Cess and the increase in the GST rate on coal have impact on the cost of coal to be procured by the generating companies. Hon'ble CERC vide its suo-moto order dated 1/10/2025, has mentioned that changes due to GOI notifications dated 17/09/2025, squarely fall within the ambit of a change in law event and will be applicable to all PPAs having a composite scheme and covered under Section 63 of the Act, except in case of the generating companies having captive coal mines.

64) Further, as per PFI analysis, it is expected that rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, will reduce the

cost of generation for coal-based power generators. Further, Ministry of Coal estimated that impact of the new reform on coal pricing and the power sector is a substantial reduction in overall tax burden, with coal grades G6 to G17 seeing decreases in the range of Rs. 13.40 per tonne to Rs. 329.61 per tonne. Further, for the power sector, the average reduction is around Rs. 260 per tonne, translating into a cut of 17-18 paise per kWh in the cost of generation.

- 65) In view of recent GOI notifications dated 17/09/2025 and expected reduction in coal price and subsequent Energy Charge rate of Thermal Plants, PFI request to the Hon'ble Commission to consider ECR for FY 2026-27 as submitted by NBPDCI for FY 2025-26. Further, with respect to increase in Fixed Charge, PFI request to the Hon'ble Commission to consider the actual Fixed Charge payment considered by NBPDCI for FY 2025-26 based on the actual fixed charges payment to the plants in the first 5 months of FY 2025-26.
- 66) Further, Hon'ble Commission has already approved the monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS), which recovers the variation in Power Purchase & Transmission cost through automatic route.
- 67) It is also observed that NBPDCI has considered Rs. 60 Cr. as Miscellaneous charges. PFI request to the Hon'ble Commission not to consider the Miscellaneous charges.
- 68) In view of above, PFI requests the Hon'ble Commission to consider the Fixed Charge and Energy Charge Rate as proposed by the PFI in above paras as it will reduce the upfront loading of Tariff and put additional financial burden on consumers.
- 69) Accordingly, PFI has recomputed the Power Purchase Cost as Rs. 10948 Cr. against the claimed Power Purchase Cost of Rs. 11698 Cr. The additional Power Purchase cost, as claimed by DISCOM, should be borne by Govt. of Bihar in the form of subsidy.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Power Purchase Cost	11,698	10,889	(809)

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Less/Add: Power Purchase Cost against unmetered sales over norms		59	
Less: Power Purchase cost without escalation		750	

N. Renewable Purchase Obligation

70) NBPDCCL has submitted that they faced constraints in meeting the progressively rising RPO trajectory aligned with the Ministry of Power's notifications up to FY 2029–30. NBPDCCL further submitted that Bihar has limited in-State renewable potential and evacuation, necessitating greater reliance on inter-State procurement over ISTS; the recent reduction/phasing down of ISTS transmission charge waivers for renewable projects has materially increased landed tariffs, compounded by scheduling, balancing, and integration costs.

71) Accordingly, NBPDCCL sought conditional relief to carry forward RPO shortfall for the affected years without penalty and flexible compliance within the overall RPO, including sub-category substitution to the extent permissible.

72) It is observed that NBPDCCL has neither submitted any details about the projected RPO compliance under each Renewable Energy head nor submitted the steps taken by them to meet the RPO Targets like Tenders issued or participated, details of PSA/PPA signed or under consideration, status of SCOD of each plant, etc.

73) In view of above, PFI submits that the matter must be taken seriously by Hon'ble Commission as the non-compliance of RPO targets may lead to non-fulfillment of the steps initiated by the country in achieving the Country's target of 500 GW of RE by 2030 and Net Zero by 2070.

74) Accordingly, PFI requests the Hon'ble Commission to direct DISCOM to submit the technology wise power procurement and shortfall. Further, **PFI requests the Hon'ble Commission to direct DISCOM to explore the option to procure Renewable**

energy instead of short-term power as per requirement like base load or peak load by using multiple options offered by REIAs like vanilla Renewable Energy or hybrid Renewable Energy or RTC or FDRE. It will reduce the financial burden on DISCOM by purchasing short-term power at higher rates and procuring RECs for complying RPO Targets.

O. Transmission Charges

75) NBPDCCL projected the Transmission charges after considering escalation of 5% on Transmission Charges projected in FY 2025-26 and accordingly claimed Rs. 1788.99 Cr.

76) However, PFI has observed that there is discrepancy in the Transmission Charges claimed by NBPDCCL, like as per Table 86 of the Petition, Transmission charge projected as Rs. 1788.99 Cr. while at Table 102 of the Petition, NBPDCCL claims Transmission charges as Rs. 1740.01 Cr. and the same was submitted in Format-5. Summary of Transmission charges is as follows:

Particulars	FY 2025-26 (Claimed by DISCOM)	FY 2026-27		
		Claimed by NBPDCCL		Based on 5% escalation
		Table 86	Table 102 & Format 5	
SLDC	12.83	13.66	13.29	13.47
BGCL	149.09	158.77	154.43	156.54
BSPTCL	711.66	757.88	737.13	747.24
POSOCO	0.15	0.16	0.16	0.16
PGCIL	741.63	789.79	768.17	778.71
TGNA	64.53	68.72	66.84	67.76
Total	1679.89	1788.98	1740.01	1763.88

77) Accordingly, **PFI requests the Hon'ble Commission to consider Rs. 1740.01 Cr. as Transmission Charges.** The additional Transmission charges, as claimed by DISCOM, should be borne by Govt. of Bihar in the form of subsidy.

P. Other Finance Charges

78) NBPDCI has claimed Other Finance Charges as Rs. 75.12 Cr. by escalating the actual Finance Charges by 10%. However, PFI has highlighted that NBPDCI has claimed LPSC under Other Finance Charges which should not be considered by the Hon'ble Commission.

79) Accordingly, PFI requests the Hon'ble Commission to consider Other Finance Charges as Rs. 71.17 Cr., which is computed as follows:

Particulars	Values (Rs. Cr.)
Other Finance Charges claimed by NBPDCI in FY 2024-25	62.08
Other Finance Charges as per PFI working	58.82
Inflationary Index	10%
Other Finance Charges for F 2025-26	64.70
Other Finance Charges for F 2026-27	71.17

Q. Operation & Maintenance Expenses

80) NBPDCI has claimed Rs. 1112.74 Cr. as Rental Charges under A&G Expenses. However, NBPDCI has only submitted the details of Rental charges for Smart Prepaid meter under Phase-I which is of Rs. 106.58 Cr.

81) However, NBPDCI has not submitted the details of smart per-paid meters installed under Phase-II and Phase-III, wherein NBPDCI has booked Rs. 1006.16 Cr. In view of above, PFI is requesting the Hon'ble Commission to consider only Rs. 106.58 Cr. as Rental Charges under A&G expenses against the claimed amount of Rs. 1112.74 Cr.

82) In view of above, PFI requests the Hon'ble Commission to consider the O&M Expenses as Rs. 1127.73 Cr., which is as follows:

(Rs. Cr.)

Particulars	Projected by NBPDCI	PFI computation
Employee Cost	554.70	554.70

Particulars	Projected by NBPDCCL	PFI computation
R&M Expenses	277.82	277.82
A&G Expenses	159.87	159.87
Rental charge for Smart Pre-paid Meter	1112.74	106.58
Holding company expenses	28.76	28.76
Total	2133.88	1127.73

83) Further, the additional O&M expenses, as claimed by DISCOM, should be borne by Govt. of Bihar in the form of subsidy.

R. Interest on Working Capital

84) NBPDCCL has claimed Interest Rate of 10.38% equivalent to interest rate considered for FY 2024-25 equivalent to weighted average MCLR of the concern Financial Year plus 150 basis points for computation of Interest on Working Capital.

85) However, as per Regulation 26 of the Multi-Year Tariff Regulations 2024, Interest rate should be equal to the State Bank one-year Marginal Cost of Funds-based Lending Rate ('MCLR') as of the date on which petition for determination of tariff is filed plus 150 basis points. As per SBI website, 1-year MCLR rate as on 15/11/2025 is 8.75%. Accordingly, **PFI requests the Hon'ble Commission to consider the Interest rate as 10.25% instead of 10.38% as claimed by NBPDCCL**. The additional IoWC, as claimed by DISCOM, should be borne by Govt. of Bihar in the form of subsidy.

S. Non-Tariff Income

86) NBPDCCL has claimed NTI as Rs. 332.81 Cr. and considered Rs. 56.39 Cr. under the head "*Rebate and Discount received*". NBPDCCL has not considered the Hon'ble Commission past practice of considering rebate @1% on total Power Purchase (including Transmission charges) as Non-tariff income.

87) Accordingly, PFI requests the Hon'ble Commission to consider Rs. 134.38 Cr. under the head "*Rebate and Discount received*" and consider Non-Tariff Income as Rs. 403 Cr.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Non-Tariff Income	333	403	70

T. Hon'ble APTEL Judgement dated 19/12/2024

88) NBPDCI has adjusted the impact of APTEL judgement dated 19.12.2024, amounting to Rs. 5,2856 Cr., in the net Revenue Gap / Surplus for FY 2026-27. The same has been calculated considering Revenue Surplus deduction in ARR of FY 2015-16, i.e. Rs. 1,100 Cr. (Rs. 298 Cr. Surplus based on True-Up for FY 2006-07 to FY 2011-12 + Rs. 802 Cr. Revenue Surplus of FY 2012-13), from FY 2012-13 onwards including carrying cost. The relevant extract from Tariff Petition of FY 2026-27 is as follows:

5.23.8 The Petitioner has estimated an amount of Rs 5,286 Crores along with the carrying cost of APTEL judgement impact till FY 2026-27 as presented below:

Total Revenue Surplus Amount to be recovered from Consumers post the APTEL Judgement RP No. 21 OF 2023 & RP No. 22 OF 2023 dated 19.12.2024- Rs Crores										
Sr. No	Particulars	FY 2012-13 (Rs 298 Crores with CC for full FY + Rs 801.51 Crores with CC for 5 Months)			FY 2013-14			FY 2014-15		
		Biha r	NBPD CL	SBPD CL	Biha r	NBPD CL	SBPD CL	Biha r	NBPD CL	SBPD CL
1	Opening Balance	298	125	173	1,193	501	692	1,369	575	794
2	Opening Balance (BSEB Period 01.04.12 to 31.10.12) after adjusting revenue gap	802	337	465						
3	Carrying Cost (%)	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %
4	Carrying Cost	93	39	54	176	74	102	202	85	117
5	Closing Balance	1,193	501	692	1,369	575	794	1,571	660	911
Sr. No	Particulars	FY 2015-16			FY 2016-17			FY 2017-18		
		Biha r	NBPD CL	SBPD CL	Biha r	NBPD CL	SBPD CL	Biha r	NBPD CL	SBPD CL
1	Opening Balance	1,571	660	911	1,802	757	1,045	2,055	863	1,192
2	Carrying Cost (%)	14.75 %	14.75 %	14.75 %	14.05 %	14.05 %	14.05 %	14.05 %	14.05 %	14.05 %
3	Carrying Cost	232	97	134	253	106	147	289	121	167
4	Closing Balance	1,802	757	1,045	2,055	863	1,192	2,344	985	1,360
Sr. No	Particulars	FY 2018-19			FY 2019-20			FY 2020-21		
		Biha r	NBPD CL	SBPD CL	Biha r	NBPD CL	SBPD CL	Biha r	NBPD CL	SBPD CL
1	Opening Balance	2,344	985	1,360	2,659	1,117	1,542	2,927	1,229	1,698
2	Carrying Cost (%)	13.45 %	13.45 %	13.45 %	10.05 %	10.05 %	10.05 %	8.55 %	8.55 %	8.55 %
3	Carrying Cost	315	132	183	267	112	155	250	105	145
4	Closing Balance	2,659	1,117	1,542	2,927	1,229	1,698	3,177	1,334	1,843

89) Hon'ble APTEL in the said judgement has directed that the said Revenue Surplus is not to be adjusted in the ARR of FY 2015-16. The relevant extract from the APTEL judgement is as follows:

“25. In view of above deliberations, the order of this Tribunal dated 25.10.2018 in APL No.117 of 2017 and APL No.118 of 2017 is modified to the extent as deliberated above and matter is remanded to the State Commission to the limited extent that the Revenue Surplus of previous years i.e prior to re-organisation (01.11.2012) is not to be adjusted from ARR of Review Petitioners for FY 2015-16. However, considering consumer interest, to avoid tariff shock, the State Commission may consider adjustment of such deductions made from ARR of FY 2015-16 in favour of Discoms along with applicable carrying cost spread over certain years in the ensuing tariff orders as permitted under National Tariff Policy 2016. It is but appropriate that the review Petitioners should take up the matter with Government of Bihar for transfer of such Revenue Surplus of the period prior to re-organisation, so determined by the State Commission, to the Discoms, so that, upon receipt of the same it may be informed to the State Commission, who would be in a position to pass on such benefit to the Consumers in the subsequent Tariff orders issued by State Commission. With the above observations, the review petitions stand disposed of.”

90) PFI notes that the impact of the said Revenue Surplus was factored into the Tariff for FY 2015-16 & not before that. Thus, the recovery of the same from the consumers of Bihar happened after 1st April 2015. Therefore, the carrying cost should apply from 1st April 2015. PFI has reworked the Revenue Surplus requirement considering the same, which comes out to be Rs. 3,879 Cr. (at State level).

Particulars	FY 2015-16			FY 2016-17			FY 2017-18		
	Bihar	NBPDCCL	SBPDCL	Bihar	NBPDCCL	SBPDCL	Bihar	NBPDCCL	SBPDCL
Opening Balance	1100	462	638	1262.25	530	732	1440	605	835
Carrying Cost (%)	14.75%	14.75%	14.75%	14.05%	14.05%	14.05%	14.05%	14.05%	14.05%
Carrying Cost	162	68	94	177	74	103	202	85	117
Closing Balance	1262	530	732	1440	605	835	1642	690	952
Particulars	FY 2018-19			FY 2019-20			FY 2020-21		
	Bihar	NBPDCCL	SBPDCL	Bihar	NBPDCCL	SBPDCL	Bihar	NBPDCCL	SBPDCL
Opening Balance	1642	690	952	1863	782	1080	2050	861	1189
Carrying Cost (%)	13.45%	13.45%	13.45%	10.05%	10.05%	10.05%	8.55%	8.55%	8.55%
Carrying Cost	221	93	128	187	79	109	175	74	102
Closing Balance	1863	782	1080	2050	861	1189	2225	935	1291
Particulars	FY 2021-22			FY 2022-23			FY 2023-24		
	Bihar	NBPDCCL	SBPDCL	Bihar	NBPDCCL	SBPDCL	Bihar	NBPDCCL	SBPDCL
Opening Balance	2225	935	1291	2414	1014	1400	2645	1111	1534
Carrying Cost (%)	8.50%	8.50%	8.50%	9.55%	9.55%	9.55%	10.05%	10.05%	10.05%
Carrying Cost	189	79	110	231	97	134	266	112	154
Closing Balance	2414	1014	1400	2645	1111	1534	2911	1222	1688
Particulars	FY 2024-25			FY 2025-26			FY 2026-27		
	Bihar	NBPDCCL	SBPDCL	Bihar	NBPDCCL	SBPDCL	Bihar	NBPDCCL	SBPDCL
Opening Balance	2911	1222	1688	3203	1345	1858	3525	1481	2045
Carrying Cost (%)	10.05%	10.05%	10.05%	10.05%	10.05%	10.05%	10.05%	10.05%	10.05%
Carrying Cost	293	123	170	322	135	187	354	149	205
Closing Balance	3203	1345	1858	3525	1481	2045	3879	1629	2250

91) In view of above, **PFI requests the Hon'ble Commission to consider the impact as Rs. 1629 Cr.** The additional impact of Hon'ble APTEL Judgement, as claimed by DISCOM, should be borne by Govt. of Bihar in the form of subsidy.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Impact of APTEL Judgement	(2220)	(1629)	591

U. SUMMARY

92) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for NBPDCCL is as follows:

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	19,973	19,888	(85)
1a	Less: Un-metered sales over and above the norms		85	
2	Distribution Loss	13.71%	13.71%	0.00%
3	Transmission Loss			

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
3a	<i>Less: ISTS Transmission Loss not in line with the Commission trajectory</i>	3.62%	3.55%	(0.07%)
4	Power Purchase Cost	11,698	10,889	(809)
4a	<i>Less/Add: Power Purchase Cost against unmetered sales over norms</i>		59	
4b	<i>Less: Power Purchase Cost considering escalation over FY 2025-26</i>		750	
5	Transmission Charges	1,740	1,740	0
6	Operation & Maintenance (O&M) Expenses (6a+6b+6c)	2,134	1,128	(1,006)
6a	Employee Expenses	555	555	0
6b	Administrative & General (A&G) Expenses	1,301	295	(1,006)
6b-i	<i>Less: Rental charges against Smart Meter</i>		1,006	
6c	Repair & Maintenance (R&M) Expenses	278	278	0
7	Return on Equity/ Return on Capital Employed (ROE/ ROCE)	618	618	0
8	Interest on Loan	700	700	0
9	Interest on Working Capital	38	38	0
10	Other Interest charges	75	71	(4)
10a	<i>Less: LPSC</i>		4	
11	Depreciation	682	682	0
12	Others (Interest on Consumer Security Deposit, Bad Debts, Compensation for Electrical accident, etc.)	38	38	0
13	Gross Aggregate Revenue Requirement (ARR)	17,725	15,905	(1,820)
14	Non-tariff Income	333	403	70
14a	<i>Add: Prompt payment rebate to GENCOs & TRANSCOs equal to claimed for FY 2024-25</i>		70	
15	Aggregate Revenue Requirement (ARR)	17,392	15,502	(1,890)
16	Revenue from Sale of Power	17,589	17,589	0
17	Revenue (Gap)/Surplus	197	2,087	1,890
17a	<i>Add: Approved carry forward trued-up revenue (gap)/surplus of previous FY along with carrying cost</i>	186	1113	927
18	Impact of APTEL Judgement	(2220)	(1629)	591
19	Net (Gap)/Surplus	(1,837)	1570	3407
20	Additional revenue through proposed Tariff hike and Tariff Rationalization measure proposed by NBPDCI	353	0	(353)
21	Balance amount	(1,484)	1570	3054

Note: As per PFI analysis, there is no requirement of Tariff hike as proposed by NBPDCI

93) **In view of above, it is observed that NBPDCI is Revenue Surplus by Rs. 1570 Cr. instead of deficit as proposed by NBPDCI. Therefore, there is no requirement of Tariff hike as proposed by NBPDCI. PFI requests the Hon'ble Commission to kindly consider the same.** Further, the Govt. of Bihar should provide additional subsidy of Rs. 3054 Cr., on account of higher claims of NBPDCI as tabulated above, over and above the subsidy decided by Govt. of Bihar for FY 2026-27.

ANNEXURE-II

PFI Comments/Suggestions: SBPDCL True-up Petition for FY 2024-25

A. UNMETERED ENERGY SALES

- 1) SBPDCL in True Up Petition for FY 2024-25 has claimed un-metered energy sales of 189.76 MU under street light category against the projection of 206.33 MU by the Hon'ble Commission.
- 2) It is observed that in the last few years, the un-metered sales of Street-light service have increased significantly, which is as follows:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
No. of consumer	624	707	1172	1265	1412	1568
Connected load (kW)	13651	14830	18248	21117	25997	28121
Un-metered Sale (MU)	59.19	53.73	83.65	133.81	198.75	189.76

- 3) Further, Hon'ble Commission in True-up Order for FY 2023-24 has considered un-metered sales of Street-light service based on the norms of energy consumption finalized in Tariff Order for FY 2017-18 dated 24th March 2017. The relevant extract is as follows:

The Commission observed that for assessing the sale for un-metered category of consumers, the petitioner (NBPCL) has adopted the methodology as prescribed by the Commission in the tariff order for FY 2017-18 dated 24th March 2017. The extract of the same is provided hereunder for ease of understanding :

*"The Commission has revised the Norms of energy consumption to be considered for various **unmetered categories** for estimating energy sales for FY 2017-18 are as given below:*

Category	Consumption
KJY	50 units per connection per month
DS-I	75 units per kW per month
NDS-I	50 units per kW per month
IAS-I	1485 units per kW per annum
IAS-II	3620 units per kW per annum
SS	25 units per 100 watts per month

Therefore, the Commission decides to re-evaluate the sales of un-metered Street Light category on consumption of 250 units per KW per month and accordingly computed the SS category sale.

4) PFI computed the un-metered sales of Street-light service as per the specific consumption for Street Light considered by the Hon'ble Commission and corresponding additional Power Purchase cost.

5) Accordingly, PFI worked out the additional Power Purchase Quantum of 134.37 MU and corresponding Power Purchase Cost of Rs. 73.10 Cr. w.r.t. un-metered sales over the norms. The computation is as follows:

Particulars	PFI Working
	FY 2024-25
No. of consumer (as claimed by SBPDCL)	1568.00
Connected load (kW) (as claimed by SBPDCL)	28122.00
Sale (MU) (as claimed by SBPDCL)	189.76
Hon'ble BERC Norm for un-metered consumption (25 kWh per 100 watts per month) (kWh/kW/month)	250
Consumption as per Norms (MU)	84.37
Additional Sale (MU) considered by SBPDCL	105.39
Distribution Loss (MU @16.24% as claimed by SBPDCL)	20
Energy Required at Dist. Periphery (MU)	125.83
Transmission Losses (MU @6.36% as claimed by SBPDCL)	8.55
Energy Required at State Periphery (MU)	134.37
Avg. Power Purchase Cost (Rs./kWh) (as claimed by SBPDCL)	5.44
Additional Power Purchase Cost (Rs. Cr.)	73.10

6) Accordingly, PFI requests the Hon'ble Commission to reduce the Power Purchase Cost by **Rs. 73.10 Cr. against the un-metered sales over and above the specific consumption, the same may be reduced from the Power Purchase Cost of DISCOM and should be borne by Govt. of Bihar in the form of subsidy.**

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Sales	22,578	22,473	(105)
Less: Un-metered sales over and above the norms		105	

B. Collection Efficiency

7) PFI has observed that although collection efficiency of SBPDCL is satisfactory. It indicates that Smart Meters installed by DISCOM have resulted in higher collection efficiency.

8) Further, it is observed that Govt. consumers have **pending dues of Rs. 425.39 Cr.** this results in lower collection efficiency of DISCOM. Further, such dues put additional financial burden on the DISCOM in the form of short-term loan leading to higher Interest on Working Capital. Since, the component are attributable to Govt. of Bihar, therefore the State Govt. should bear the burden so that this burden will not be socialized at large among the consumers through Tariff. PFI has considered this parameter for computing the collection efficiency of DISCOM and the same was considered for computing the Revenue (Gap)/Surplus for the year.

9) Accordingly, PFI has recomputed the collection efficiency and Revenue is as follows:

Particulars	UoM	Value
Revenue from Sale of Energy as per Audited Accounts	Rs. Cr.	17953.93
Pending dues of Govt. departments	Rs. Cr.	425.39
Total Revenue to be considered for computing Revenue (Gap)/Surplus	Rs. Cr.	18379.32

10) In view of above, PFI requests the Hon'ble Commission to consider Revenue as Rs. 18379.32 Cr. and the gap of Rs. 425.39 Cr. against the pending dues of Govt. departments should be borne by Govt. of Bihar in the form of subsidy of FY 2024-25.

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Collection Efficiency	98.31%	100.64%	2.33%
Revenue	17,954	18,379	425

C. POWER PURCHASE COST

11) It is observed that SBPDCL has procured 694 MU from FSTPP-I & II (54.76 MW) against the projected procurement of 296 MU which in turns convert into PLF of 145% during FY 2024-25, PFI is requesting the Hon'ble Commission to review the

actual generation of the Plant as it is technically not possible to run the Plant at such high PLF throughout the year.

12) **Merit Order Despatch:** As per the applicable BERC Regulations, the power purchase requirement is to be considered by applying the Merit Order Despatch (MoD) principle. In this regard, relevant extract of the Bihar Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensee) Regulation, 2018 is as follows:

“6. Power Procurement Plan.—On the basis of demand/energy forecast and availability projections in accordance with provisions of these Regulations, the Distribution Licensee shall prepare a Power Procurement Plan for procuring balance power and energy under short term power procurement plan and long term power procurement plan.

6.1 Long Term Power Procurement Plan

6.1.1 The long-term Power Procurement Plan shall be prepared by the Distribution Licensee(s) on the basis of the rolling plan for ten years. The plan shall be prepared on monthly basis as per the principles laid down earlier in the Regulations. The procurement of power through Long term should be at least equal to the base load assessed under Regulation 4 of these Regulations.

6.1.2 The long-term Power Procurement Plan shall be strictly as per merit order principle and it should be the least cost plan [least financial cost to the Distribution Licensee(s)], the ultimate objective being to make available secure and reliable power supply at economically viable tariffs to all consumers while satisfying power supply planning and security standards; Provided that the must run Plants/generators shall be exempted from merit order principle.”

However, SBPDCL has not submitted monthly reports certified by SLDC that MoD has been followed in true spirit while scheduling the Power from various Generating Stations. Further, **PFI requests the Hon'ble Commission to allow the Power Purchase Cost after Prudence check of the Power Purchase based on the submission by DISCOM.**

13) **DSM Charges:** SBPDCL also claimed DSM charges of Rs. 60 Cr. and mentioned that Deviation charges are merely a commercial mechanism and not penal charges and are introduced with an overall objective of maintaining grid discipline and security.

Hon'ble Commission in previous True-up Orders while allowing DSM charges has mentioned that underdrawl and/or overdrawl of Energy above the allowable limit and/ or beyond the allowable time blocks can be controlled through better power planning combined with improved power portfolio management and efficient Grid operation and for this reason the Commission is of the view that imposition of additional deviation charges on account of deviation in volume and overdrawl when grid frequency is below that 49.95 Hz are penal in nature and therefore should not be allowed to pass through in the power purchase cost.

Further, Hon'ble Commission sought additional information w.r.t. deviation charges and allowed a fraction of DSM charges against the claim of DISCOMs. Accordingly, **PFI requests the Hon'ble Commission to consider DSM charges after prudence check of the claim of DISCOM as per past practice.** The impact of the same should not be socialized to the consumers of Bihar and may be directly borne by the State Government in the form of subsidy.

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Power Purchase Cost	13,010	12,877	(133)
<i>Less: Power Purchase corresponding to Unmetered Sales</i>		73	
<i>Less: DSM/UI Charges</i>		60	

D. RENEWABLE POWER PURCHASE OBLIGATION

- 14) SBPDCL in True Up Petition for FY 2024-25, submits that it has considered the Renewable Purchase Obligation (RPO) targets in combination of Wind RPO and HPO altogether. SBPDCL has procured 4081 MU from Renewable Energy Sources.
- 15) PFI has observed that there is variation in RPO Trajectory specified by the Hon'ble Commission and MoP Trajectory for FY 2024-25.

16) As per 4th Amendment in the BERC (Renewable Purchase Obligation, its compliance and REC Framework Implementation) Regulations, 2010 dated 27/06/2023, the RPO target is as follows:

RPO Target	Units	Wind	HPO	Other	Total
	%	2.46%	1.08%	26.37%	29.91%

17) Further, RPO Trajectory as per Ministry of Power notification dated 23/10/2023 is as follow:

TABLE

Sl.No	Year	Wind renewable energy	Hydro renewable energy	Distributed renewable energy*	Other renewable energy	Total renewable energy
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2024-25	0.67%	0.38%	1.50%	27.35%	29.91%
2.	2025-26	1.45%	1.22%	2.10%	28.24%	33.01%
3.	2026-27	1.97%	1.34%	2.70%	29.94%	35.95%
4.	2027-28	2.45%	1.42%	3.30%	31.64%	38.81%
5.	2028-29	2.95%	1.42%	3.90%	33.10%	41.36%
6.	2029-30	3.48%	1.33%	4.50%	34.02%	43.33%

18) SBPDCL has submitted the RPO compliance status in the Petition as per Hon'ble Commission 4th Amendment in the *BERC (Renewable Purchase Obligation, its compliance and REC Framework Implementation) Regulations, 2010*. However, Ministry of Law & Justice through Gazette Notification dated 20/12/2022 amended the *Energy Conservation (Amendment) Act, 2022* and gives power to Central Govt. to specify minimum share of consumption of non-fossil sources by designated consumers as energy or feedstock, provided different share of consumption may be specified for different types of non-fossil sources for different designated consumers. Subsequently, Ministry of Power notified minimum share of consumption of non-fossil sources (renewable energy) by designated consumers including DISCOMs vide its notification dated 23/10/2023. Accordingly, Ministry of Power notification dated 23/10/2023 will supersede the Hon'ble Commission Regulation.

19) Further, with respect to SBPDCL request to consider RPO targets in combination of Wind RPO and HPO altogether, it is submitted that energy transition is the need of the hour and in order to achieve the Country's target of 500 GW of RE by 2030 and Net Zero by 2070, it is important that every designated consumer including DISCOM should procure Renewable Energy at least equivalent to meet the yearly RPO targets. In last few years the share of Renewable Energy has increased significantly which resulted in the concern of grid stability due to intermittent nature of RE and raised the challenges of providing Round the Clock power at affordable prices. To overcome these concerns, Renewable Energy Implementing Agencies like SECI have evolved from plain Vanilla tenders (procuring only Solar or wind energy) to the new age Tenders like RTC or FDRE (Firm & Dispatchable Renewable Energy) Tenders assuring providing Round the Clock power or peak power through Renewable plus storage combination. The intent of National RPO target is to provide firm and dispatchable renewable energy by providing power through Solar, Wind, Hydro, other Renewable Energy sources and Energy Storage. Further to save the transmission loss and charges, it is also important to have Distributed Renewable Energy to meet the load at the injecting point.

20) It is evident from the above para that every source is important to provide round the clock power and have minimum impact on grid.

21) Accordingly, PFI has reworked for the computation of RPO as per Ministry of Power notification dated 23/10/2023. Further, due to unavailability of data with respect to power procured from Wind & Hydro Projects commissioned after the 31st March, 2024 and power from DRE plants, PFI has considered all the renewable energy procured by DISCOM under Other RE and computed the penalty equivalent to buyout price of Rs. 245/MWh proposed by Hon'ble CERC vide its suo-moto Order 22/10/2025. The summary of RPO shortfall and penalty is as follows:

Energy Sale considered by PFI	MU	19046.61				
RPO Target as per MoP Notification dated 23/10/2023		Wind	HPO	DRE	Other	Total
	%	0.67%	0.38%	1.50%	27.35%	29.91%
	MU	127.8	72.57	285.7	5210.01	5696.08
RE procured as claimed by NBPDCL						
a) Wind	MU	1001.7	0	0	3079.31	4081.01

<i>before 31/03/2022</i>	MU	897.22				
<i>a) 93%</i>	MU	834				
<i>b) 7%</i>	MU	63				
<i>after 31/03/2022</i>	MU	104				
b) Other RE						
<i>Solar</i>	MU			1586.39		
<i>Sugar mill and biomass</i>	MU			48		
<i>BSHPC</i>	MU			19		
<i>Hydro</i>	MU			975		
<i>Green Power from Exchange</i>	MU			51		
<i>Captive consumption solar</i>	MU			194		
<i>Captive consumption Non solar</i>						
<i>BERDA</i>	MU			124		
<i>REC Purchase</i>	MU			82		
RE power procured against the Target						
<i>Hydro</i>	MU	0.00		0.00		
<i>Wind</i>	MU	0.00		1002		
<i>DRE</i>	MU		0.00	0.00		
<i>Other RE</i>	MU			3079		
Total	MU	0.00	0.00	0.00	4081	4081
RPO Shortfall						
<i>Hydro</i>	MU	(72.57)				
<i>Wind</i>	MU	(127)				
<i>DRE</i>	MU		(286)			
<i>Other RE</i>	MU			(1129)		
Total	MU	(127)	(72)	(286)	(1129)	(1615)
Penalty as per CERC Buyout price @105% of Avg. REC price of FY 2024-25	Rs./ kWh	0.245				
Total Penalty	Rs. Cr.	39.57				

22) So, based on the above, PFI requests the Hon'ble Commission to consider RPO Target as per MoP Notification dated 23/10/2023 and penalties should be imposed on DISCOM for not complying with the RPO Trajectory. **Accordingly, PFI requests the Hon'ble Commission to impose penalty of Rs. 39.57 Cr. for non-compliance of RPO and the same should be borne by Govt. of Bihar in the form of subsidy.**

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Power Purchase Cost	13,010	12,837	(173)
<i>Less: Power Purchase corresponding to Unmetered Sales</i>		73	
<i>Less: DSM/UI Charges</i>		60	
<i>Less: RPO Penalty</i>		40	

E. DEPRECIATION

23) SBPDCL has claimed depreciation for FY 2024-25 Rs. 384.75 Cr. however Hon'ble Commission in ARR Order for FY 2024-25 has approved Rs 425.05 Cr. as Depreciation.

24) PFI has observed that SBPDCL has erred in computing Depreciation and has considered the Depreciation as per the Audited Accounts (Note 2). SBPDCL has not considered the opening GFA and opening grants same as approved by Hon'ble Commission as closing for FY 2023-24 (in True-Up). PFI has reworked the Depreciation as per the Regulatory principles considering opening GFA and opening grants for FY 2024-25 same as approved by Hon'ble Commission in True-Up of FY 2024-25 as closing GFA for FY 2023-24, as tabulated below:

(Rs. Cr.)

Particulars	FY 2024-25		
	Approved in ARR	Claimed by SBPDCL	PFI Working
Opening depreciable GFA (excl. land)	16,837	16,973	18,161
Additions during the year (excl. value of land)	1,389	2,952	2,952
Closing GFA	18,226	19,926	21,113
Average depreciable GFA	17,531	18,450	19,637
Weighted average rate of depreciation	4.52%	4.50%	4.50%
Depreciation for the year (incl. grant also)	792	830	884
Opening Grants	7,874	7,212	7,716
Grants during the year	503	510	510
Less: Adjustment of assets sold/ discarded etc.	0	0	0
Total Grants	8,377	7,722	8,226
Average Grants	8,125	7,466	7,971
Weighted average rate of Depreciation (on grant)	4.52%	5.97%	5.97%
Depreciation for GFA on Grants	367	445	476
Net Depreciation	425	385	408

25) In view of the above, as per the Regulatory provisions PFI has work out Rs. **408 Cr.** as Depreciation against Rs. **385 Cr.** claimed by SBPDCL for FY 2024-25. **So, PFI**

requests the Hon'ble Commission to allow the Depreciation expenses of Rs. 408 Cr. in the Trued-Up ARR of FY 2024-25 for SBPDCL.

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Depreciation	385	408	23

F. OPERATION AND MAINTENANCE EXPENSES

26) SBPDCL has claimed O&M Expenses of Rs. 1439.98 Cr. against the Hon'ble Commission projection of Rs. 1369.20 Cr.

27) PFI has observed that Hon'ble Commission has specified O&M expenses norms for the control period after considering the actual O&M expense of past three years along with inflation rate only. It is also observed that the Hon'ble Commission Regulation does not consider the provision of considering the Actual O&M expenses subject to Prudence Check which will be lower of Actual or Normative O&M expenses. The same provisions are considered by other SERCs like DERC in its DERC (Business Plan) Regulations, 2023 has limited O&M Expenses during True-up equal to lower of Actual or Normative O&M expenses. The relevant extract of DERC (Business Plan) Regulations, 2023 is as follows:

(4) The Distribution Licensee shall be allowed O&M expenses for a particular Financial Year of the Control Period by multiplying the normative rate per unit defined herewith of that particular year with the Trued-up sales during the relevant Financial Year.

Provided that, under no circumstances, Distribution Licensees shall be allowed O&M Expenses more than the Actual O&M Expenses as per Audited Books of Accounts during True-up of relevant Financial Year.

28) It is observed that the SBPDCL has shown lower O&M expenses as per O&M norms in comparison to O&M expenses computed by the Commission while approving the ARR for FY 2024-25 and claimed the incentive for lower O&M expenses. However, as per Audited Accounts, the O&M expenses claimed by SBPDCL as per norms are on higher side.

29) Accordingly, PFI requests the Hon'ble Commission to consider the O&M expenses equal to lower of Actual or Normative O&M expenses.

30) SBPDCL has claimed Rental charge for Smart Pre-paid Meter of Rs. 190.42 Cr. under O&M expenses head. However, SBPDCL has submitted details of only Smart pre-paid meters installed under Phase-I equivalent to Rs. 101.30 Cr. However, SBPDCL has not submitted the detailed breakup of month-wise smart per-paid meters installed under Phase-II and Phase-III, wherein SBPDCL has booked Rs. 89.12 Cr. Further, PFI has observed that as per Note 31 of Audited Accounts, expenses booked under the head of "*Rent on installation of and maintenance of Smart Prepaid meters*" is only Rs. 175.53 Cr. against the claim of Rs. 190.42 Cr. In view of above, **PFI requests the Hon'ble Commission to consider only Rs. 175.53 Cr. under A&G expenses** against the claimed amount of Rs. 190.42 Cr.

31) In view of above, PFI requests the Hon'ble Commission to consider the O&M Expenses as Rs. 1412.11 Cr. and the gap should be borne by Govt. of Bihar in the form of subsidy. The summary of O&M expenses is as follows:

(Rs. Cr.)

Particulars	Claimed by SBPDCL	PFI working
Employee Cost	763.62	723.68
R&M Expenses	290.25	290.25
A&G Expenses	176.90	176.90
Rental charge for Smart Pre-paid Meter	190.42	175.53
Holding company expenses	25.75	25.75
Total		1392.11

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Operation & Maintenance (O&M) Expenses	1,440	1,392	(48)

G. NON-TARIFF INCOME

32) Hon'ble Commission while approving ARR for FY 2024-25 has considered 1% rebate on Power Purchase and Transmission Cost i.e., Rs. 153.88 Cr. as part of Non-tariff

Income. However, SBPDCL has only considered Rs. 3.12 Cr. as Rebate and Discount received under the Non-Tariff Income.

33) As per Hon'ble Commission past practice of considering rebate @1% on total Power Purchase (including Transmission charges) as Non-tariff income should consider Rs. 151.60 Cr. The revised computation of NTI is as follows:

Particulars	Value (Rs. Cr.)
Non-Tariff Income claimed by SBPDCL	399.45
Rebate and discount received as claimed by NBPCL	3.12
Rebate and discount as per Hon'ble Commission norm of 1% on total Power Purchase (including Transmission charges)	153.88
Non-Tariff Income to be considered	547.93

34) In view of above, **PFI requests the Hon'ble Commission to consider Rs. 547.93 Cr. as Non-Tariff Income for FY 2024-25.**

Particulars	Claimed by DISCOM	Proposed by PFI	Difference
Non-Tariff Income	399	547	148

H. INTEREST ON LOANS

35) SBPDCL has claimed Rs. 1709.99 Cr. loan addition during the year and accordingly computed the Interest on Loan as Rs. 472.84 Cr. Accordingly recomputed the Interest on Loan as follows:

Sr. No.	Particulars	As claimed by SBPDCL	PFI Working
1	Opening loan balance	4,266.57	4,266.57
2	Additions during the year	1709.99	1709.99
3	Normative Repayment	384.75	407.80
4	Closing Loans (1+2-3)	5,591.81	5,568.76
5	Average Loans $\{(1+4)/2\}$	4,929.19	4,917.67
6	Interest rate	9.59%	9.59%
7	Interest Charges (5*6)	472.74	471.60

36) PFI has considered the suggested depreciation value based on the closing GFA approved by the Hon'ble Commission and accordingly computed the Interest on

Loans. Accordingly, **PFI requests the Hon'ble Commission to consider Rs. 471.60 Cr. as Interest on Loan for FY 2024-25, the gap should be borne by Govt. of Bihar in the form of subsidy.**

I. SUMMARY

37) As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for SBPDCL is as follows, Hon'ble Commission is requested to kindly consider the same.

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	22,578	22,473	(105)
1a	Less: <i>Un-metered sales over and above the norms</i>		105	
2	Distribution Loss	16.24%	16.24%	0.00%
3	Collection Efficiency	98.31%	100.64%	2.33%
4	Power Purchase Cost	13,010	12,837	(173)
4a	Less: <i>Power Purchase corresponding to Unmetered Sales</i>		73	
4b	Less: <i>DSM/UI Charges</i>		60	
4c	Less: <i>RPO Penalty</i>		40	
5	Transmission Charges	2,150	2,150	0
6	Operation & Maintenance (O&M) Expenses (6a+6b+6c)	1,440	1,392	(48)
6a	Employee Expenses	757	724	(33)
6b	Administrative & General (A&G) Expenses	393	378	(15)
6b-i	Less: <i>Rental charges for Smart Prepaid Meter</i>		15	
6c	Repair & Maintenance (R&M) Expenses	290	290	0
7	Return on Equity (RoE)	421	421	0
8	Interest on Loan	473	472	(1)
9	Other Finance Charges (Interest on Security Deposit & Other charges)	181	181	0
10	Depreciation	385	408	23
10a	Add: <i>Opening GFA equal to Closing GFA of FY 2023-24</i>		23	
11	Others	30	30	0

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
12	Aggregate Revenue Requirement (ARR)	18,090	17,891	(199)
13	Non-Tariff Income	399	547	148
13a	<i>Add: Rebate against timely payment to GENCOs & TRANSCOs</i>		148	
14	Net ARR	17,690	17,343	(347)
15	Revenue from Sale of Power	17,954	18,379	425
15a	<i>Add: Pending Govt. dept. dues and subsidy</i>		425	
16	Revenue (Gap)/Surplus	264	1,036	772

38) **As above, PFI requests the Hon'ble Commission to consider the submissions made by PFI and as part of the Prudence Check. Accordingly, the revised subsidy is of Rs. 8,720 Cr. (Rs 7,948 Cr. + Rs. 772 Cr.) instead of booked subsidy of Rs. 7,948 Cr. for FY 2024-25 which should be paid by Govt. of Bihar.**

PFI Comments/Suggestions: SBPDCL ARR Petition for FY 2026-27

J. UNMETERED ENERGY SALES – Street Light Services

39) SBPDCL in ARR Petition has projected un-metered energy sales of 180.51 MU (1666 no. of consumers with connected load of 28222 kW) under un-metered Street light Service category after considering 0.75% reduction in consumer numbers.

40) It is observed that in the last few years, the un-metered sales of Street-light service have increased significantly, which is as follows:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
No. of consumer	624	707	1172	1265	1412	1568	1679	1666
Connected load (kW)	13651	14830	18248	21117	25997	28121	28650	28222
Un-metered Sale (MU)	59.19	53.73	83.65	133.81	198.75	189.76	183	180.51

41) Further, Hon'ble Commission vide its Tariff Order dated 28/03/2025 directed DISCOMs to submit a report suggesting methodology and norms for assessment of sale to un-metered category of consumers before next tariff filing. The relevant extract is as follows:

“The Commission observed that the norms prescribed for estimation of un-metered category of consumers in FY 2017-18 Tariff order needs to be revisited in order to capture the technological advancement. The Commission therefore directs the petitioners to conduct a study of un-metered sales in their supply area as provided in Regulation 17 of the BERC (Multi Year Distribution Tariff) Regulations, 2024 and submit the report suggesting methodology and norms for assessment of sale to un-metered category of consumers before next tariff filing.”

42) It is observed that DISCOM has not submitted any details or information related to the above-mentioned Hon'ble Commission direction in the current Petition. Accordingly, PFI request to the Hon'ble Commission to consider the norms approved by the Commission in its Tariff Order for FY 2017-18 for computation of sales for FY 2026-27. Norms approved by Hon'ble Commission is as follows:

Category	Consumption
IAS-I	1485 units per kW per annum (i.e. 166/HP month)
IAS-II	3620 units per kW per annum
Street Light Service	26 units per 100 watts per month

43) Accordingly, PFI computed the additional Sale of 84.67 MU and corresponding Power Purchase Cost of Rs. 68 Cr. w.r.t. un-metered sales over the norms. The computation is as follows:

Particulars	PFI Working
	FY 2026-27
No. of consumer (as claimed by SBPDCL)	1666
Connected load (kW) (as claimed by SBPDCL)	28222
Sale (MU) (as claimed by SBPDCL)	181
Hon'ble BERC Norm for un-metered consumption (25 kWh per 100 watts per month) (kWh/kW/month)	250
Consumption as per Norms (MU)	84.67
Additional Sale (MU) considered by SBPDCL	96.33
Distribution Loss (MU @15.91% as claimed by SBPDCL)	18.23
Energy Required at Dist. Periphery (MU)	114.56
Transmission Losses (MU @6.11% as claimed by SBPDCL)	7.46
Energy Required at State Periphery (MU)	122.02
Avg. Power Purchase Cost (Rs./kWh) (as claimed by SBPDCL)	5.60
Additional Power Purchase Cost (Rs. Cr.)	68.34

44) Hon'ble BERC has directed Bihar DISCOMs to meter all unmetered consumers. The latest Directive has been issued in the Tariff Order for FY 2025-26 dtd. 28/03/2025 wherein Hon'ble BERC directed DISCOMs for providing 100% metered connection to all consumers. Hon'ble Commission also directed DISCOMs to submit a timeframe along with roadmap for 100%-meter connection along with the next quarterly report along with monthly progress of metering on quarterly basis. Relevant extract from Tariff Order dtd. 28/03/2025 is as follows:

Directive 2: Cent percent Consumer Metering

The Commission has noted the status of installation of meters in IAS-I and street light (un-metered) categories (as on 30.09.2024) as shown below:

DISCOM	IAS-I			SS (Street Light)		
	No. of Connections	No. of Connections with meter	%	No. of Connections	No. of Connections with meter	%
NBPDCL	3,06,126	2,88,293	94%	3437	987	29%
SBPDCL	4,00,124	1,55,071	39%	1339	0	0

FY 2023-24 (as on 30.9.2023)

DISCOM	IAS-I			SS (Street Light)		
	No. of Connections	No. of Connections with meter	%	No. of Connections	No. of Connections with meter	%
NBPDCL	231688	224920	97%	2461	969	39%
SBPDCL	324440	169555	52%	1296	--	--

It is surprising to note that as against 94% metered connection in IAS-I category for NBPDCL, the SBPDCL has provided only 39% metered connection which is beyond any reasonable explanation. Similar trend is also noted for street light connections, where against 29% metered connection in NBPDCL, there is no metered connection provided by SBPDCL in that category. The Commission views the above action seriously and repeats earlier direction for providing 100% metered connection to all consumers. Both the DISCOMs are also directed to submit a timeframe along with roadmap for 100%-meter connection along with the next quarterly report.

The Commission directs that the monthly progress of metering of IAS-I and Street Light categories should be submitted in the quarterly report in the following format.

Category	Number of Connections existing	Number of Connections provided with meters	Balance connections to be provided with meters
IAS -I			
Street Light (Unmetered)			

45) It is observed that SBPDCL has neither submitted any compliance of Directives with the current Petition, nor provided any summary of steps taken by them for 100% metering in the Petition. Instead of reduction in number of un-metered Street Light Service consumers, SBPDCL has submitted that as per revised estimates un-metered consumers have increased in FY 2025-26 even after clear direction of the Hon'ble Commission.

46) Further, MoP *Electricity (Rights of Consumers) Rules, 2020* dtd. 31/12/2020 states that no connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Relevant extract of the said Rules is as follows:

“5. Metering – (1) No connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Any exception to the smart meter or prepayment meter shall have to be duly approved by the Commission. The Commission, while doing so, shall record proper justification for allowing the deviation from installation of the smart pre-payment meter or prepayment meter.”

47) It is evident from the above paras that SBPDCL has clearly violated the MoP *Electricity (Rights of Consumers) Rules, 2020* and Hon'ble Commission directive.

48) In view of above, PFI requests the Hon'ble Commission to consider the sales of unmetered Street Light Service consumer of 137.71 MU equivalent to the norms specified by the Commission against the claimed 223.12 MU. Accordingly, energy sales to be considered for FY 2026-27 is as follows:

Particulars	Sales (MU)
Claimed by SBPDCL	21723.10
Unmetered Street Light Services sales- claimed by SBPDCL	180.51
Unmetered Street Light Services sales- As per norms	84.67
Sales to be considered by the Commission	21627.16

49) Further, **PFI requests the Hon'ble Commission to reduce the Power Purchase & Transmission Cost by Rs. 68 Cr. against the projected unmetered Street Light Service sales.**

50) It is further proposed that SBPDCL may be directed to submit action plan for 100% metering of unmetered Street light Services (SS) and unmetered Irrigation & Agriculture Services (IAS-I) within the target date of maximum two (2) years and to

submit monthly progress report to the Hon'ble Commission on metering of SS & IAS-I consumers along with sharing the same on their website.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Sales	21,723	21,627	(96)

K. ISTS Transmission Loss

51) SBPDCL has claimed inter-state Transmission Loss of 3.62% for FY 2026-27 as per latest weeks average (till Oct 2025) POSOCO report and requested to the Commission to consider the same.

52) It is submitted that the Hon'ble Commission in Tariff Order for FY 2025-26 dated 28/03/2025 has approved the Central Transmission Loss at 3.55% for FY 2025-26 to FY 2027-28 at the same level as approved for FY 2024-25 in APR, subject to True-up based on actuals. Relevant extract is as follows:

Central Transmission Loss (CTU)

Petitioners' submission

The Petitioner has submitted CTU loss of 3.55% as per latest 52 weeks moving average and accordingly requests the Commission to consider the same

Commission's analysis

The Commission considers the Central Transmission Loss at 3.55% for FY 2025-26 to 2027-28 at the same level as approved for FY 2024-25 in APR, subject to True-up based on actuals.

However, while truing up for the relevant year, the CTU losses will be considered based on the actual energy billed and scheduled from those sources which have injected power into CTU grid.

53) Accordingly, PFI requests the Hon'ble Commission to consider inter-state Transmission Loss as 3.55% for FY 2026-27. The impact of the same should not be

socialized to the consumers of Bihar and may be directly borne by the Govt. of Bihar in the form of subsidy.

L. Renewable Purchase Obligation

54) SBPDCL has submitted that they faced constraints in meeting the progressively rising RPO trajectory aligned with the Ministry of Power's notifications up to FY 2029-30. SBPDCL further submitted that Bihar has limited in-State renewable potential and evacuation, necessitating greater reliance on inter-State procurement over ISTS; the recent reduction/phasing down of ISTS transmission charge waivers for renewable projects has materially increased landed tariffs, compounded by scheduling, balancing, and integration costs.

55) Accordingly, SBPDCL sought conditional relief to carry forward RPO shortfall for the affected years without penalty and flexible compliance within the overall RPO, including sub-category substitution to the extent permissible.

56) It is observed that SBPDCL has neither submitted any details about the projected RPO compliance under each Renewable Energy head nor submitted the steps taken by them to meet the RPO Targets like Tenders issued or participated, details of PSA/PPA signed or under consideration, status of SCOD of each plant, etc.

57) In view of above, PFI submits that the matter must be taken seriously by Hon'ble Commission as the non-compliance of RPO targets may lead to non-fulfillment of the steps initiated by the country in achieving the Country's target of 500 GW of RE by 2030 and Net Zero by 2070.

58) Accordingly, PFI requests the Hon'ble Commission to direct DISCOM to submit the technology wise power procurement and shortfall. Further, **PFI requests the Hon'ble Commission to direct DISCOM to explore the option to procure Renewable energy instead of short-term power as per requirement like base load or peak load by using multiple options offered by REIAs like vanilla Renewable Energy or hybrid Renewable Energy or RTC or FDRE.** It will reduce the financial burden

on DISCOM by purchasing short-term power at higher rates and procuring RECs for complying RPO Targets.

M. Power Purchase Cost

59) SBPDCL has claimed that they have implemented the methodology of Merit Order Despatch (MoD) for projecting the power purchase quantum in order to meet its projected demand. NBPDC further submitted that they firstly allocated the minimum technical limit to all its conventional plants i.e., up till 55 % PLF of the plants based on their variable charge per unit (ECR). Further, the remaining demand of the system has then been tried to be fulfilled through bucket-filling up to a maximum PLF of 85% for the conventional generating stations based on their ECR.

60) SBPDCL further submitted that 2% escalation in fixed charges has been considered in FY 2026-27 with respect to the fixed charges in FY 2025-26 and 5% increase in Variable cost of the plants in FY 2026-27.

61) It is submitted that the Central Government, vide Ministry of Finance Notification No.9/2025-Central Tax (Rate) dated 17/09/2025, has increased the GST rate on coal from 5% to 18%; and vide Notification No. 2/2025-Compensation Cess (Rate) dated 17/09/2025, has abolished the Compensation Cess of Rs. 400/MT, with effect from 22/09/2025. The abolition of the Compensation Cess and the increase in the GST rate on coal have impact on the cost of coal to be procured by the generating companies. Hon'ble CERC vide its suo-moto order dated 1/10/2025, has mentioned that changes due to GOI notifications dated 17/09/2025, squarely fall within the ambit of a change in law event and will be applicable to all PPAs having a composite scheme and covered under Section 63 of the Act, except in case of the generating companies having captive coal mines.

62) Further, as per PFI analysis, it is expected that rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, will reduce the cost of generation for coal-based power generators. Further, Ministry of Coal estimated that impact of the new reform on coal pricing and the power sector is a

substantial reduction in overall tax burden, with coal grades G6 to G17 seeing decreases in the range of Rs. 13.40 per tonne to Rs. 329.61 per tonne. Further, for the power sector, the average reduction is around Rs. 260 per tonne, translating into a cut of 17–18 paise per kWh in the cost of generation.

- 63) In view of recent GOI notifications dated 17/09/2025 and expected reduction in coal price and subsequent Energy Charge rate of Thermal Plants, PFI request to the Hon'ble Commission to consider ECR for FY 2026-27 as submitted by SBPDCL for FY 2025-26. Further, with respect to increase in Fixed Charge, PFI request to the Hon'ble Commission to consider the actual Fixed Charge payment considered by SBPDCL for FY 2025-26 based on the actual fixed charges payment to the plants in the first 5 months of FY 2025-26.
- 64) Further, Hon'ble Commission has already approved the monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS), which recovers the variation in Power Purchase & Transmission cost through automatic route.
- 65) In view of above, PFI requests the Hon'ble Commission to consider the Fixed Charge and Energy Charge Rate as proposed by the PFI in above paras as it will reduce the upfront loading of Tariff and put additional financial burden on consumers.
- 66) Accordingly, PFI has recomputed the Power Purchase Cost as Rs. 11,931 Cr. against the claimed Power Purchase Cost of Rs. 13,73 Cr. The additional Power Purchase cost, as claimed by DISCOM, should be borne by Govt. of Bihar in the form of subsidy.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Power Purchase Cost	13,733	11,931	(1,801)

N. Transmission Charges

- 67) SBPDCL projected the Transmission charges after considering escalation of 5% on Transmission Charges projected in FY 2025-26 and accordingly claimed Rs. 2042 Cr.

68) However, PFI has observed that an escalation of 5% which is approved by Hon'ble Commission must use for calculation of and the same was submitted in Format-5. Summary of Transmission charges is as follows:

Particulars	FY 2025-26 (Claimed by DISCOM)	FY 2026-27	
		Claimed by SBPDCL	Based on 5% escalation
SLDC	15.06	15.60	15.81
BGCL	175.02	181.28	183.77
BSPTCL	835.43	865.33	877.20
POSOCO	0.18	0.18	0.19
PGCIL	870.61	901.77	914.14
TGNA	75.75	78.46	79.54
Total	1972.05	2042.62	2070.65

69) Accordingly, PFI requests the Hon'ble Commission to consider Rs. 2043 Cr. as Transmission Charges. The additional Transmission charges, as claimed by DISCOM, should be borne by Govt. of Bihar in the form of subsidy.

O. Operation & Maintenance Expenses

70) SBPDCL has claimed Rs. 618.95 Cr. as Rental Charges under A&G Expenses. However, SBPDCL has only submitted the details of Rental charges for Smart Prepaid meter under Phase-I which is of Rs. 165.33 Cr.

71) However, SBPDCL has not submitted the details of smart per-paid meters installed under Phase-II and Phase-III, wherein SBPDCL has booked Rs. 453.62 Cr. In view of above, PFI is requesting the Hon'ble Commission to consider only Rs. 165.33 Cr. as Rental Charges under A&G expenses against the claimed amount of Rs. 618.95 Cr.

72) In view of above, **PFI requests the Hon'ble Commission to consider the O&M Expenses as Rs. 1127.73 Cr.**, which is as follows:

(Rs. Cr.)

Particulars	Claimed by SBPDCL	PFI computation
Employee Cost	846.89	846.89

Particulars	Claimed by SBPDCL	PFI computation
R&M Expenses	393.51	393.51
A&G Expenses	189.93	189.93
Rental charge for Smart Pre-paid Meter	618.95	165.33
Holding company expenses	29.60	29.60
Total	2078.88	1625.26

73) In view of the above, **PFI requests to the Hon'ble Commission to allow O&M Expenses of Rs. 1625 Cr. against the claim of Rs. 2079 Cr.** and the gap should be borne by the State Government in the form of subsidy.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Operation & Maintenance (O&M) Expenses	2,079	1,625	(454)

P. Interest on Working Capital

74) NBPDCL has claimed Interest Rate of 10.38% equivalent to interest rate considered for FY 2024-25 equivalent to weighted average MCLR of the concern Financial Year plus 150 basis points for computation of Interest on Working Capital.

75) However, as per Regulation 26 of the Multi-Year Tariff Regulations 2024, Interest rate should be equal to the State Bank one-year Marginal Cost of Funds-based Lending Rate ('MCLR') as of the date on which petition for determination of tariff is filed plus 150 basis points. As per SBI website, 1-year MCLR rate as on 15/11/2025 is 8.75%. Accordingly, **PFI requests the Hon'ble Commission to consider the Interest rate as 10.25% instead of 10.38% as claimed by SBPDCL.**

Q. Non-Tariff Income

76) SBPDCL has claimed NTI as Rs. 330.44 Cr. and considered Rs. 3.44 Cr. under the head "*Rebate and Discount received*". SBPDCL has not considered the Hon'ble

Commission past practice of considering rebate @1% on total Power Purchase (including Transmission charges) as Non-tariff income.

77) Accordingly, PFI requests the Hon'ble Commission to consider Rs. 157.07 Cr. under the head "*Rebate and Discount received*" and consider NTI as Rs. 484 Cr. against the claim of Rs. 330 Cr.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Non-Tariff Income	330	484	154

R. Hon'ble APTEL Judgement dated 19/12/2024

78) SBPDCL has adjusted the impact of APTEL judgement dated 19.12.2024, amounting to Rs. 5,2856 Cr., in the net Revenue Gap / Surplus for FY 2026-27. The same has been calculated considering Revenue Surplus deduction in ARR of FY 2015-16, i.e. Rs. 1,100 Cr. (Rs. 298 Cr. Surplus based on True-Up for FY 2006-07 to FY 2011-12 + Rs. 802 Cr. Revenue Surplus of FY 2012-13), from FY 2012-13 onwards including carrying cost. The relevant extract from Tariff Petition of FY 2026-27 is as follows:

5.23.8 The Petitioner has estimated an amount of Rs 5,286 Crores along with the carrying cost of APTEL judgement impact till FY 2026-27 as presented below:

Total Revenue Surplus Amount to be recovered from Consumers post the APTEL Judgement RP No. 21 OF 2023 & RP No. 22 OF 2023 dated 19.12.2024- Rs Crores										
Sr. No	Particulars	FY 2012-13 (Rs 298 Crores with CC for full FY + Rs 801.51 Crores with CC for 5 Months)			FY 2013-14			FY 2014-15		
		Bihar	NBPD CL	SBPD CL	Bihar	NBPD CL	SBPD CL	Bihar	NBPD CL	SBPD CL
1	Opening Balance	298	125	173	1,193	501	692	1,369	575	794
2	Opening Balance (BSEB Period 01.04.12 to 31.10.12) after adjusting revenue gap	802	337	465						
3	Carrying Cost (%)	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %	14.75 %
4	Carrying Cost	93	39	54	176	74	102	202	85	117
5	Closing Balance	1,193	501	692	1,369	575	794	1,571	660	911
Sr. No	Particulars	FY 2015-16			FY 2016-17			FY 2017-18		
		Bihar	NBPD CL	SBPD CL	Bihar	NBPD CL	SBPD CL	Bihar	NBPD CL	SBPD CL
1	Opening Balance	1,571	660	911	1,802	757	1,045	2,055	863	1,192
2	Carrying Cost (%)	14.75 %	14.75 %	14.75 %	14.05 %	14.05 %	14.05 %	14.05 %	14.05 %	14.05 %
3	Carrying Cost	232	97	134	253	106	147	289	121	167
4	Closing Balance	1,802	757	1,045	2,055	863	1,192	2,344	985	1,360
Sr. No	Particulars	FY 2018-19			FY 2019-20			FY 2020-21		
		Bihar	NBPD CL	SBPD CL	Bihar	NBPD CL	SBPD CL	Bihar	NBPD CL	SBPD CL
1	Opening Balance	2,344	985	1,360	2,659	1,117	1,542	2,927	1,229	1,698
2	Carrying Cost (%)	13.45 %	13.45 %	13.45 %	10.05 %	10.05 %	10.05 %	8.55 %	8.55 %	8.55 %
3	Carrying Cost	315	132	183	267	112	155	250	105	145
4	Closing Balance	2,659	1,117	1,542	2,927	1,229	1,698	3,177	1,334	1,843

79) Hon'ble APTEL in the said judgement has directed that the said Revenue Surplus is not to be adjusted in the ARR of FY 2015-16. The relevant extract from the APTEL judgement is as follows:

"25. In view of above deliberations, the order of this Tribunal dated 25.10.2018 in APL No.117 of 2017 and APL No.118 of 2017 is modified to the extent as deliberated above and matter is remanded to the State Commission to the limited extent that the Revenue Surplus of previous years i.e prior to re-organisation (01.11.2012) is not to be adjusted from ARR of Review Petitioners for FY 2015-16. However, considering consumer interest, to avoid tariff shock, the State Commission may consider adjustment of such deductions made from ARR of FY 2015-16 in favour of Discoms along with applicable carrying cost spread over certain years in the ensuing tariff orders as permitted under National Tariff Policy 2016. It is but appropriate that the review Petitioners should take up the matter with Government of Bihar for transfer of such Revenue Surplus of the period prior

to re-organisation, so determined by the State Commission, to the Discoms, so that, upon receipt of the same it may be informed to the State Commission, who would be in a position to pass on such benefit to the Consumers in the subsequent Tariff orders issued by State Commission. With the above observations, the review petitions stand disposed of."

80) PFI notes that the impact of the said Revenue Surplus was factored into the Tariff for FY 2015-16 & not before that. Thus, the recovery of the same from the consumers of Bihar happened after 1st April 2015. Therefore, the carrying cost should apply from 1st April 2015. PFI has reworked the Revenue Surplus requirement considering the same, which comes out to be Rs. 3,879 Cr. (at State level).

Particulars	FY 2015-16			FY 2016-17			FY 2017-18		
	Bihar	NBPDCL	SBPDCL	Bihar	NBPDCL	SBPDCL	Bihar	NBPDCL	SBPDCL
Opening Balance	1100	462	638	1262.25	530	732	1440	605	835
Carrying Cost (%)	14.75%	14.75%	14.75%	14.05%	14.05%	14.05%	14.05%	14.05%	14.05%
Carrying Cost	162	68	94	177	74	103	202	85	117
Closing Balance	1262	530	732	1440	605	835	1642	690	952
Particulars	FY 2018-19			FY 2019-20			FY 2020-21		
	Bihar	NBPDCL	SBPDCL	Bihar	NBPDCL	SBPDCL	Bihar	NBPDCL	SBPDCL
Opening Balance	1642	690	952	1863	782	1080	2050	861	1189
Carrying Cost (%)	13.45%	13.45%	13.45%	10.05%	10.05%	10.05%	8.55%	8.55%	8.55%
Carrying Cost	221	93	128	187	79	109	175	74	102
Closing Balance	1863	782	1080	2050	861	1189	2225	935	1291
Particulars	FY 2021-22			FY 2022-23			FY 2023-24		
	Bihar	NBPDCL	SBPDCL	Bihar	NBPDCL	SBPDCL	Bihar	NBPDCL	SBPDCL
Opening Balance	2225	935	1291	2414	1014	1400	2645	1111	1534
Carrying Cost (%)	8.50%	8.50%	8.50%	9.55%	9.55%	9.55%	10.05%	10.05%	10.05%
Carrying Cost	189	79	110	231	97	134	266	112	154
Closing Balance	2414	1014	1400	2645	1111	1534	2911	1222	1688
Particulars	FY 2024-25			FY 2025-26			FY 2026-27		
	Bihar	NBPDCL	SBPDCL	Bihar	NBPDCL	SBPDCL	Bihar	NBPDCL	SBPDCL
Opening Balance	2911	1222	1688	3203	1345	1858	3525	1481	2045
Carrying Cost (%)	10.05%	10.05%	10.05%	10.05%	10.05%	10.05%	10.05%	10.05%	10.05%
Carrying Cost	293	123	170	322	135	187	354	149	205
Closing Balance	3203	1345	1858	3525	1481	2045	3879	1629	2250

81) In view of above, **PFI requests the Hon'ble Commission to consider the impact as Rs. 2250 Cr. For SBPDCL.** The additional impact of Hon'ble APTEL Judgement, as claimed by DISCOM, should be borne by Govt. of Bihar in the form of subsidy.

Particulars	Projected by DISCOM	Proposed by PFI	Difference
Impact of APTEL Judgement	(3065)	(2250)	815

S. SUMMARY

82) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for NBPDCCL is as follows:

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	21,723	21,627	(96)
1a	<i>Less: Un-metered sales over and above the norms</i>		96	
2	Distribution Loss	15.91%	15.91%	0.00%
3	Transmission Loss			
3a	<i>Less: ISTS Transmission Loss not in line with the Commission trajectory</i>	3.62%	3.55%	(0.07%)
4	Power Purchase Cost	13,733	11,931	(1,801)
4a	<i>Less/Add: Power Purchase Cost against unmetered sales over norms</i>		68	
4b	<i>Less: Power Purchase cost considering escalation over FY 2025-26 (Impact of removal of Coal Cess)</i>		1,733	
5	Transmission Charges	2,043	2,043	0
6	Operation & Maintenance (O&M) Expenses (6a+6b+6c)	2,079	1,625	(454)
6a	Employee Expenses	847	847	0
6b	Administrative & General (A&G) Expenses	838	385	(454)
6b-i	<i>Less: Rental charges against Smart Meter</i>		454	
6c	Repair & Maintenance (R&M) Expenses	394	394	0
7	Return on Equity/ Return on Capital Employed (ROE/ROCE)	653	653	0
8	Interest on Loan	787	787	0
9	Interest on Working Capital	14	14	0
10	Other Interest charges	209	209	0
11	Depreciation	547	547	0
12	Gross Aggregate Revenue Requirement (ARR)	20,064	17,808	(2,255)
13	Non-tariff Income	330	484	154
13a	<i>Add: Prompt payment rebate to GENCOs & TRANSCOs equal to claimed for FY 2024-25</i>		154	
14	Aggregate Revenue Requirement (ARR)	19,733	17,324	(2,409)
15	Revenue from Sale of Power	19,771	19,771	0

16	Revenue (Gap)/Surplus	38	2,446	2,409
17	Add: Approved carry forward trued-up revenue (gap)/surplus of previous FY along with carrying cost	1,991	2,960	969
18	Impact of APTEL Judgement	(3,065)	(2,250)	815
19	Additional revenue through proposed Tariff hike and Tariff Rationalization measure proposed by SBPDCL	263	0	(263)
20	Net Revenue (Gap)/Surplus	(773)	3,156	3,930

Note: As per PFI analysis, there is no requirement of Tariff hike as proposed by SBPDCL

83) **In view of above, it is observed that SBPDCL is Revenue Surplus by Rs. 3,156 Cr. instead of deficit as proposed by SBPDCL. Therefore, there is no requirement of Tariff hike as proposed by SBPDCL. PFI requests the Hon'ble Commission to kindly consider the same.** Further, the Govt. of Bihar should provide additional subsidy of Rs. 3,930 Cr., on account of higher claims of SBPDCL as tabulated above, over and above the subsidy decided by Govt. of Bihar for FY 2026-27.

T. Non-compliance of Hon'ble Commission Directives

84) Hon'ble Commission vide its Tariff Order for FY 2025-26 dated 28/03/2025 has issued multiple Directives to the DISCOMs and accordingly directed them to submit the progress reports on Quarterly basis and roadmap with the next Petition.

85) However, it is observed that DISCOMs have not submitted the compliance of the Directives issued by Hon'ble Commission with the Petition.

86) In view of above, PFI requests Hon'ble Commission to direct DISCOMs to share the compliance and the progress reports on their website.

U. ENERGY STORAGE

87) India's evolving energy storage policy framework underscores its commitment to enhancing grid flexibility and supporting renewable energy integration. Since 2019, a robust regulatory ecosystem has been crafted to support energy storage deployment through national initiatives around technical standards, legal frameworks,

transmission charges, Resource Adequacy (RA) planning, market mechanisms, and financial incentives, as well as state-level initiatives.

88) In a significant regulatory development, the MoP clarified Legal Status to ESS on January 29, 2022. The order identifies Energy Storage Systems (ESS) as an essential component of the power system under the Electricity Act of 2003, permitting ESS to function as a standalone or integrated element within generation, transmission, or distribution networks. The ESS can be operated by various entities, and standalone ESS projects can be licensed independently and granted connectivity under specific rules, encouraging broader ESS applications and ownership models.

89) The Waiver of Inter-State Transmission System (ISTS) Charges for solar, wind (onshore and offshore), and green hydrogen projects was mandated by the Ministry of Power (MoP) on November 23, 2021, with subsequent amendments in November 2021, December 2022, May 2023, June 2023 & June 2025. The relevant extract is as follows:

“

a) ISTS charges waiver for Hydro PSP Projects for which the construction work has been awarded on or before 30th June 2028 shall be 100%.

b) ISTS charges waiver for co-located Battery Energy Storage System (BESS) Projects commissioned on or before 30th June, 2028 shall be 100%, if the power from such BESS projects is consumed outside of the state, where such BESS project is commissioned.

Provided that a BESS project shall be considered as co-located, if the BESS and RE projects are connected at the same ISTS sub-station.

c) There will not be any ISTS charges waiver for Hydro PSP Projects, for which the construction work awarded after 30th June, 2028 and for co-located BESSs commissioned after 30th June, 2028.

d) For BESS projects which are not co-located, the ISTS charges waiver shall be as per the extant orders issued by the Ministry of Power and CERC Regulations.”

90) The Central Electricity Authority (CEA) on 28/06/2023, has established RA planning guidelines at both national and state levels, an important step forward, and has

recently come up with state-wise RA reports with up to 5-year or 10-year RA projections. The CEA Resource Adequacy guidelines also outline a framework for incorporating ESS in RA planning.

91) Recent national and state government policies have begun to lay a foundation that will support ESS deployment and its integration into RA planning and procurement, electricity markets, and system operations.

92) The CEA in its Report for Resource Adequacy Plan¹ for the State of Bihar for the period from FY 2025-26 to FY 2035-36 has identified that:

- Bihar is likely to witness an energy deficit ranging from 113 MU to 1653 MU in different years from 2027-28 to 2029-30 and in FY 2035-36 with the existing and planned capacity addition.
- Bihar is projected to face unserved energy in the coming years and will need to contract additional solar, wind and storage capacities beyond those already planned. In addition to the existing and already planned contracts, Bihar needs to tie up approximately 10,000 MW of solar-based capacity, 4000 MW of wind-based capacity and **5000 MW of Storage (PSP or BESS) by 2035-36**. The year-wise Storage capacity requirement is as follows:

Year	Storage (PSP/BESS) (MW)	
	Planned Contracts	Additional Requirement
FY 2025-26	115	0
FY 2026-27	50	1200
FY 2027-28	125	0
FY 2028-29		0
FY 2029-30		363
FY 2030-31		406
FY 2031-32		0
FY 2032-33		509
FY 2033-34		1126
FY 2034-35		1200
FY 2035-36		195
Total	290	5000

¹ https://cea.nic.in/wp-content/uploads/resource_adequacy_st/2025/11/Report_on_Resource_Adequacy_Plan_Generation_for_Bihar_Utto_2035_36-1.pdf

93) Further, it is observed that NBPDCCL has projected only 69 MW (21 MW- BESS & 48 MW – PSP) in FY 2026-27 Power Purchase Quantum and Cost. However, CEA has projected additional requirement of 1200 MW Storage capacity in FY 2026-27.

94) It is also observed that Hon'ble Commission has approved procurement of 500 MWh for 12 years at Rs. 4,44,000 /MW/Month vide its Order dated 28/07/2025.

95) Standalone and co-located ESS can play an important role in meeting RA requirements under India's emerging RA framework. Going forward, state-level RA frameworks need to be closely aligned with long-term planning and resource procurement processes to support cohesive implementation.

96) **In view of the above, PFI submits that Energy Storage is an effective tool for Energy arbitrage for DISCOMs in optimization of their Power Purchase Cost. For instance, in BESS, Batteries can be charged in the off-peak hours and can be discharged in Peak hours, thus, avoiding reliance of DISCOMs on high-cost short term Power from markets or not scheduling the high-cost Power Plants. With steep reduction in Battery prices and active participation by various companies, Bihar DISCOMs necessitates to also consider Energy Storage as part of their Power Procurement Planning in line with Resource Adequacy Planning formulated by CEA for Bihar.**

V. PM Surya Ghar – Muft Bijli Yojna and Demand Side Management

97) PM Surya Ghar: Muft Bijli Yojana, the world's largest domestic rooftop solar initiative, is transforming India's energy landscape with a bold vision to supply solar power to one crore households by March 2027. By March 2025, installations under the scheme are expected to exceed 10 lakh, with the numbers doubling to 20 lakh by October 2025, reaching 40 lakh by March 2026, and ultimately achieving the target of one crore by March 2027. The scheme is projected to add 30 GW of solar capacity

² <https://pib.gov.in/PressReleasePage.aspx?PRID=2081250>

through rooftop installations in the residential sector, significantly contributing to India's renewable energy goals.

- 98) Through this rooftop solar scheme many domestic consumers will have Net metering connections which will have a sizeable impact on the domestic category sales. However, in the Tariff Petition for ARR of FY 2026-27, it is noted that none of the DISCOMs have submitted any proposal related to **PM Surya Ghar – Muft Bijli Yojna**.
- 99) Further, the DISCOMs have also not submitted any proposal related to **Demand Side Management (DSM) initiatives**. DSM is a strategic approach to energy conservation that seeks to manage consumer demand for energy rather than simply supply it. It is a coordinated set of activities and programs undertaken by electric utilities, developers, government agencies, and end-use customers to ensure that electric power service can be delivered to consumers at the lowest cost consistent with reliable supply. DSM also seeks to promote energy conservation and peak load reduction through voluntary or mandatory actions taken by the above-mentioned participants.
- 100) In view of above, PFI submits that Sales forecast for DISCOMs in ARR of FY 2026-27 may be done considering the impact of **PM Surya Ghar – Muft Bijli Yojna and Demand Side Management (DSM) initiatives**.

PRAYERS BEFORE HON'BLE BERC:-

- 1) To consider the comments / suggestions of Power Foundation of India (PFI) on ARR & Tariff Petition of Bihar DISCOMs.
- 2) To initiate proceedings under Section 142 of the Electricity Act 2003 related to non-adherence of Hon'ble Commission repeated directions for metering unmetered Sales and violation of Ministry of Power (GoI) Rules.
- 3) To reduce Power Purchase Cost against the unmetered sales of Street-light service over and above the Hon'ble Commission norms for energy consumption for various un-metered categories. Inefficiencies of Bihar DISCOMs should not be allowed to pass through to the end consumers and the Govt. of Bihar should bear the same in the form of subsidy.
- 4) To impose penalty on DISCOMs for non-compliance of Hon'ble Commission RPO Trajectory.
- 5) To consider the proposal of PFI for allowing O&M Expenses equal to lower of the expenses as per norms approved by the Hon'ble Commission and the expenses as per Audited Accounts.
- 6) To reduce the DSM charges as claimed by the DISCOMs.
- 7) The inefficiencies of Bihar DISCOMs should not be allowed to socialize to consumers at large rather it should be borne by Government of Bihar by providing revised subsidy of Rs 16,932 Cr. instead of booked subsidy of Rs. 15,405 Cr. for FY 2024-25. Further, Govt. of Bihar should provide additional subsidy of Rs. 6,984 Cr. on account of higher claims of DISCOMs, over and above the subsidy to be decided by Govt. of Bihar for FY 2026-27.
- 8) To not allow any Tariff Hike as proposed by DISCOMs.
- 9) To direct DISCOM to consider Energy Storage as part of their Power Procurement Planning in line with Resource Adequacy Planning formulated by CEA for Bihar.
- 10) To consider the additional submissions, if any, made by PFI for Bihar DISCOMs Tariff Petition for ARR & Tariff of FY 2026-27.