

No. PFI/Prog/RERC /2026/002

Dated: 06 January 2026

To,

The Secretary

Rajasthan Electricity Regulatory Commission
Vidhyut Viniyamak Bhawan, Sahakar Marg
Near State Motor Garage
Jaipur, Rajasthan- 302001

Subject: PFI Comments - Rajasthan DISCOM's True-up FY 2024-25 and ARR FY 2026-27

Ref: RERC inviting Comments on DISCOM's True-up petition for FY 2024-25 and ARR/Tariff
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 concerned stakeholders.

With reference to above, PFI has analyzed True-up Petitions for FY 2024-25 & ARR / Tariff Petitions for FY 2026-27 filed by Rajasthan DISCOMs - Jodhpur Vidyut Vitran Nigam Limited (JdVVNL), Jaipur Vidyut Vitran Nigam Limited (JVVNL) and Ajmer Vidyut Vitran Nigam Limited (AVVNL) before Rajasthan Electricity Regulatory Commission (RERC). Our comments/ suggestions on the said Tariff Petitions are enclosed herewith for your consideration as *Annexure-I, II & III*.

The comments have also been emailed to secyrerc@rajasthan.gov.in & rercjpr@yahoo.co.in. We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

Warm Regards,

Encl: Annexure – I, II & III**Copy to:**

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

Yours Sincerely,


Anshuman Srivastava
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ANNEXURE-II**PFI Comments/Suggestions: AVVNL True-Up Petition FY 2024-25**

- 1) PFI is a Policy Research and Advocacy entity, a registered society under the aegis of the Ministry of Power, Government of India, and supported by leading Central Power Sector Organizations, to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and stakeholders concerned with the Power Sector.
- 2) Hon'ble Rajasthan Electricity Regulatory Commission (RERC/Commission) has sought comments / suggestions from various stakeholders on the Tariff Petition filed by Ajmer Vidyut Vitran Nigam Limited (AVVNL) on True-Up of FY 2024-25. PFI has reviewed and analyzed the said Tariff Petition, and our comments / suggestions are as follows:

A. COLLECTION EFFICIENCY

- 3) It is observed that as per Audited Accounts of FY 2024-25, Govt. consumers have **pending dues of Rs. 259 Cr.** and Govt. of Rajasthan has not disbursed **subsidy of Rs. 1,698 Cr. during the year** (out of booked subsidy of Rs. 8,127 Cr.), this resulted in lower collection efficiency of DISCOM.
- 4) Such dues put additional financial burden on the DISCOM in the form of short-term loan leading at higher Interest Rate. Since, these two components are attributable to Govt. of Rajasthan, therefore the State Govt. should bear the burden so that the same is not 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.
- 5) Accordingly, PFI has recomputed the collection efficiency and Revenue as follows:

| Particulars | Claimed by DISCOM | Proposed by PFI |
|--|-------------------|-----------------|
| Dues of Govt. departments (Rs. Cr.) | - | 259 |
| Pending subsidy from Govt. of Raj. (Rs. Cr.) | - | 1698 |
| Collection Efficiency | 98.32% | 107.52% |
| Revenue (Rs. Cr.) | 20,926 | 22,883 |

- 6) In view of above, PFI requests the Hon'ble Commission to consider Revenue as Rs. 22,883 Cr. for FY 2024-25 after factoring in Govt. Department Dues & Unpaid Subsidy during the Year. The increase in revenue is on account of Govt. of Rajasthan and hence should be borne by the GoR in the form of additional subsidy of Rs. 1,957 Cr.

B. NO BIFURCATION OF TRANSMISSION LOSSES

- 7) AVVNL has not submitted the bifurcation of Transmission losses i.e. Inter and Intra state losses, in True-Up Petition for FY 2024-25 and have claimed combined Transmission losses of 8.79% for FY 2024-25. However, Hon'ble RERC in True-Up order of FY 2023-24 in Tariff Order dtd. 18/09/2025 directed the DISCOM to keep separate account of interstate and intrastate losses and give bifurcation in next True Up Petition, failing which the Commission may also impose a penalty apart from disallowing the excess transmission losses. Relevant extract of the said Tariff Order is as follows:

*"3.132 The Discom has furnished total transmission losses (inter and intra state) in MUs terms, therefore, to segregate the same, the Commission has used the intrastate losses of 4.33% based on RVPN true up order for FY 2023-24 and the interstate transmission losses of 3.56% based on 52 Weeks average of All India transmission Losses as discussed in previous paras. **Discom is again directed to keep a separate account of interstate and intrastate losses and give bifurcation while filing next true up petition. Failing which the Commission may also impose a penalty apart from disallowing the excess transmission losses.**"*

- 8) As above, Hon'ble Commission may kindly impose a penalty on AVVNL as it has not submitted the bifurcation of Transmission losses, Inter and Intra, in True-Up Petition for FY 2024-25 and have claimed combined Transmission losses of 8.79% for FY 2024-25. In the absence of bifurcation of transmission losses it becomes difficult to ascertain if higher transmission losses are attributable to the CTU or to the STU.

C. HIGHER POWER PURCHASE COST

C.1 Imprudent Power Purchase Planning

- 9) AVVNL has procured a huge quantum of short-term energy through short-term sources (2,976 MU exchange + 350 Bilateral) – 3,326 MU (~10% of total power purchase quantum). Short-term purchase from the exchanges is at the rate of Rs. 5.18/kWh.

However, the Hon'ble Commission in ARR of FY 2024-25 in Tariff Order dtd. 26/07/2024 approved only 2,017 MU at the rate of Rs. 4.89/kWh. Such huge dependence on short-term arrangement which is volatile in nature and too costly reflects unwise/imprudent power procurement planning of AVVNL.

10) AVVNL has purchased 350 MU from Bilateral sources at a very high rate of Rs. 6.91/kWh. No Bilateral Purchase was approved in the ARR Order for FY 2024-25. Details have not been provided on whether prior approval of these sources was sought from the Commission.

11) It is further noted that AVVNL in FY 2024-25 has procured Power from costlier sources despite availability of cheaper sources of Power. AVVNL has not adopted the principles of Merit Order Despatch and has also deviated from the approved Power Purchase while procuring such costlier Power in FY 2024-25. The details are as follows:

Table 1: Power Purchase Cost Calculation

| Source | Power Purchase Quantum (MU) (Approved) | Power Purchase Quantum (MU) (Claimed) | Power Purchase Cost (Rs. Cr.) (Claimed) | Unit rate (Rs./kWh) (Claimed) |
|------------------------------------|--|---------------------------------------|---|-------------------------------|
| Costlier Power Purchase | | | | |
| Adani Enterprises Ltd. | 0 | 108 | 74 | 6.84 |
| NVVN Bilateral | 0 | 27 | 18 | 6.80 |
| PTC India Ltd. | 0 | 127 | 88 | 6.91 |
| TATA Power Trading Co. Ltd. | 0 | 50 | 36 | 7.10 |
| Power Pulse Trading Solutions Ltd. | 0 | 37 | 26 | 6.93 |
| Total | 0 | 350 | 242 | 6.91 |
| Approved vis-à-vis claimed | | 350 | | |
| Cheaper Plants | | | | |
| Sasan Power Ltd. | 879 | 799 | 120 | 1.51 |
| SKS Energy | 240 | 24 | 7 | 2.88 |
| Khurja | 284 | 55 | 27 | 4.89 |
| Total | 1403 | 878 | 154 | 1.75 |
| Approved vis-à-vis claimed | | (525) | | |

12) Regulation 78 of RERC (Terms and Conditions for the determination of Tariff) Regulations, 2019, specifies the Regulatory provisions for Power Purchase Cost by the DISCOMs. Relevant extracts of the said Regulations are as follows:

“78. Power Procurement Cost

(1) The Distribution Licensee shall procure electricity in accordance with provisions of the Regulations made by the Commission in this regard....”

- 13) Further, RERC (Power purchase & procurement process of distribution licensee) Regulations, 2004, stipulates the following, with regard to competitive Power procurement by the DISCOM:

“4 Criterion for Power Purchases

...

(2) The criterion of power purchase will in general follow the principle of least cost commensurate with power system stability, system voltage, frequency profile and system losses.

(3) While effecting power purchases, generation of electricity at zero cost shall get preference.

...

7 Power purchase arrangements or agreements

Any new power purchase arrangement or agreement and amendments to existing Power Purchase Agreement (PPA) entered into by distribution licensee(s), shall be subject to the Commission scrutiny (after execution) under section 86 of the Act, in respect of:

(a) Necessity.

(b) Reasonability of cost.

(c) Promoting efficiency, economy & equitability & competition.

(d) Conformity with regulations for investment approval.

(e) Conformity with requirements of quality, continuity and reliability of supply.

(f) Conformity with safety and environmental standards.

(g) Conformity with criterion of power purchase as laid down by the Commission.

(h) Conformity with policy directives of the State Government and National Power policies.”

- 14) As per the Regulatory provisions, as shown above, the Power Purchase Cost shall be on least cost basis. In view of above, it may be prudent for Hon’ble RERC to not consider the Power from such costly bilateral sources if not approved in-principally by the Commission.

- 15) **As observed from above, by considering the Power Purchase Cost as per the Regulatory provisions, the savings through optimized Power Purchase would be Rs. 242 Cr. PFI requests Hon’ble RERC to determine the Power Purchase Cost for FY 2024-25 as per the Regulatory provisions stipulated for Power Purchase and reduce Rs. 242 Cr. on account of costlier Power Purchase procured not following the approved Power Purchase sources. The same amount can not be socialized to the consumers of Rajasthan and rather may be borne by the Govt. of Rajasthan in the form of Subsidy.**

- 16) **Further, PFI observes that AVVNL has not submitted monthly reports certified by SLDC that Merit Order Despatch principle has been followed in true spirit while scheduling the Power from various Generating Stations. Therefore, PFI requests Hon'ble Commission to direct AVVNL to submit the details along with certification from Rajasthan SLDC that MoD has been followed in true letter and spirit.**

D. RENEWABLE PURCHASE OBLIGATION TARGET

17) AVVNL in True-Up Petition of FY 2024-25 has not given the summary of Renewable Purchase Obligation (RPO) Compliance of FY 2024-25. RERC (Renewable Energy Obligation) (Seventh Amendment) Regulations, 2021, provides for the minimum consumption of RPO which is to be followed in toto by DISCOMs.

18) PFI notes that the Government of India (GoI) has set a target of non-fossil energy capacity of 500 GW by 2030 and a target of achieving 50% of the cumulative electric power installed capacity from non-fossil fuel-based sources by 2030¹. These targets also contribute to India's long-term goal of reaching net-zero emissions by 2070. Over the last few years India has experienced significant development in the Renewable Energy (RE) Sector. Progressive National and State level policies have contributed significantly to this development and this contribution is also fulfilled through RPO targets specified by State Electricity Regulatory Commissions (SERCs) under Section 86 (1) (e) of the Electricity Act, 2003.

19) It is pertinent to note that **RERC (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) (First amendment) Regulations, 2016**, stipulates penalty in case of shortfall in the meeting the specified RE targets. Relevant extract of the said RERC Regulations is as follows:

“(d) The obligated entities in default shall pay, by 30th November of the Assessment Year, the RPO charge assessed equivalent to the product of shortfall and forbearance price of solar or non-solar REC, as applicable on 31st March of the relevant Financial Year, to a separate account maintained by the State Agency. All sums received by the State Agency shall be paid to STU for crediting in a fund created and maintained by the STU within one month from the last day of the month in which such sums are received.

¹ Press Information Bureau

<https://pib.gov.in/PressReleaseframePage.aspx?PRID=2073038#:~:text=As%20part%20of%20the%20updated,fuel%20sources%20by%202030%2C%20and>

Provided that the fund so created shall be utilized by STU for development of transmission infrastructure for evacuation of power from Renewable Energy generating stations or promoting renewable energy sources as approved by the Commission for which the STU shall submit the proposal(s)."

20) As above, the RERC RPO Regulations provides for depositing the amount in lieu of Shortfall of RPO @ forbearance price of solar or non-solar REC, as applicable on 31st March of the relevant Financial Year.

21) **In view of above, PFI requests Hon'ble RERC to impose penalty in lieu of RPO Shortfall of AVVNL, if any. Such deposits in RPO Fund may be reduced from the ARR of FY 2024-25.**

E. OPERATION & MAINTENANCE EXPENSES

E.1. A&G EXPENSES – CONSULTANCY CHARGES

22) It is observed that Consultancy Charges have grown tremendously from FY 2023-24 to FY 2024-25. Relevant extract from the audited accounts is as follows.

| Particulars | Account Code | For the year ended 31st March 2025 | For the year ended 31st March 2024 |
|---|-----------------------|---------------------------------------|---------------------------------------|
| Administrative and Other Expenses: | | | |
| Rent, Rates & Taxes | 76.101-76.102 | 422.23 | 275.65 |
| Insurance | 76.104-76.107 | 8.74 | 12.79 |
| Security Service Charges | 76.108 | 3,873.53 | 3,278.83 |
| Insurance of Vehicles (other than Car & Jeep) | 76.109 | 1.73 | 3.36 |
| Insurance of Money in Transit | 76.110 | 51.89 | 52.62 |
| Insurance of Material Lying in Stores | 76.115 | 36.22 | 40.91 |
| Telephone, Telex & EPABX Expenses | 76.111, 76.113 | 547.05 | 517.88 |
| Postage & Telegram | 76.112 | 35.34 | 45.82 |
| Legal Charges, Technical Fees | 76.121 | 220.19 | 235.19 |
| Consultancy Charges & Technical fees | 76.123, 76.124 | 946.68 | 565.95 |
| Other Professional Charges/fees | 76.116-120, 76.125 | 89.59 | 138.88 |
| Retainership Expenses of ex-employees | 76.126 | 18.31 | 38.88 |
| Travelling Exp. - Actual Fare & Others | 76.131-76.134 | 1,241.16 | 1,409.47 |
| Hiring of Vehicle | 76.135, 76.137 | 1,688.60 | 1,741.64 |
| Vehicle Running Expenses | 76.136 | 768.63 | 805.93 |
| Registration of Motor Car and Jeep | 76.138 | 0.83 | 0.69 |
| Power Expenses for Administration | 76.158 | 628.56 | 541.96 |
| Annual Maintenance of Software | 76.188 | 29.93 | 99.45 |
| Assets Usage Charges | 76.198 | 484.23 | 1,199.06 |
| Other Miscellaneous Expenses | 76.139-76.199, 79.533 | 16,416.08 | 12,944.46 |
| Freight & Material Related Expenses | 76.210-76.281 | 3,800.07 | 3,054.20 |
| Advertisement Exp. | 76.260 | 20.63 | 34.38 |
| Consumer Awareness | 76.320 | 97.68 | 0.15 |
| | | 31,438.88 | 27,015.61 |
| Less: Administration and other expenses capitalized | 76.900 | (4,471.32) | (3,697.65) |
| SUB TOTAL(A) | | 26,967.56 | 23,317.96 |

23) Consultancy Charges rose from Rs. 5.56 Cr. in FY 2023-24 to Rs. 9.47 Cr. in FY 2024-25. No detailed explanation has been provided for this tremendous jump. PFI has reworked the Consultancy Charges as follows.

| Particulars | FY 2023-24 (Rs. Cr.) | FY 2024-25 (Rs. Cr.) |
|-----------------------------------|-------------------------|-------------------------|
| Consultancy Charges | 5.56 | 9.47 |
| Total A&G | 270 | 314 |
| A&G w/o Consultancy Charges | 265 | 305 |
| Growth Rate | | 15.24% |
| Consultancy Charges to be allowed | | 6.41 |

- 24) **PFI requests Hon'ble RERC to direct the DISCOM to submit detailed explanation for the same and in the meantime, provisionally allow only Rs. 6.41 Cr. of Consultancy Charges.**

F. DEPRECIATION NOT AS PER REGULATORY PROVISIONS

- 25) AVVNL has claimed Rs. 1,119 Cr. of Depreciation in True-Up petition of FY 2024-25, however, Hon'ble RERC in ARR Order for FY 2024-25 approved Rs 701 Cr. of Depreciation.

- 26) PFI has observed that AVVNL has erred in computing Depreciation and has considered the Depreciation as per the Audited Accounts (Note:30). AVVNL has not considered the opening GFA 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 for FY 2024-25 same as closing GFA for FY 2023-24 approved by Hon'ble Commission in True-Up of FY 2023-24, as tabulated below:

| Particulars | FY 2024-25 |
|---|------------|
| Depreciable assets at the beginning of the year (closing balance of True up FY 2023-24) | 14396 |
| Capitalization during the year (Form 3.10) | 1893 |
| Closing balance of GFA | 16289 |
| Average depreciable assets during the year | 15343 |
| Average depreciation rate (as approved) | 4.43% |
| Depreciation for FY 2024-25 | 680 |

- 27) **In view of above, PFI requests the Hon'ble Commission to allow Depreciation as per the Regulatory principles adopted by Hon'ble RERC. So, Rs. 680 Cr.**

may be allowed by the Hon'ble Commission as against Rs. 1,119 Cr. claimed by AVVNL.

G. OTHER DEBITS

G.1 COMPENSATION FOR INJURIES, DEATH AND DAMAGES

28) PFI notes that AVVNL has claimed Rs. 16.76 Cr. (15.29+1.47 Cr.) as Compensation for Injuries, Death & Damages (Table-19 of the True-Up Petition).

Table 19: Other Debits and prior period expenses during FY 2024-25 (Rs. Cr.)

| S. No. | Particulars | Amount (Rs. Cr.) |
|--------|---|------------------|
| 1 | Shortage on Physical verif. of stocks | 0.28 |
| 2 | Compen.for Inju.,Death & Damage-Staff | 1.47 |
| 3 | Compen.for Inju.,Death & Damage-Outsiders | 15.29 |
| 4 | Loss on obsolescence of fixed assets | 41.48 |
| 5 | Loss due to theft of assets | 7.02 |
| 6 | Provision for Loss of cash | 1.46 |

29) However, PFI observes that Section 57 (2) and Section 59 (1) of the Act focus on two key points i.e., Compensation and Furnishing Case-wise information. Relevant sections are as follows:

“Section 57. (Consumer Protection: Standards of performance of licensee):

(1) *The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.*

(2) *If a licensee fails to meet the standards specified under sub-section (1), without prejudice to any penalty which may be imposed or prosecution be initiated, he shall be liable to pay such compensation to the person affected as may be determined by the Appropriate Commission:*

Provided that before determination of compensation, the concerned licensee shall be given a reasonable opportunity of being heard....”

Section 59. (Information with respect to levels of performance):

(1) *Every licensee shall, within the period specified by the Appropriate Commission, furnish to the Commission the following information, namely:-*

(a) *the level of performance achieved under sub-section (1) of the section 57;*

(b) *the number of cases in which compensation was made under subsection (2) of section 57 and the aggregate amount of the compensation.”*

- 30) Conjoint reading of Section 57 & Section 59 leads to the conclusion that DISCOMs need to submit case-by-case details to the Commission and the Commission will determine the compensation only after going through the merits of each case.
- 31) Further, Hon'ble APTEL vide its Judgment dated 27/09/2012 in Appeal No.141 of 2012 provided clarification of Section 57(2) stating that SERCs will determine compensation on a case-by-case basis after analyzing the failure in meeting standard of performance and other details, relevant extract from said judgement is as follows:
- "Section 57(2) provides for a case-by-case determination of compensation. Such compensation has to be paid to the affected person. This will make it clear that the State Commission will have to determine on the basis of allegation that a particular standard of performance had been violated, as to how and what extent the person has been affected due to such violation."*
- 32) PFI observes that AVVNL has not submitted any details or reference of communications forwarded to the Hon'ble Commission w.r.t. electrical accidents and action taken and have only claimed the compensation amount in the Petition.
- 33) It is pertinent to note that all penalties and compensation payable by the DISCOM to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., should not be allowed to be recovered through the Aggregate Revenue Requirement.
- 34) **In view of above, PFI proposes the Hon'ble Commission to direct DISCOMs to submit case-by-case reason of accident and allow pass through of compensation only in cases where the reason is not attributable to the DISCOM.**

G.2 LOSS DUE TO THEFT OF FIXED ASSET

- 35) AVVNL has claimed Rs. 7.02 Cr. in other debits on account of loss due to theft of fixed asset.
- 36) It is submitted that Hon'ble RERC approves insurance as part of the ARR & hence any loss due to theft can be claimed under this insurance.

37) Further, Hon'ble RERC in True-Up Order for FY 2023-24 dtd. 18/09/2025 did not allow any expense due to theft of fixed assets. Relevant extract from the said Order is as follows.

"3.94 Since the Commission has allowed the insurance charges, therefore the claim on account of loss due to theft of Fixed Assets of Rs. 2.77 Crore is not considered by the Commission."

38) **In view of above, PFI requests the Hon'ble Commission to reduce Rs. 7.02 Cr. of losses due to theft of fixed asset from Other Debts.**

G.3 EXPENDITURE FOR DPS/LPS WAIVED OFF

39) PFI further notes that AVVNL has claimed Rs. 336.74 Cr. of Rebate Allowed to consumers which includes Rs. 16.95 Cr. of DPS/LPS waived off (Table-15 of the True-Up Petition & Note 25 of Audited Accounts).

| | | | |
|--|---------------|------------------|------------------|
| Rebates Allowed to Consumers: | | | |
| Rebate for supply on specific voltage, Rebate on Defective Meter, Incentive on Prompt Payment, Power Factor Incentive, TOD Rebate, Incremental consumption rebate etc. | 78.8XX,79.320 | 31,978.22 | 26,260.82 |
| DPS/LPS Waived off | 78.827,78.828 | 1,695.43 | 1,929.31 |
| SUB TOTAL(C) | | 33,673.65 | 28,190.13 |
| GRAND TOTAL(A+B+C) | | 67,836.07 | 57,683.19 |

40) However, based on RERC Tariff Regulations 2019, Hon'ble Commission does not allow any expenditure on account of DPS/LPS waived off. At the same time, the Commission does not allow any income towards DPS. Relevant extracts of the True-Up Order for FY 2023-24 dtd. 18/09/2025 wherein the Commission did not allow the expenditure on account of DPS/LPS waived off as follows:

*"3.182 AVVNL has shown the rebate allowed to consumers of Rs. 406.60 Crore which is inclusive of LPS/DPS waiver of Rs. 64.09 Crore and rebate of defective meters of Rs. 5.41 Crore. As, the Commission has not considered impact of DPS from consumers in the truing up of ARR as per Regulation 36 of RERC Tariff Regulations, 2019, hence the rebate given on this account is also not being considered to be passed on in the ARR. **Therefore, the expenditure on account of waiver of LPS/DPS of Rs. 64.09 Crore is also not considered by the Commission.** Further, Discom has shown rebate of Defective meter of Rs. 5.41 Crore which is also not considered in this order as it is the duty of the Discom to keep the meters correct and replace defective meters within the specified time."*

- 41) In view of above, PFI requests the Hon'ble Commission to reduce Rs. 16.95 Cr. of DPS/LPS waived off from Other Debits as per the Regulatory principles.

G.4 PRIOR PERIOD EXPENSES

- 42) PFI has observed that AVVNL has claimed Rs. 182.35 Cr. of Prior Period Expenses in FY 2024-25. Break up of Prior Period expenses from Note 27 of the Audited Accounts of AVVNL for FY 2024-25 is as follows:

| Particulars | Account Code | For the year ended 31st March 2025 | For the year ended 31st March 2024 |
|--|--------------|------------------------------------|------------------------------------|
| 1. Income relating to previous year : | | | |
| Receipt from Consumers | 65.200 | 19,737.18 | (3.66) |
| Interest Income pertains to previous years | 65.400 | (1.28) | - |
| Excess Provision for Depreciation | 65.600 | 347.32 | 0.53 |
| Other Excess Provision | 65.800 | 231.99 | 0.39 |
| Other Income | 65.900 | 0.01 | (0.29) |
| Total (A) | | 20,315.22 | (3.03) |
| 2. Prior period expenses/loss : | | | |
| Short Provision for P.P. in Previous Years | 83.100 | 754.10 | 14,088.20 |
| Operating Expenses | 83.300 | 1,272.61 | 265.01 |
| Employee Cost | 83.500 | 3.50 | (0.62) |
| Depreciation under Provision | 83.600 | 22.62 | 230.40 |
| Interest and Financial Charges | 83.700 | 2.67 | 1,477.40 |
| Administration Expenses | 83.820 | 24.68 | (76.67) |
| Total (B) | | 2,080.18 | 15,983.72 |
| Grand Total (A-B) | | 18,235.04 | (15,986.75) |

- 43) As above, AVVNL has claimed Prior Period expenses pertaining to employee cost, depreciation, Interest and Finance Charges and administrative expenses summing to Rs. 0.53 Cr. PFI has observed that Hon'ble RERC in True-Up of FY 2024-25 in Tariff Order dtd. 18/09/2025 did not allow Prior Period expenses pertaining to operation expenses, employee cost, depreciation, administrative expenses on the basis that such expenses are already approved by the Commission. Relevant extracts of the True-Up Order for FY 2024-25 where the Commission did not allow such expense are as follows:

“3.172 While carrying out the true up of any financial year, the Commission allows the employee cost, depreciation, interest and finance charges and administrative and general expenses as per Tariff Regulations. Hence, expenses of Rs. 12.14 Crore on account of above expenses as shown in AVVNL audited accounts is disallowed as prior period expenses as the Commission has already approved the above expenses in the earlier true up orders as per the norms specified in the Tariff Regulations.”

- 44) **In view of above, PFI requests Hon'ble RERC to consider reducing Rs. 0.53 Cr. from the Prior Period expenses of AVVNL for FY 2024-25.**

H. NON-TARIFF INCOME – FINANCING COST OF LPSC

- 45) PFI observes that as per RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019 LPSC is not considered part of NTI. Relevant extract of the Regulations is as follows.

“36. Non-Tariff Income (1) All revenues including but not limited to transformer rent, income from fixed deposit/ statutory investment(s), income from rent on land/buildings, income from sale of scrap, income from sale of ash/rejected coal, income from advertisement, Interest on advances to suppliers/contractors, etc., shall be considered as Non-Tariff Income:

Provided that Late Payment Surcharge and Interest on Late Payment earned by the Generating Company or the Licensee shall not be considered under Non-tariff Income.”

- 46) However, Hon'ble APTEL in its judgment dtd. 28/11/2013 in Appeal Nos. 14 of 2012 in the matter of NDPL Vs DERC has decided that LPSC received by DISCOMs from the consumers shall be treated as NTI and its Financing Cost has to be allowed by Commission. Relevant extract of the said Judgment is as follows:

“131. The Submissions made by the Appellant on this Issue are as under:

- a) LPSC is levied on consumers who pay their bill after the due date. LPSC received by the distribution licensee is treated as Non-Tariff Income under Regulation 5.23 of the MYT Regulations and the same is deducted to arrive at the ARR. Regulation 5.23 provides as follows:*
- b) “5.23. All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to licenses business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee.”*
- c) This Tribunal in Appeal No. 153 of 2009 has held that the distribution licensee is entitled to the cost of financing the entire outstanding principal amount that attracts LPSC at prevalent market lending rates....*

...

133. Let us see the findings of the Delhi Commission in the impugned order which reads as under:

Table 144: Funding of LPSC (Rs Cr)

| Particular | FY 2009-10 |
|--|-------------------|
| LPSC Collected (@ 18%) | 16.09 |
| Principle amount on which LPSC was charged | 89.39 |
| Interest Rate for funding of Principle of LPSC | 9.5% |
| Interest approved on funding of Principle amount of LPSC | 8.49 |

135. The Appellant has submitted that the financing of LPSC is required to meet the requirements of working capital. Delhi Commission has submitted that allowing financing cost for LPSC means allowing of additional working capital for the time period between the due date and the actual date of payment. Hence, financing cost of LPSC has to be at the same rate as that approved for working capital funding. The view taken by the Delhi Commission is correct and need not be interfered with.

136. Accordingly decided against the Appellant.”

47) Based on the above, PFI requests Hon’ble RERC to consider LPSC as part of Non-Tariff Income, netting off the Financing cost associated with the same. PFI based on the methodology shown in the aforementioned APTEL Judgement has computed NTI, as shown below:

| Particulars | FY 2024-25 |
|--|-------------------|
| LPSC as per Accounts | 134 |
| Principal Amount on which above LPSC was levied @18% | 744 |
| WC Rate of DISCOM | 11.95% |
| Financing Cost of LPSC | 89 |
| Net LPSC in NTI | 45 |

48) As above, LPSC for AVVNL has been worked out as Rs. 45 Cr. for FY 2024-25. Basis the judgement of Hon’ble APTEL, PFI requests Hon’ble RERC to consider the same while doing True-Up of FY 2024-25.

I. SUMMARY OF TRUE-UP FY 2024-25

49) As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for AVVNL 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 (MU) | 26860 | 26860 | 0 |
| 2 | Distribution Loss | 7.63% | 7.63% | |
| 3 | Collection Efficiency | 98.32% | 107.52% | |
| 3a | <i>Add: Govt. department dues and Outstanding subsidy</i> | | 1,957 | |
| 4 | Power Purchase Cost | 13716 | 13474 | (242) |
| 4a | <i>Less: Excessive Short-term Power Purchase (Bilateral)</i> | | 242 | |
| 5 | Transmission Charges | 1735 | 1735 | 0 |
| 6 | Operation & Maintenance (O&M) Expenses (7a+7b+7c) | 2290 | 2287 | (3) |
| 6a | Employee Expenses | 1575 | 1575 | |
| 6b | Administrative & General (A&G) Expenses | 269 | 266 | |
| 6b-i | <i>Less: Unexplained Spike in Consultancy Charges</i> | | 3 | |
| 6c | Repair & Maintenance (R&M) Expenses | 446 | 446 | |
| 7 | Return on Equity | 0 | 0 | 0 |
| 8 | Interest on Loan | 2919 | 2919 | 0 |
| 9 | Interest on Working Capital | | 0 | 0 |
| 10 | Depreciation | 1119 | 680 | (439) |
| 10a | <i>Less: Opening GFA equal to Closing GFA of FY 2023-24</i> | | 439 | |
| 11 | Other Costs | 227 | 186 | (41) |
| 11a | <i>Less: Comp. for Electrical accident on account of reasons attributable to DISCOM</i> | | 17 | |
| 11b | <i>Less: Loss due to Theft of Fixed Assets</i> | | 7 | |
| 11c | <i>Less: Bad Debts over and above the Audited Accounts</i> | | 0 | |
| 11d | <i>Less: Expenditure for LPS Waived Off</i> | | 17 | |
| 11e | <i>Less: Prior Period Expenses Double Accounting</i> | | 1 | |
| 12 | Aggregate Revenue Requirement (ARR) | 22,006.09 | 21,281 | (725) |
| 13 | Less: Non-Tariff Income | 709 | 754 | |
| 13a | <i>Add: LPSC net of financing cost</i> | | 45 | |
| 14 | Other Income | 2112 | 2,112 | |
| 15 | Net ARR | 19,184.33 | 18,414 | |
| 16 | Revenue from Sale of Power | 20926 | 22,883 | (1,957) |

| Sr. No. | Particulars | Claimed by DISCOM | Proposed by PFI | Difference |
|---------|--|-------------------|-----------------|------------|
| 17 | <i>Add: Subsidy and Govt. Dept. dues</i> | | 1,957 | |
| 18 | Revenue (Gap)/Surplus | 1,741 | 6,425 | (2,682) |

In view of above, 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 Rajasthan in the form of subsidy. **Accordingly, the revised subsidy is of Rs. 10,809 Cr. instead of booked subsidy of Rs. 8,127 Cr. for FY 2024-25 which should be paid by Govt. of Rajasthan to AVVNL.**

PFI Comments/Suggestions: AVVNL ARR Petition FY 2026-27**A. HIGH POWER PURCHASE COST**

- 1) AVVNL has considered an escalation of 2% on energy charge rate of FY 2024-25 & on fixed charges of FY 2024-25 for all generating stations
- 2) It is submitted that the Central Government, vide MoF 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.
- 3) 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. For the power sector, the average reduction is estimated to be around Rs. 260 per tonne, translating into a cut of 17–18 paise per kWh in the cost of generation.
- 4) Therefore, it will not be prudent to escalate the ARR of FY 2026-27 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Rajasthan.
- 5) In view of above, PFI request to the Hon'ble Commission to consider ECR for FY 2026-27 as submitted by AVVNL for FY 2024-25 without any escalation. Further, with respect to increase in Fixed Charge, PFI request to the Hon'ble Commission to consider

the actual Fixed Charge payment considered by JBVNL for FY 2024-25 based on the actuals.

- 6) Moreover, 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.
- 7) PFI has computed the Power Purchase Cost for FY 2026-27 considering energy charge rate & fixed cost the same as FY 2024-25 actuals.

| Sr. No. | Source of Power (Station wise) | PPQ FY 2026-27 (MU) (A) | Fixed Cost of FY 2024-25 (Rs. Cr.) (B) | ECR of FY 2024-25 (Rs./kWh) (C) | Variable Cost (Rs. Cr.) (D)= (C)*(A)/ 10 | Power Purchase Cost proposed by PFI (Rs. Cr.) (E)=(B)+(D) | Power Purchase Cost Claimed (Rs. Cr.) |
|---------|---------------------------------|-------------------------|--|---------------------------------|--|---|---------------------------------------|
| 1 | FGUTTPS -II | 22 | 9 | 3.95 | 9 | 17 | 18 |
| 2 | FGUTPP III | 16 | 6 | 3.94 | 6 | 12 | 12 |
| 3 | FGUTTPS -IV | 65 | 29 | 3.74 | 24 | 53 | 54 |
| 4 | K.H.S.T.P.S. I | 36 | 5 | 3.00 | 11 | 16 | 17 |
| 5 | K.H.S.T.P.S. & II | 201 | 20 | 2.71 | 54 | 74 | 76 |
| 6 | KHPS-I | 167 | 26 | 2.17 | 36 | 62 | 64 |
| 7 | NCTPS 1 | 148 | - | | - | - | 120 |
| 8 | NCTPS 2 | 1 | 2 | 4.76 | 0 | 2 | 2 |
| 9 | RHIND STPS | 188 | 16 | 1.73 | 32 | 49 | 50 |
| 10 | RIHAND II | 243 | 17 | 1.79 | 43 | 60 | 62 |
| 11 | RIHAND III | 276 | 36 | 1.72 | 47 | 83 | 85 |
| 12 | SINGUARLI | 591 | 47 | 1.78 | 105 | 152 | 157 |
| 13 | SINGUARLI-Hydel | 2 | - | 5.04 | 1 | 1 | 1 |
| 14 | TANDA-II STPS | 162 | 35 | 3.20 | 52 | 87 | 89 |
| 15 | NTPC BHADLA-II (Solar) | 109 | - | 5.00 | 54 | 54 | 57 |
| 16 | NTPC NSM-BUNDLED TOTAL | 934 | 76 | 6.93 | 647 | 722 | 395 |
| 17 | NTPC - MEJA | 137 | 36 | 3.10 | 42 | 78 | 85 |
| 18 | SALAL HEP | 40 | 2 | 1.91 | 8 | 10 | 11 |
| 19 | TANAKPUR HEP | 16 | 3 | 3.15 | 5 | 9 | 9 |
| 20 | CHAMERA-I | 181 | 10 | 1.26 | 23 | 33 | 34 |
| 21 | URI HEP | 81 | 5 | 1.66 | 14 | 19 | 21 |
| 22 | CHAMERA-II | 81 | 7 | 1.35 | 11 | 18 | 19 |
| 23 | DHOLIGANGA | 61 | 5 | 1.80 | 11 | 16 | 18 |
| 24 | DULHASTI | 113 | 16 | 2.87 | 32 | 48 | 52 |
| 25 | URI HEP II | 78 | 8 | 3.01 | 24 | 31 | 38 |
| 26 | PARBATI III | 73 | 10 | 1.31 | 10 | 19 | 21 |
| 27 | SEWA II | 26 | 5 | 2.39 | 6 | 11 | 12 |
| 28 | CHAMERA-III | 58 | 9 | 2.09 | 12 | 21 | 23 |
| 29 | KISHANGANGA | 28 | 3 | 2.55 | 7 | 10 | 13 |
| 30 | NATHPA-JHAKRI | 315 | 23 | 1.19 | 38 | 61 | 65 |
| 31 | Rampur | 40 | 12 | 2.52 | 10 | 22 | 24 |
| 32 | SJVNL (Green) | 73 | | | - | - | |
| 33 | NEYVELI LIGNITE CORPORATION LTD | 313 | 71 | 1.01 | 32 | 103 | 103 |
| 34 | NLC (Solar) | 5 | | | - | - | |

| Sr. No. | Source of Power (Station wise) | PPQ FY 2026-27 (MU) (A) | Fixed Cost of FY 2024-25 (Rs. Cr.) (B) | ECR of FY 2024-25 (Rs./kWh) (C) | Variable Cost (Rs. Cr.) (D)= (C)*(A)/ 10 | Power Purchase Cost proposed by PFI (Rs. Cr.) (E)=(B)+(D) | Power Purchase Cost Claimed (Rs. Cr.) |
|---------|--|-------------------------|--|---------------------------------|--|---|---------------------------------------|
| 35 | ARAVALI POWER CO PVT LTD | 28 | 6 | 4.28 | 12 | 18 | 23 |
| 36 | NVVN BUNDLED POWER (TOTAL) | 618 | 70 | 3.87 | 239 | 309 | 316 |
| 37 | COASTAL GUJRAT (36:36:28) | 308 | 67 | 3.69 | 114 | 181 | 183 |
| 38 | ADANI POWER RAJASTHAN LIMITED | 1,841 | 273 | 3.60 | 663 | 936 | 964 |
| 39 | SASAN POWER LTD(36:36:28) | 765 | 12 | 1.32 | 101 | 113 | 118 |
| 40 | KARCHAM WANGTOO (PTC) | 205 | 12 | 1.04 | 21 | 33 | 36 |
| 41 | PTC (DB) | 665 | 147 | 2.01 | 134 | 281 | 287 |
| 42 | PTC (MARUTI) (39:29:32) | 318 | 68 | 2.17 | 69 | 137 | 142 |
| 43 | NAPP | 101 | - | 2.98 | 30 | 30 | 31 |
| 44 | RAPP-I &II | 237 | - | 3.32 | 79 | 79 | 82 |
| 45 | RAPP-III&IV | 299 | - | 3.32 | 99 | 99 | 103 |
| 46 | RAPP-V & VI | 254 | - | 3.93 | 100 | 100 | 104 |
| 47 | RAPP-V | 372 | - | | 183 | 183 | 183 |
| 48 | TEHRI | 137 | 16 | 2.31 | 32 | 47 | 50 |
| 49 | KOTESHWAR | 50 | 9 | 3.14 | 16 | 25 | 27 |
| 50 | KHURJA | 314 | 14 | 2.26 | 71 | 85 | 164 |
| 51 | TALA THROUGH PTC (BHUTAN) | 16 | - | 2.27 | 4 | 4 | 4 |
| 52 | KTPS (1 to 7) | 2,125 | 135 | 3.85 | 817 | 952 | 996 |
| 53 | STPS (1 to 6) | 1,267 | 153 | 5.11 | 647 | 800 | 832 |
| 54 | SSCTPP (7&8) | 1,754 | 324 | 3.62 | 636 | 959 | 998 |
| 55 | CTPP (1&4) | 1,733 | 182 | 3.69 | 639 | 821 | 854 |
| 56 | CSCTPP (5&6) | 2,060 | 337 | 2.75 | 567 | 904 | 940 |
| 57 | RGTP (1-3) | 183 | 12 | 4.95 | 91 | 102 | 106 |
| 58 | KaTPP#1&2 | 1,670 | 286 | 3.29 | 549 | 834 | 868 |
| 59 | MAHI | 46 | 6 | 0.30 | 1 | 7 | 8 |
| 60 | RAJWEST POWER LIMITED | 1,340 | 312 | 2.95 | 395 | 708 | 725 |
| 61 | BBMB(BHAKRA,DEHAR&PONG | 770 | - | 0.77 | 59 | 59 | 61 |
| 62 | CHAMBAL | 158 | - | - | - | - | - |
| 63 | OTHERS | 50 | 58 | 3.21 | 16 | 75 | 20 |
| 64 | WIND FIRMS | 2,310 | - | 4.23 | 977 | 977 | 1,017 |
| 65 | SOLAR | 2,508 | - | 2.62 | 658 | 658 | 639 |
| 66 | KUSUM Solar | 645 | - | 2.95 | 190 | 190 | 207 |
| 67 | (I)KALPTARU | 31 | - | 8.81 | 27 | 27 | 27 |
| 68 | (II) CHAMBAL POWER | 12 | - | 9.50 | 12 | 12 | 12 |
| 69 | (III) SATHYAM POWER PVT. LTD | 14 | - | 7.76 | 11 | 11 | 11 |
| 70 | (IV)S M Environmental | 16 | - | 6.95 | 11 | 11 | 11 |
| 71 | (V) Transtech green power pvt ltd | 11 | - | 7.86 | 8 | 8 | 8 |
| 72 | (VI) Rajasthan State Ganganagar Sugar Mills Ltd. | 0 | - | 7.01 | 0 | 0 | 0 |
| 73 | (VII)Orient green power | 16 | - | 7.93 | 12 | 12 | 12 |
| 74 | (VIII) Sanjog sugars eco pvt ltd | 16 | - | 7.43 | 12 | 12 | 12 |
| 75 | (IX) TNA Renewable Energy Pvt Ltd | 15 | - | 7.57 | 11 | 11 | 11 |
| 76 | (X) Indeen Bio Power Limited | 25 | - | 7.57 | 19 | 19 | 19 |

| Sr. No. | Source of Power (Station wise) | PPQ FY 2026-27 (MU) (A) | Fixed Cost of FY 2024-25 (Rs. Cr.) (B) | ECR of FY 2024-25 (Rs./kWh) (C) | Variable Cost (Rs. Cr.) (D)= (C)*(A)/ 10 | Power Purchase Cost proposed by PFI (Rs. Cr.) (E)=(B)+(D) | Power Purchase Cost Claimed (Rs. Cr.) |
|---------|---|-------------------------|--|---------------------------------|--|---|---------------------------------------|
| 77 | (XI) Jasrasar Green Power Private Limited | 32 | - | 7.57 | 25 | 25 | 25 |
| 78 | (XII) KTA Power Pvt. Ltd. | 24 | - | 7.57 | 18 | 18 | 18 |
| 79 | (XIII) Jindal Urban Waste Management (Ajmer) Ltd. | 21 | - | | - | - | 16 |
| 80 | Sardarshahar Agri Energy Private Limited | 21 | | | - | - | |
| 81 | Transmission Charges | | 1,839 | | - | 1,839 | 1,839 |
| 82 | Other Costs | | | | | | 78 |
| 83 | New upcoming plants | | | | - | - | - |
| 84 | Nuclear | | | | - | - | - |
| 85 | Total Nuclear | 702 | | | 346 | 346 | 346 |
| 86 | Total Distributed Solar | 1,888 | | | 614 | 614 | 614 |
| 87 | Total Solar | 1,166 | | | 297 | 297 | 297 |
| 88 | Total Biomass | 64 | | | 51 | 51 | 51 |
| 89 | Total | 34,219 | 4,886 | | 11,089 | 15,975 | 16,303 |

- 8) **Therefore, PFI has reworked the Power Purchase Cost for FY 2026-27 taking into account the actual Cost of these Plants. Based on the reworking Power Purchase Cost should be reduced by Rs. 328 Cr. (Rs. 16,303 Cr. claimed – Rs. 15,975 Cr. PFI proposed). Any difference in Actual and Allowed Power Purchase Cost will be automatically factored in Fuel and Power Purchase Adjustment Surcharge (FPPAS) mechanism for FY 2026-27. It will not be prudent to escalate the ARR of FY 2026-27 and socialize it to the consumers of Rajasthan, rather Rs. 328 Cr. should be borne by the Govt. of Rajasthan in the form of Subsidy.**

Adherence to Merit Order Despatch

As per the Regulatory provisions, the Power Purchase Cost shall be on least cost basis and strictly on Merit Order Despatch.

B. O&M EXPENSES BENCHMARKING

- 9) PFI observed that Employee expenses of AVVNL are very high when compared with other DISCOMs. Accordingly, PFI has done benchmarking of O&M Expenses on per consumer and per sales for JVVNL, AVVNL & JdVVNL (Rajasthan), DGVCL (Gujarat), DHBVNL (Haryana) & DVVNL (Uttar Pradesh), the summary of benchmarking is as follows:

| O&M Benchmarking | FY 2022-23 (approved during True-Up) | | | | | | FY 2023-24 (approved during True-Up) | | | | | | FY 2024-25 (claimed in Petition) | | | | | |
|---|--------------------------------------|--------------|--------------|-------------|--------------|--------------|--------------------------------------|--------------|--------------|-------------|--------------|--------------|----------------------------------|--------------|--------------|-------------|--------------|--------------------|
| | Rajasthan | | | Gujarat | Haryana | UP | Rajasthan | | | Gujarat | Haryana | UP | Rajasthan | | | Gujarat | Haryana | UP |
| Particulars | JdVVNL | AVVNL | JVVNL | DGVCL | DHBVNL | DVVNL | JdVVNL | AVVNL | JVVNL | DGVCL | DHBVNL | DVVNL | JdVVNL | AVVNL | JVVNL | DGVCL | DHBVNL | DVVNL |
| Employee Expenses (Rs. Cr.) | 1,271 | 1,637 | 1,540 | 594 | 1,683 | 567 | 1,155 | 1,140 | 1,373 | 752 | 1,723 | 379 | 1,979 | 1,575 | 2,586 | 742 | 1,862 | |
| R&M Expenses (Rs. Cr.) | 144 | 153 | 204 | 64 | 131 | 542 | 148 | 175 | 212 | 66 | 196 | 583 | 531 | 446 | 477 | 71 | 222 | |
| A&G Expenses (Rs. Cr.) | 96 | 151 | 152 | 124 | 146 | 131 | 114 | 150 | 167 | 156 | 204 | 130 | 101 | 269 | 186 | 169 | 196 | |
| O&M Expenses (Rs. Cr.) | 1,510 | 1,941 | 1,896 | 782 | 1,959 | 1,239 | 1,417 | 1,466 | 1,752 | 974 | 2,123 | 1,092 | 2,611 | 2,290 | 3,249 | 982 | 2,280 | |
| Sales (MU) | 22,060 | 23,767 | 29,727 | 28,517 | 31,008 | 22,194 | 22,664 | 23,787 | 32,258 | 29,555 | 31,957 | 24,166 | 29,695 | 26,860 | 35,392 | 31,404 | 35,779 | |
| No. of Consumers ('000) | 4,522 | 5,582 | 4,949 | 3,614 | 4,113 | 6,430 | 4,664 | 5,759 | 5,221 | 3,745 | 4,258 | 6,205 | 4,811 | 5,943 | 5,508 | 3,853 | 4,394 | |
| Employee Expenses (paise per unit) | 57.6 | 68.9 | 51.8 | 20.8 | 54.3 | 25.5 | 51.0 | 47.9 | 42.6 | 25.4 | 53.9 | 15.7 | 66.6 | 58.6 | 73.1 | 23.6 | 52.0 | Petition not filed |
| R&M Expenses (paise per unit) | 6.5 | 6.4 | 6.9 | 2.3 | 4.2 | 24.4 | 6.5 | 7.4 | 6.6 | 2.2 | 6.1 | 24.1 | 17.9 | 16.6 | 13.5 | 2.3 | 6.2 | |
| A&G Expenses (paise per unit) | 4.4 | 6.3 | 5.1 | 4.3 | 4.7 | 5.9 | 5.0 | 6.3 | 5.2 | 5.3 | 6.4 | 5.4 | 3.4 | 10.0 | 5.3 | 5.4 | 5.5 | |
| O&M Expenses (paise per unit) | 68.5 | 81.6 | 63.8 | 27.4 | 63.2 | 55.8 | 62.5 | 61.6 | 54.3 | 33.0 | 66.4 | 45.2 | 87.9 | 85.3 | 91.8 | 31.3 | 63.7 | |
| Employee Expenses (Rs. per consumer) | 2810 | 2932 | 3112 | 1644 | 4091 | 881 | 2477 | 1980 | 2630 | 2008 | 4047 | 612 | 4113 | 2650 | 4695 | 1925 | 4237 | |
| R&M Expenses (Rs. per consumer) | 318 | 274 | 412 | 178 | 319 | 843 | 317 | 305 | 406 | 177 | 461 | 939 | 1104 | 750 | 866 | 185 | 504 | |
| A&G Expenses (Rs. per consumer) | 213 | 270 | 306 | 343 | 354 | 203 | 244 | 261 | 320 | 417 | 479 | 209 | 210 | 453 | 338 | 438 | 447 | |
| O&M Expenses (Rs. per consumer) | 3340 | 3476 | 3830 | 2164 | 4764 | 1927 | 3038 | 2545 | 3356 | 2602 | 4987 | 1760 | 5427 | 3853 | 5899 | 2549 | 5188 | |

Note: In all States Terminal Benefits has been considered as part of Employee Expenses

- 10) It is evident from above table that O&M expenses especially Employee Expenses of AVVNL are on higher side as compared to other DISCOMs, this clearly indicates the operational inefficiency of AVVNL.
- 11) Based on the above table, PFI proposed the Hon'ble Commission to limit the employee expenses to the extent of average of employee expenses per unit sold for JDGVCL & DHBVNL for FY 2024-25. Accordingly, PFI has computed the employee expenses for FY 2026-27 as follows:

| Particulars | UoM | Values |
|--|----------------|--------------|
| Avg. employee expense per unit sold for FY 2024-25 | Paise/kWh | 46.20 |
| Inflation factor (Tariff Regs. 2025) | % | 5.65% |
| Avg. employee expense per unit sold for FY 2026-27 | Paise/kWh | 51.56 |
| Sales Proposed by PFI | MU | 29,660 |
| Employee expenses as per PFI | Rs. Cr. | 1,529 |

| Particulars | Projected by AVVNL | Proposed by PFI | Difference |
|--|--------------------|-----------------|------------|
| Employee Expenses (inc. terminal benefits) | 1,986 | 1,529 | (457) |

- 12) In view of above, PFI proposes to reduce the employee expenses by Rs. 457 Cr. and the balance employee expense as claimed by AVVNL should be borne by Govt. of Rajasthan in the form of subsidy.

C. HIGH DISTRIBUTION CIRCLES

- 13) AVVNL has claimed 7.50% Distribution loss for FY 2026-27, as per Form D 7.2 of the Petition, as shown below.

| Form D 7.2 | | | | | | | | | | | | |
|-------------------------------|---------------|---------------|-----------------|--------------|--------------|--------------|----------------------------------|----------------------|--|-----------------------|---|--|
| Distribution Losses | | | | | | | | | | | | |
| Name of Distribution Licensee | | AVVNL | | | | | | | | | | |
| Licensed Area of Supply | | Ajmer Discom | | | | | | | | | | |
| FY 2026-27 | | | | | | | | | | | | |
| S. No. | Voltage Level | No of Feeders | Feeders metered | Energy Input | Total Output | Total Losses | Total Losses (% of Energy Input) | Total Technical Loss | Total technical Losses (% of Energy Input) | Total Commercial Loss | Total Commercial Losses (% of Energy Input) | |
| 1 | 2 | 3 | 4 | 5 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | |
| Ajmer | 11 kV | | | 3271.22 | 3152.40 | 121.23 | 3.71% | NA | NA | NA | NA | |
| Beawar | 11 kV | | | 668.91 | 640.03 | 29.29 | 4.38% | NA | NA | NA | NA | |
| Bhulwara | 11 kV | | | 4690.05 | 4568.97 | 125.48 | 2.68% | NA | NA | NA | NA | |
| Nagaur | 11 kV | | | 3680.26 | 2872.19 | 797.92 | 21.68% | NA | NA | NA | NA | |
| Deedwana-Kucham | 11 kV | | | 2051.34 | 1710.01 | 337.76 | 16.47% | NA | NA | NA | NA | |
| Udaipur | 11 kV | | | 2953.70 | 2831.99 | 123.62 | 4.19% | NA | NA | NA | NA | |
| Salumbar | 11 kV | | | 292.51 | 262.98 | 29.39 | 10.05% | NA | NA | NA | NA | |
| Rajsamand | 11 kV | | | 1626.01 | 1605.25 | 22.70 | 1.40% | NA | NA | NA | NA | |
| Chittorgarh | 11 kV | | | 3187.66 | 2999.47 | 189.16 | 5.93% | NA | NA | NA | NA | |
| Pratapgarh | 11 kV | | | 752.10 | 686.37 | 65.55 | 8.72% | NA | NA | NA | NA | |
| Banswara | 11 kV | | | 1250.51 | 1131.08 | 118.93 | 9.51% | NA | NA | NA | NA | |
| Dungarpur | 11 kV | | | 709.37 | 668.42 | 41.18 | 5.81% | NA | NA | NA | NA | |
| Jhunjhunu | 11 kV | | | 3946.32 | 3695.52 | 251.67 | 6.38% | NA | NA | NA | NA | |
| Sikar | 11 kV | | | 2985.18 | 2835.59 | 151.00 | 5.06% | NA | NA | NA | NA | |
| Ajmer Discom | 11 kV | 0 | - | 32065.14 | 29660.26 | 2404.89 | 7.50% | NA | NA | NA | NA | |

- 14) However, PFI has observed that the DISCOM has some high loss Circles wherein the loss level is more than 7.50%, as given below:
- Naguar: 21.68%
 - Deedwana-Kucham: 16.47%
 - Salumbar: 10.05%
 - Pratapgarh: 8.72%
 - Banswara: 9.51%
- 15) AVVNL has submitted that it has taken various initiatives towards immaculate planning but have not been able to show results for such high loss levels areas. PFI

requests Hon'ble Commission to take into account such high loss levels Circles and may direct the DISCOM to reduce Distribution losses in such Circles

- 16) It is pertinent to state that, the Government of India has approved the RDSS to support DISCOMs in improving their operational efficiencies. One of the components on which RDSS Scheme focuses is Metering. Under this part, Prepaid Smart metering for consumers, and System metering at Feeder and Distribution Transformer level with communicating feature along with associated Advanced Metering Infrastructure (AMI) it to be done. The Total sanctioned funds under RDSS for Rajasthan DISCOMs is Rs. 28,391 Cr. [\(Source: RDSS portal\)](#). The Hon'ble RERC vide Tariff Order dated 3/10/2025 for FY 2025-26 has also allowed Capital Expenditure under RDSS and other Govt. schemes. Hon'ble RERC may direct AVVNL to utilize such funding and improve the high Distribution losses levels Circles.

D. OTHER ISSUES PERTAINING NON-ALIGNMENT WITH MoP (GoI) RULES

D.1 REVENUE GAP (ELECTRICITY (AMENDMENT) RULES, 2024 DTD. 10/01/2024)

- 17) MoP vide *Electricity (Amendment) Rules, 2024* dtd. 10/01/2024 has specified the following with regards to Revenue Gap between approved Annual Revenue Requirement and estimated Annual Revenue from approved tariff:

“23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff- *The tariff shall be **cost reflective** and there **shall not be any gap** between approved Annual Revenue Requirement and estimated annual revenue from approved tariff except under natural calamity conditions:*

*Provided that such gap, Created if any, **shall not be more than three percent of the approved Annual Revenue Requirement.....”***

- 18) The Rules have clearly specified that the tariff shall be cost reflective and there shall not be any gap between approved Aggregate Revenue Requirement and Estimated Annual Revenue from approved tariff except under natural calamity conditions. And if at all, the Gap is Created it shall not be more than 3% percent of the approved Annual Revenue Requirement.

19) **It is noted that in ARR of FY 2026-27 AVVNL has claimed Revenue Surplus of Rs. 3,121 Cr. at proposed Tariff.**

20) Hon'ble APTEL in its judgement dated 11/11/2011 in OP 1 of 2011 has laid the significance of cost reflective tariff as follows:

"56. It is to be pointed out in this context, that the legislative intent in enacting the Act, 2003 is to secure effective Regulations characterised by tariff rationalisation with timely cost reflective tariff determination based on the principles set out in Section 61 read with the National Tariff Policy. ..."

21) Section 62 of the Act empowers SERCs to determine the Tariff on cost plus basis for the utilities regulated by them engaged in generation, transmission and distribution of electricity. Section 63 empowers SERCs to adopt the Tariff discovered through transparent process of bidding. Determination of cost-reflective tariff of Distribution Licensees by SERCs plays a significant role as it lays the foundation of routing revenue up the supply chain.

22) Hon'ble Supreme Court's in its judgement in PTC India Vs. CERC dated 15/03/2010 has ruled that the term "tariff" includes within its ambit not only the fixation of rates but also the rules and regulations relating to it. Through Sections 61 and 62 of the Act, the Appropriate Commission shall determine the actual tariff in accordance with the provisions of the Act, including the terms and conditions which may be specified by the Appropriate Commission under Section 61 of the said Act. Under the 2003 Act, it becomes clear from Section 62 with Section 64, that although tariff fixation is legislative in character, the same under the Act is made appealable vide Section 111. These provisions, namely Sections 61, 62 and 64 indicate the dual nature of functions performed by the Regulatory Commissions, viz, decision-making and specifying terms and conditions for tariff determination.

23) Similarly, Hon'ble APTEL vide its judgment dated 04/09/2012 in Appeal No. 94 of 2012 has stated that the term 'Regulate' has got a wider scope and implication not merely confined to determination of tariff. Section 61 and 79 not only deal with the tariff but also deal with the terms and conditions of tariff. The terms and conditions necessarily include all terms related to tariff.

- 24) Further, Tariff Policy, 2016, also states that in terms of Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.
- 25) **In view of above, PFI submits before RERC to determine cost-reflective Tariff for FY 2026-27 as per the principles stipulated in MoP rules dated 10/01/2024.**

D.2 TIME OF DAY (ELECTRICITY (RIGHTS OF CONSUMERS) AMENDMENT RULES, 2023 DTD. 14/06/2023)

- 26) *Electricity (Rights of Consumers) Amendment Rules, 2023* dtd. 14/06/2023 stipulates that every consumer category except Agriculture should have Time of Day (TOD) Tariff with effect from 01/04/2025 and shall be made effective immediately after installation of Smart Meters, for consumers with Smart Meters.
- 27) Further, the Rules also stipulate that ToD Tariff for Commercial and Industrial consumers during peak period of the day shall not be less than 1.20 times the normal tariff and for other consumers, it shall not be less than 1.10 times the normal tariff. Further ToD during Off-peak hours should be at least 20% less than the normal tariff (not more than 80% of the normal tariff). Rajasthan DISCOMs have proposed ToD Tariff for consumers above 10 kW but have not proposed any Peak and Off-peak Tariff for the same.
- 28) **Further, Rajasthan DISCOMS has also not submitted the status of ToD in their area (tariff category wise). The said status report should provide benefit derived from ToD through flattening of Load Curve and avoiding procurement of costly power in Peak Period.**
- 29) PFI observes that the cost of power purchase during peak hours is quite high. ToD Tariff is an important Demand Side management (DSM) measure to flatten the load curve and avoid such high-cost peaking power purchases. Accordingly, in ToD Tariff regime peak hour consumption is charged at higher rates which reflect the higher cost of power purchase during peak hours. At the same time, a rebate is being offered on consumption during off-peak hours. This is also meant to incentivize consumers to shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and flattening the load curve. The ToD Tariff is

aimed at optimizing the cost of power purchase, which constitutes over 80% of the Tariff charged from the consumers. It also assumes importance in the context of propagating and implementing DSM and achieving energy efficiency.

- 30) Introduction of higher peak hour Tariff would initially generate additional revenue which would compensate for the reduction in revenue on account of lower Tariff during off peak hours. In the long run, this would provide signals to the consumers to reduce load during peak hours and, wherever possible, shift this consumption to off-peak hours. Any loss of revenue to the utility on account of shifting of load from peak to off-peak hours in the long run would by and large get compensated by way of reduction of off-peak surplus to the extent of increase in off-peak demand.
- 31) The ToD Tariff would thus have immediate as well as long-term benefits for both, consumers as well as the utility and contribute towards controlling the rise in power purchase costs
- 32) **Thus, PFI requests RERC to formulate ToD Tariff for all eligible consumers in line with the MoP Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 as amended from time to time.**

E. SUMMARY OF ARR FY 2026-27

- 33) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for AVVNL 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 (MU) | 29660 | 29660 | 0 |
| 2 | Distribution Loss | 7.50% | 7.50% | |
| 3 | Power Purchase Cost | 14464 | 14136 | (328) |
| 3a | <i>Less: Power Purchase cost considering escalation over FY 2025-26 (Impact of removal of Coal Cess)</i> | | 328 | |
| 4 | Transmission Charges | 1839 | 1839 | 0 |
| 5 | Operation & Maintenance (O&M) Expenses (6a+6b+6c) | 2716 | 2259 | (457) |
| 5a | Employee Expenses | 1986 | 1529 | |
| 5a-i | <i>Less: Benchmarking of Similar States</i> | | 457 | |

| Sr. No. | Particulars | Claimed by DISCOM | Proposed by PFI | Difference |
|---------|---|-------------------|-----------------|--------------|
| 5b | Administrative & General (A&G) Expenses | 200 | 200 | |
| 5c | Repair & Maintenance (R&M) Expenses | 530 | 530 | |
| 6 | Return on Equity/ Return on Capital Employed (ROE/ROCE) | 0 | 0 | 0 |
| 7 | Interest on Loan | 1042 | 1042 | 0 |
| 8 | Interest on Working Capital | 198 | 198 | 0 |
| 9 | Other Interest charges | 813 | 813 | 0 |
| 10 | Depreciation | 1663 | 1663 | 0 |
| 11 | Other Costs | | 0 | 0 |
| 12 | Aggregate Revenue Requirement (ARR) | 22735 | 21,950 | (785) |
| 13 | Less: Non-Tariff Income | 546 | 546 | |
| 14 | Other Income | 655 | 655 | |
| 15 | Net ARR | 21534 | 20,749 | |
| 16 | Revenue from Sale of Power | 22194 | 22194 | 0 |
| 17 | Revenue (Gap)/Surplus | 660 | 1,445 | (785) |

In view of above, 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 Rajasthan in the form of subsidy. **Accordingly, the subsidy to be decided by Govt. of Rajasthan for FY 2024-25 should include Rs. 785 Cr. additionally.**

PRAYERS BEFORE HON'BLE RERC:-

- 1) To consider the comments / suggestions of Power Foundation of India (PFI) on True-Up Petition FY 2024-25 & Tariff Petition FY 2026-27 of AVVNL.**
- 2) To reduce Power Purchase Cost from costly bilateral sources if they were not in-principally approved by the Commission**
- 3) To impose penalty for repeated non-compliance of Direction given by the Hon'ble Commission to bifurcate the Transmission Losses.**
- 4) To direct DISCOMs to share detailed explanation for stark increase in consultancy charges.**
- 5) To reduce Other Debits claimed by expenditure for LPS waived off, loss due to theft of fixed assets & double accounting in prior period expenses**
- 6) To allow Depreciation and Bad Debts as per regulatory provisions.**
- 7) To include LPS from consumers as part of Non-Tariff Income after adjusting for financing cost of the LPS.**
- 8) To allow compensation for injuries, death and damages only for incidents where the fault was not attributable to the DISCOM.**
- 9) To reduce the employee expenses considering benchmarking of similar States.**
- 10) To not escalate fixed and energy charge rate while determining the power purchase cost for FY 2026-27.**
- 11) The inefficiencies of AVVNL should not be allowed to socialize to consumers at large rather it should be borne by Government of Rajasthan through revised subsidy revised subsidy is of Rs. 10,809 Cr. instead of booked subsidy of Rs. 8,127 Cr. for FY 2024-25 which should be paid by Govt. of Rajasthan to AVVNL. Further, Govt. of Rajasthan should provide additional subsidy of Rs. 785 Cr., on account of higher claims of AVVNL as tabulated above, over and above the subsidy decided by Govt. of Rajasthan for FY 2026-27.**
- 12) To consider the additional submissions, if any, made by PFI for True-Up Petition FY 2024-25 & Tariff Petition FY 2026-27 of AVVNL.**