

PFI Comments - Rajasthan DISCOMs

ARR FY 2025-26

Before: Hon'ble Rajasthan Electricity Regulatory Commission

Public Hearing

Summary: ARR Petition for FY 2025-26 for JdVVNL (Rs. Cr.)

Particulars	Claimed	PFI Working		Proposed Reduction in ARR	
		VC with 0% escalation	VC with 5% escalation	Scenario 1	Scenario 2
POWER PURCHASE COST	19,960	19,420	19,450	(540)	(510)
DISALLOWANCE DUE TO HIGHER DISTRIBUTION LOSS	-	199	199	(199)	(199)
DISALLOWANCE DUE TO COSTLIER PLANTS	-	341	311	(341)	(311)
OPERATION AND MAINTENANCE EXPENSES	2,601	2,601	2,601	0	0
DEPRECIATION	1,510	873	873	(637)	(637)
INTEREST AND FINANCE CHARGES	3,731	3,064	3,064	(667)	(667)
AGGREGATE REVENUE REQUIREMENT (ARR)	27,802	25,958	25,988	(1,844)	(1,814)
LESS: NON-TARIFF INCOME & CSS	1,230	1,230	1,230	0	0
NET AGGREGATE REVENUE REQUIREMENT (ARR)	26,572	24,728	24,758	(1,844)	(1,814)
REVENUE	27,386	27,386	27,386	0	0
NET (GAP)/SURPLUS	814	2,658	2,628	(1,844)	(1,814)

PFI PROPOSED NET REVENUE REQUIREMENT **Rs. 24,728 Cr.** in Scenario 1 (VC with 0% escalation) & **Rs. 24,758 Cr.** in Scenario 2 (VC with 5% escalation) against claimed **Rs. 26,572 Cr.**

Summary: ARR Petition for FY 2025-26 for AVVNL (Rs. Cr.)

Particulars	Claimed	PFI Working		Proposed Reduction in ARR	
		VC with 0% escalation	VC with 5% escalation	Scenario 1	Scenario 2
POWER PURCHASE COST	15,392	15,118	15,142	(274)	(250)
DISALLOWANCE DUE TO COSTLIER PLANTS	-	274	250	(274)	(250)
OPERATION AND MAINTENANCE EXPENSES	1,723	1,723	1,723	0	0
EXPENDITURE TOWARDS UNIFIED BILLING SOFTWARE & TERMINAL BENEFITS	694	694	694	0	0
DEPRECIATION	1,539	824	824	(715)	(715)
INTEREST AND FINANCE CHARGES	2,235	1,938	1,938	(297)	(297)
AGGREGATE REVENUE REQUIREMENT (ARR)	21,583	20,297	20,321	(1,286)	(1,262)
LESS: NON-TARIFF INCOME & CSS	694	694	694	0	0
NET AGGREGATE REVENUE REQUIREMENT (ARR)	20,889	19,603	19,627	(1,286)	(1,262)
REVENUE	24,278	24,278	24,278	0	0
NET (GAP)/SURPLUS	3,389	4,675	4,651	(1,286)	(1,262)

PFI PROPOSED NET REVENUE REQUIREMENT **Rs. 19,603 Cr.** in Scenario 1 (VC with 0% escalation) & **Rs. 19,627 Cr.** in Scenario 2 (VC with 5% escalation) against claimed **Rs. 20,889 Cr.**

Summary: ARR Petition for FY 2025-26 for JVVNL (Rs. Cr.)

Particulars	Claimed	PFI Working		Proposed Reduction in ARR	
		VC with 0% escalation	VC with 5% escalation	Scenario 1	Scenario 2
POWER PURCHASE COST	21,573	21,194	21,226	(379)	(347)
DISALLOWANCE DUE TO COSTLIER PLANTS	-	379	347	(379)	(347)
OPERATION AND MAINTENANCE EXPENSES	2,210	2,210	2,210	0	0
EXPENDITURE TOWARDS UNIFIED BILLING SOFTWARE & TERMINAL BENEFITS	789	789	789	0	0
DEPRECIATION	1,804	1,015	1,015	(789)	(789)
INTEREST AND FINANCE CHARGES	3,547	3,274	3,274	(273)	(273)
AGGREGATE REVENUE REQUIREMENT (ARR)	29,923	28,482	28,515	(1,441)	(1,408)
LESS: NON-TARIFF INCOME & CSS	877	877	877	0	0
NET AGGREGATE REVENUE REQUIREMENT (ARR)	29,046	27,605	27,638	(1,441)	(1,408)
REVENUE	32,006	32,006	32,006	0	0
NET (GAP)/SURPLUS	2,959	4,401	4,368	(1,441)	(1,408)

PFI PROPOSED NET REVENUE REQUIREMENT **Rs. 27,605 Cr.** in Scenario1 (VC with 0% escalation) & **Rs. 27,638 Cr.** in Scenario 2 (VC with 5% escalation) against claimed **Rs. 29,046 Cr.**

ARR Petitions FY 2025-26 (1/8)

A. HIGHER POWER PURCHASE COST

A1. HIGH DISTRIBUTION LOSS

PFI Observations

JdVVNL:

- **Claimed Distribution Loss of 15% for FY 2025-26**
- **MoP letter dated 30.05.2023: approved 14%** AT&C losses, which becomes 14% DL after considering Collection Efficiency of 100% (as per Hon'ble RERC)
- Further, Uniform DL considered across all Circles which is incorrect as per True-Up FY 2023-24 data
- **Allow Distribution Loss: 14%**, Disallow **Rs. 199 Cr** in power Purchase cost due to higher DL
- **BERC T.O. dtd. 1/04/2024: GoB provides 2 types of subsidies to Bihar DISCOMs – Tariff Subsidy & AT&C Loss Subsidy. Similarly, GoR to bear losses on account of higher DL in the form of Subsidy**

DISCOMs' Response

JdVVNL:

- FY 2024-25 DL – 19.58% (provisional), 4% improvement from FY 2023-24.
- DL reduction strategy provided in para 3.45-3.54 of Instant Petition

PFI Remarks

Claimed DL is more than the target. PFI computed disallowance based on the targeted DL as approved by RERC which may be based on RDSS.

ARR Petitions FY 2025-26 (2/8)

A. HIGHER POWER PURCHASE COST

A2. HIGHER POWER PURCHASE DUE TO COSTLIER PLANTS

PFI Observations

- Costlier sources — **Chhabra Thermal Power Plant (CTPP) 5&6 (Rs. 4.79/kWh) & National Capital Thermal Power Station (NCTPS) 2 (Rs. 4.67/kWh)**
- Escalation of 58% & 22% respectively from the actual VC of these sources as per True-Up FY 2023-24** - CTPP 5&6 (Rs. 3.03/kWh) & NCTPS 2 (Rs. 3.84/kWh)
- Avoid upfront loading in Tariff, any difference will be automatically factored in FPPAS
- Accordingly, in case of 0% VC escalation: Rs. 341 Cr., Rs. 379 Cr. & Rs. 274 Cr. to be disallowed from ARR of JdVVNL, JVVNL & AVVNL respectively
- In case of 5% VC escalation: Rs. 311 Cr., Rs. 347 Cr. & Rs. 250 Cr. to be disallowed from ARR of JdVVNL, JVVNL & AVVNL respectively
- As per Regulatory Provisions, PPC should be on least cost basis & Strictly adhere to Merit Order Despatch.**

Jodhpur

Table 1: Power Purchase Cost for CTPP (5&6) and NCTPS 2 for JdVVNL

Particulars	CTPP (5&6)	NCTPS 2	Total
VC Claimed FY 2025-26 (Rs./kWh)	4.79	4.67	
Quantum (MU)	1920.81	33.03	
VC Claimed FY 2025-26 (Rs. Cr.)	920.07	15.43	935.49
PFI Working			
Scenario:1			
VC for FY 2025-26 with 0% escalation over VC of FY 2023-24 (Rs./kWh)	3.03	3.84	
Quantum (MU)	1920.81	33.03	
VC Claimed FY 2025-26 (Rs. Cr.)	581.96	12.69	594.65
Disallowance	338.11	2.74	340.85
Scenario:2			
VC for FY 2025-26 with 5% escalation (Rs./kWh)	3.18	4.03	
Quantum (MU)	1,921	33	
VC Claimed FY 2025-26 (Rs. Cr.)	611.06	13.32	624.38
Disallowance	309.01	2.10	311.11

Ajmer

Table 2: Power Purchase Cost for CTPP (5&6) and NCTPS 2 for AVVNL for FY 2025-26

Particulars	CTPP (5&6)	NCTPS 2
VC Claimed FY 2025-26 (Rs./kWh)	4.79	4.67
Quantum (MU)	1532.97	26.36
VC Claimed FY 2025-26 (Rs. Cr.)	734.72	12.30
PFI Working		
Scenario:1		
VC for FY 2025-26 with 0% escalation over VC of FY 24 (Rs./kWh)	3.03	3.70
Quantum (MU)	1532.97	26.36
VC Claimed FY 2025-26 (Rs. Cr.)	463.75	9.75
Disallowance	270.97	2.55
Scenario:2		
VC for FY 2025-26 with 5% escalation (Rs./kWh)	3.18	3.88
Quantum (MU)	1532.97	26.36
VC Claimed FY 2025-26 (Rs. Cr.)	486.93	10.24
Disallowance	247.79	2.06

Jaipur

Table 3: Power Purchase Cost for CTPP (5&6) and NCTPS 2 for JVVNL for FY 2025-26

Particulars	CTPP (5&6)	NCTPS 2
VC Claimed FY 2025-26 (Rs./kWh)	4.79	4.67
Quantum (MU)	2126.73	36.57
VC Claimed FY 2025-26 (Rs. Cr.)	1019.29	17.07
PFI Working		
Scenario:1		
VC for FY 2025-26 with 0% escalation over VC of FY 24 (Rs./kWh)	3.03	3.71
Quantum (MU)	2126.73	36.57
VC Claimed FY 2025-26 (Rs. Cr.)	643.37	13.57
Disallowance	375.92	3.50
Scenario:2		
VC for FY 2025-26 with 5% escalation (Rs./kWh)	3.18	3.89
Quantum (MU)	2,127	37
VC Claimed FY 2025-26 (Rs. Cr.)	676	14
Disallowance	344	3

ARR Petitions FY 2025-26 (3/8)

A. HIGHER POWER PURCHASE COST

A2. HIGHER POWER PURCHASE DUE TO COSTLIER PLANTS

DISCOMs' Response

JdVVNL and JVVNL

- Geographical Constraints
- Supply side constraints – high cost of coal transportation, levies on domestic coal
- Lack of Hydro Sources
- APPC of FY 2024-25 reduced to Rs. 4.86/kWh from Rs. 5.02/kWh in FY 2023-24
- MoD followed by RUVITL

PFI Remarks

- **Not answered the Pinpoint question raised by PFI related to claimed escalation of 58% and 22% on the VC of CTPP (5&6) and NCTPS 2 respectively in FY 2025-26 over FY 2023-24.**
- Bucket Filling Approach / MoD Principle should be followed strictly. Must run plants followed by Cheaper Plants then the rest Plants upto their Technical Minimum.
- SLDC to ensure MoD Principle while scheduling power from all sources inc. CSGS , State Sector and IPPs.
- Reduced ARR by Rs. 341 Cr., Rs. 379 Cr. & Rs. 274 Cr. of JdVVNL, JVVNL & AVVNL respectively (0% VC escalation)
- Reduced ARR by Rs. 311 Cr., Rs. 347 Cr. & Rs. 250 Cr. of JdVVNL, JVVNL & AVVNL respectively (5% VC escalation)

ARR Petitions FY 2025-26 (4/8)

B. DISALLOWANCE ON ACCOUNT OF DEPRECIATION

PFI Observations

- Calculation of Depreciation **not as per Regulatory Principles.**
- Closing balance of the previous year must be considered as the opening of the current year.
- **Reduced Depreciation by Rs. 637 Cr. , Rs. 715 Cr, Rs. 789 Cr from ARR of JdVVNL, AVVNL & JVVNL respectively**

DISCOMs' Response

JdVVNL & JVVNL: Projected as per the norms specified in *RERC (Terms and Conditions for Determination of Tariff) Regulations, 2025.*

PFI Remarks

- As per Regulatory provisions, while computing Depreciation opening GFA = closing of last yr.
- DISCOMs claimed opening balance of FY 2025-26 which is different than the closing balance of FY 2024-25

C. INTEREST ON LONG TERM LOANS

PFI Observations

- Normative Interest Cost calculated for JdVVNL : Rs 458 Cr, AVVNL : Rs 692 Cr, JVVNL : Rs 824.32 Cr
- **Not as per the Regulatory Provisions**, DISCOMs have not considered closing loan of FY 2024-25 as opening loan for FY 2025-26.
- **Reduced Int. of Loan Term Loans by Rs. 667 Cr. , Rs. 297 Cr, Rs. 273 Cr from the total cost of JdVVNL, AVVNL & JVVNL respectively.**

DISCOMs' Response

JdVVNL & JVVNL: Projected as per the norms specified in *RERC (Terms and Conditions for Determination of Tariff) Regulations, 2025.*

PFI Remarks

- As per Regulatory provisions, while opening loan= closing of last yr.
- DISCOMs' claimed opening loan of FY 2025-26 which is different than the closing loan of FY 2024-25

ARR Petitions FY 2025-26 (5/8)

D. NO ROAD MAP FOR ENERGY STORAGE

PFI Observations

- **CEA Resource Adequacy Plan for Rajasthan: 100 MW from PSP along with 1135 MW from storage by FY 2029-30.**
- JdVVNL and AVVNL submitted power purchase from Tehri PSP wef August 2025. **JVVNL has not submitted any power purchase from ESS.**
- As per Compliance, **target for ESS is 2% for FY 2025-26.**

DISCOMs' Response

JdVVNL & JVNL:

- PSA signed with SECI for 490 MW Hybrid Project (Solar+ Hydro (Pump Storage))
- Tehri PSP 100 MW.
- RUVNL bidding concluded for procurement of 500/1000 MWh BESS project also to
- NVVN bidding under progress for procurement of 500/1000 MWh BESS Project.

PFI Remarks

- **Tehri PSP is considered for Power Purchase Projections and 490 MW SECI is not considered.**
- Hon'ble RERC while computing RPO may check compliance of 2% ESS target

E. HIGH DISTRIBUTION LOSS CIRCLES

PFI Observations

- **JVVNL & AVVNL: some circles have DL >25%. For e.g. – Sawai Madhopur: 35.19%, Dausa: 26.16% etc.**
- **Rs. 28,391 Cr. sanctioned funds for Rajasthan DISCOMs under RDSS**
- **Hon'ble RERC may Direct DISCOMs to improve DL in such circles**

DISCOMs' Response

No reply given

PFI Remarks

No reply given, some circles have DL>25%, Hon'ble RERC may take note of it.

ARR Petitions FY 2025-26 (6/8)

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

F1. LEVY OF REGULATORY SURCHARGE

PFI Observations

- Proposed **levy of Regulatory Surcharge @ Rs. 1.00/kWh**
- MoP letter dtd. 1/04/2021: **No creation of new regulatory assets under business-as-usual conditions**
- As per RERC (Terms and Conditions for Determination of Tariff) Regulations, 2025: ***“Regulatory Asset shall be created only under exceptional circumstances”***
- Hon’ble RERC may restrict creation of Regulatory Assets in normal Business Scenarios & not allow levy of any Regulatory Surcharge

DISCOMs’ Response

- JdVVNL & JVVNL: levy within the Ambit of EA, 2003, NTP, 2016, APTEL judgement, Hon’ble SC judgement & Hon’ble RERC Regs.
- Surcharge is inclusive of FPPAS

Regulatory Assets as submitted by Rajasthan DISCOMs (Rs. Cr.)

FY	JdVVNL	
	Addition during the year	Accumulated upto the year
2009-10	2312	2312
2010-11	2728	5040
2011-12	2338	7375
2012-13	2846	10221
2013-14	3074	13295
2014-15	2315	15610
2015-16	1530	17140
2016-17	1246	13261
2017-18	1248	14509
2018-19	1169	15678
2019-20	1712	17389
2020-21	1174	18563
2021-22	(609)	17954
2022-23	798	18752
2023-24*	(1495)	17257
2024-25*	-	17257

* Subject to True Up

FY	JVVNL	
	Addition during the year	Accumulated upto the year
2009-10	2,467	2,467
2010-11	2,348	4,815
2011-12	3,102	7,741
2012-13	2,845	10,586
2013-14	3,058	13,644
2014-15	2,422	16,065
2015-16	1,613	17,679
2016-17	803	13,302
2017-18	926	14,228
2018-19	1,126	15,355
2019-20	1,387	16,742
2020-21	1,190	17,932
2021-22	572	18,504
2022-23	2,350	20,853
2023-24*	(306)	20,547
2024-25*	(2,073)	18,474

* Subject to True Up

PFI Remarks

- Regulatory Assets of JdVVNL & JVVNL are increasing every year as submitted, No liquidation roadmap has been prepared for the same.
- Hon’ble RERC may restrict creation of Regulatory Assets in normal Business Scenarios & not allow levy of any Regulatory Surcharge

ARR Petitions FY 2025-26 (7/8)

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

F2. RENEWABLE PURCHASE OBLIGATION

PFI Observations

- DISCOMs submitted capacity of RAPP to meet RPO targets.
- As per, *RERC (Renewable Purchase Obligation) Regulations 2023, Nuclear Energy is not a part of Renewable Energy Sources*
- **Submitted Petition to waive off RPO shortfall from 2011-24**
- ***RERC RPO Regulations, 2023 not aligned with MoP Notification dtd. 20/10/2023 - no separate DRE Target***

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.

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).”

DISCOMs' Response

JdVVNL and JVVNL: delayed commissioning, low PLF, PPA signing delay, backlog unsurmountable

PFI Remarks

- National RE commitments
- Petition to waive off RPO shortfall to be rejected – RERC RPO Regs., 2016 have provision for penalty in case of RPO shortfall
- Nuclear not to be considered for RPO Calculation
- Penalty to be imposed for non-compliance of Hon'ble Commission's directives

ARR Petitions FY 2025-26 (8/8)

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

F3. REVENUE GAP

PFI Observations

- **Revenue Surplus of Rs. 3,390 Cr., Rs. 2959 Cr. & Rs. 571 Cr. for AVVNL, JVVNL & JdVVNL respectively at existing Tariff.**
- Cost-reflective Tariff to be determined as per **MoP Rules dtd. 10/01/2024.**
- Further backed by APTEL judgement dtd. 11/11/2021 in OP 1 of 2011, Hon'ble Supreme Court's judgement in PTC India vs. CERC dtd. 15/03/2010, Tariff Policy 2026

DISCOMs' Response

JdVVNL and JVVNL: Tariff Reduction proposed, Tariff Policy 2016: cost of service

PFI Remarks

Cost-reflective Tariff to be determined as per **MoP Rules dtd. 10/01/2024.**

F4. TIME OF DAY TARIFF

PFI Observations

- ToD Tariff shall be effective immediately after installation of Smart Meters except agriculture , as per the **Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023**
- **DISCOMs have not submitted status of ToD in their area**
- **No Peak & Off-peak tariff proposed for consumers >10 kW**
- Request Hon'ble RERC to formulate ToD Tariff in line with the said MoP Rules

DISCOMs' Response

JdVVNL & JVVNL: ToD principle is revenue neutrality, ToD structure revised in T.O. of FY 2024-25

PFI Remarks

- ToD Tariff should be as per **Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023**
- Applicable to every consumer category except Agriculture

Power Foundation of India requests Hon'ble RERC to consider our prayers which we have submitted as comments/suggestions related to ARR Petition for FY 2025-26 vide our letters dtd. 9/05/2025 & 13/05/2025

Thank You!