

No. PFI/Prog/RERC /2025/24

Dated: 24th April 2025

To,

The Secretary

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

Subject: PFI Comments : Rajasthan DISCOMs' True-Up Petition FY 2023-24

Ref: RERC inviting Comments on True-Up Petition for FY 2023-24

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. PFI is also committed to address challenges in Power Sector for the benefit of consumers and investors and ensuring sustainable development of the Sector.

With reference to the above, PFI has analyzed the True-Up Petitions of FY 2023-24 filed by Rajasthan DISCOMs, i.e., Ajmer Vidyut Vitran Nigam Limited (AVVNL), Jaipur Vidyut Vitran Nigam Limited (JVVNL) and Jodhpur Vidyut Vitran Nigam Limited (JdVVNL) before Rajasthan Electricity Regulatory Commission (RERC). Our comments/ suggestions on the said Tariff Petitions of AVVNL, JVVNL and JdVVNL are enclosed herewith for your consideration as:

- a) Annexure-I: For AVVNL,
- b) Annexure- II: For JVVNL
- c) Annexure- III: For JdVVNL

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

Warm Regards,

Encl: Annexure – I, II, III

Copy to:

- 1. The Chairperson**
Rajasthan Electricity Regulatory Commission
- 2. The Member (Legal)**
Rajasthan Electricity Regulatory Commission

Yours Sincerely,


Anshuman Srivastava 11/4/25

Executive Director, PFI

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ANNEXURE-I

PFI Comments/Suggestions: AVVNL True-Up Petition FY 2023-24

- 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 2023-24. PFI has reviewed and analyzed the said Tariff Petition, and our comments / suggestions are as follows:

A. NO BIFURCATION OF TRANSMISSION LOSSES

- 1) AVVNL has not submitted the bifurcation of Transmission losses, Inter and Intra, in True-Up Petition for FY 2023-24 and have claimed combined Transmission losses of 7.62% for FY 2023-24. However, Hon'ble RERC in True-Up of FY 2022-23 in Tariff Order dtd. 26/07/2024 directed the DISCOM to keep separate account of interstate and intrastate losses and provide 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:

"3.211 The Discom has furnished total transmission losses (inter and intra state) in MUs terms, therefore, to segregate the same, the Commission has used the intra state losses of 4.38% based on RVPN true up petition for FY 2022-23 and the inter state transmission losses of 3.58% 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 petitions. Failing which the Commission may also impose a penalty apart from disallowing the excess transmission losses."

- 2) PFI has observed that Interstate transmission losses for FY 2023-24 based on 52 weeks Average of All India Losses is 3.55% (POSOCO) and the actual Intra State (InSTS) losses of Rajasthan Rajya Vidyut Prasaran Nigam Limited for FY 2023-24 is 4.33% (True-Up Petition of RRVNPL for FY 2023-24). So, the cumulative losses for FY 2023-24 come out to be 7.88%. However, the DISCOM has considered 7.62%

combined losses for FY 2023-24. Hon'ble Commission may kindly seek clarification in this regard from DISCOM as it will result into no actual reflection of Transmission Losses hence no actual Energy requirement / energy accounting.

- 3) **It is noted that in the past Hon'ble Commission, in the past True-up Orders, had imposed penalty of Rs. 10 Cr. flat for non-compliance of various directions. Similarly, in this case Hon'ble Commission may impose a penalty of Rs. 10 Cr. on AVVNL for non-compliance of repeated directions of Hon'ble RERC of not bifurcating Transmission losses in Inter and Intra levels.**

B. HIGHER POWER PURCHASE COST

B.1 BANKING OF POWER

- 4) PFI has observed that AVVNL has claimed provision for Banking of Power of Rs. 200.16 Crore, however, the Hon'ble Commission in Tariff Order dtd. 26/07/2024 in True-Up of FY 2022-23 did not consider the provision for banking cost. Relevant extract of the said Order is as follows:

"3.217 In view of discussion made earlier in this order, banking transactions are considered as cost neutral and no provision towards notional cost of banking is considered for true up of power purchase cost."

- 5) Further, PFI notes that that banking contracts are revenue neutral and in this regard, it is worthwhile to mention that Hon'ble Appellate Tribunal of Electricity (APTEL) in Appeal No. 14 of 2012 vide judgement dtd. 28/11/2013 in the matter of DERC Vs NDPL stipulated as follows:

116. ..When power is banked during a financial year it is shown as notional sale of the distribution licensee at a predetermined rate and the amount so arrived is deducted from the ARR of the licensee. When the power returned, it is shown as notional purchase at the same rate and the cost is added to its ARR. The licensee has paid the power purchase cost and did not get any revenue from such notional sale

- 6) **Thus, PFI submits that Banking Cost of Rs. 200.16 Cr. should not be allowed by Hon'ble RERC while approving the Power Purchase Cost in True-Up of FY 2023-24.**

B.2 COSTLIER SOURCES OF POWER

- 7) PFI observes that AVVNL in FY 2023-24 has procured Power from costlier sources despite availability of cheaper sources of Power. Hon'ble Commission in ARR of FY 2023-24 in Tariff Order dtd. 31/03/2023 approved lesser Energy for costlier Plants and higher Energy for cheaper Plants, however, AVVNL has failed to do so in their actual power procurement plan . It has been noticed by PFI that AVVNL has procured 533 MU and 107 MU from Generating Stations of Coastal Gujarat and NTPC- Meja at the rate of Rs. 5.16/kWh and Rs. 6.25/kWh respectively, however, the Hon'ble Commission in ARR of FY 2023-24 approved only 100 MU and 87 MU from Coastal Gujarat and NTPC- Meja respectively.
- 8) Further, AVVNL has also claimed 802 MU of energy worth Rs. 535 Cr. at the rate of 6.67 Rs/kWh from "Others" sources for which no details have been provided by AVVNL. Hon'ble Commission did not allow any such source of Power Procurement in the ARR of FY 2023-24.
- 9) AVVNL has neither submitted any details related to excess purchase of power from costly plants nor has adopted the principles of competitive Power Purchase and also deviated from the approved Power Purchase while procuring such costlier Power in FY 2023-24. The impact of such purchase of non-optimized Power will be borne by the consumers of Rajasthan in the form of higher tariff.
- 10) The details of excess purchase vis-à-vis approved purchase are as follows:

Table 1: Power Purchase Cost and Quantum as claimed for FY 2023-24 for AVVNL

Source	Power Purchase Quantum (MU) (Approved)	Power Purchase Quantum (MU) (Claimed)	Power Purchase Cost (Rs. Cr.) (Claimed)	Unit rate (Claimed) Rs./kWh
COSTLIER PLANTS				
Coastal Gujarat	100	533	275	5.16
NTPC- Meja	87	107	67	6.25
Others	-	802	535	6.67
Total	187	1442	877	6.08
Approved vis-à-vis claimed		1255		
CHEAPER PLANTS				

Source	Power Purchase Quantum (MU) (Approved)	Power Purchase Quantum (MU) (Claimed)	Power Purchase Cost (Rs. Cr.) (Claimed)	Unit rate (Claimed) Rs./kWh
NTPC	2142	1831	680	3.71
NHPC	565	418	174	4.16
SJVNL	244	171	56	3.30
NCES (Wind, Solar & Biomass)	5937	3240	1318	4.07
Total	8,888	5,660	2,228	3.94
Approved vis-à-vis claimed		3,228		

- 11) It has been observed by PFI that *Regulations 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..”

- 12) 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.”

- 13) As per the Regulatory provisions, mentioned 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 costlier Plants as no basis for such procurement has been submitted by AVVNL i.e., whether it was meant to meet Peak Demand / Forced Scheduling etc. Based on the above-mentioned Regulatory Principles, PFI has worked out the revised Power Purchase Cost considering the Quantum same as approved by Hon'ble Commission, keeping the total Power Purchase Quantum same as claimed by AVVNL, as tabulated below.

Table 2: Power Purchase Cost (PPC) and Quantum as worked out by PFI for FY 2023-24 for AVVNL

Source	PP Quantum (MU) (Approved)	PP Quantum (MU) (Claimed)	PFI Working PP Quantum (MU)	Unit rate (Claimed)	PPC (Rs. Cr.) (Claimed)	PFI Working PPC (Rs. Cr.)
Costlier Plants						
Coastal Gujarat	100	533	100	5.16	275	52
NTPC- Meja	87	107	87	6.25	67	54
Others	-	802	-	6.67	535	0
Total	187	1442	187	6.08	877	106
Claimed vis-à-vis PFI Working			1255			771
Cheaper Plants						
NTPC	2142	1831	2142	3.71	680	795
NHPC	565	418	565	4.16	174	235
SJVNL	244	171	244	3.30	56	81
NCES (Wind, Solar & Biomass)	5937	3240	3964	4.07	1318	1613
Total	8,888	5,660	6915	3.94	2,228	2,724
Claimed vis-à-vis PFI Working			1255			496

- 14) As observed from above, by considering the Power Purchase Cost as per the Regulatory provisions, the savings through optimized Power Purchase would be Rs. 275 Cr. (771 - 496). PFI requests Hon'ble RERC to determine the Power Purchase Cost for FY 2023-24 as per the Regulatory provisions stipulated for Power Purchase and disallow Rs. 275 Cr. on account of costlier Power Purchase procured not following the approved Power Purchase sources by the Hon'ble Commission in ARR of FY 2023-24. The said disallowances due to inefficiency

of AVVNL should not be borne by consumers of Rajasthan in any manner rather it should be borne by Govt. of Rajasthan through subsidy to DISCOM.

B.3 RUVN ESTABLISHMENT COST

- 15) AVVNL has claimed Rs. 15.36 Cr. of Power Purchase Cost as RUVN Establishment Cost. However, PFI has noted that Hon'ble Commission did not approve such expenses on the basis that these are to be met by DISCOM from O&M expenses. Relevant extracts of the True-Up Order for FY 2022-23 where the Commission did not allow such expense is as follows:

"3.218 Further, as discussed in earlier paras, the service charges to RUVNL of Rs. 11.23 Crore are not considered by Commission."

- 16) In view of above, PFI requests Hon'ble Commission to disallow the said expenses claimed by AVVNL worth Rs. 15 Cr.

C. RENEWABLE PURCHASE OBLIGATION TARGET

- 17) AVVNL in True-Up Petition of FY 2023-24 has not provided the Compliance of of Renewable Purchase Obligation (RPO) target for FY 2023-24. *RERC (Renewable Energy Obligation) (Seventh Amendment) Regulations, 2021*, provides for the minimum consumption of RPO which is to be followed in toto by DISCOMs which is 10.50% for Solar, 11.16% for Non-Solar.
- 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

¹ Press Information Bureau

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

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.

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, 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 deposit in RPO Fund may be reduced from the ARR of FY 2023-24.**

D. DISALLOWANCE ON ACCOUNT OF DEPRECIATION

- 22) AVVNL has claimed Rs. 1,039 Cr. of Depreciation in True-Up of FY 2023-24, however, Hon’ble RERC in ARR Order for FY 2023-24 approved Rs 688 Cr. of Depreciation.
- 23) PFI has observed that AVVNL has erred in computing Depreciation and has considered the Depreciation as per the Audited Accounts (Note:23). AVVNL has not considered the opening GFA same as approved by Hon’ble Commission as closing for FY 2022-23 (in True-Up). PFI has reworked the Depreciation as per the Regulatory principles considering opening GFA for FY 2023-24 same as approved by Hon’ble

Commission in True-Up of FY 2022-23 as closing GFA for FY 2022-23, as tabulated below:

Table 3: Depreciation for FY 2023-24 for AVVNL as worked out by PFI (in Rs. Cr.)

Particulars	FY 2023-24
Depreciable assets at the beginning of the year (closing balance of True up FY 2022-23)	14,396.23
Capitalization during the year (Form 3.10)	1604
Closing balance of GFA	16,000.23
Average depreciable assets during the year	15,198.23
Average depreciation rate (as approved)	4.71%
Depreciation for FY 2023-24	715.84

- 24) **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. 716 Cr. may be allowed by the Hon'ble Commission as against Rs. 1,039 Cr. claimed by AVVNL.**

E. OTHER DEBITS

E.1 COMPENSATION FOR INJURIES, DEATH AND DAMAGES

- 25) PFI notes that AVVNL has claimed Rs. 12.1 Cr. (1.15 + 10.95) as Compensation for Injuries, Death & Damages (Table-23 of the True-Up Petition).
- 26) 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.
- 27) Section 57 of the Electricity Act, 2003 also stipulates that the DISCOM has to achieve the Standards of Performance specified by the Appropriate Commission and if a licensee fails to meet the specified standards, he shall be liable to pay such compensation to the person affected. Hon'ble Telangana Commission while doing the APR (True-Up) of FY 2022-23 did not approve Compensation for the Telangana DISCOMs.

- 28) **In view of above, PFI requests the Hon'ble Commission to not allow any Compensation as per the Regulatory principles stipulated under the Electricity Act, 2003. So, Rs. 12 Cr. may kindly be disallowed by the Hon'ble Commission in True-Up of FY 2023-24.**

E.2 EXPENDITURE FOR LPS/DPS WAIVED OFF

- 29) PFI further notes that AVVNL has claimed Rs. 19.29 Cr. as Delayed Payment Surcharge (DPS) / Late Payment Surcharge (LPS) waived off (Table-23 of the True-Up Petition). However, based on the *RERC Tariff Regulations 2019*, Hon'ble Commission does not allow any expenditure on account of LPS/DPS waived off. At the same time, the Commission does not allow any income towards DPS. Relevant extracts of the True-Up Order for FY 2022-23 dtd. 26/07/2024 wherein the Commission disallowed the expenditure on account of LPS/DPS waived off is as follows:

"3.261 AVVNL has shown the rebate allowed to consumers of Rs. 639.71 Crore which is inclusive of LPS/DPS waived of Rs. 39.39 Crore and rebate on account of defective meters of Rs. 4.35 Crore. As per Regulation 36 of RERC Tariff Regulations, 2019, the Commission has not considered the income towards DPS, therefore the expenditure on account LPS/DPS waived of Rs. 39.39 Crore has also not been considered by the Commission."

- 30) **In view of above, PFI requests the Hon'ble Commission to not allow any DPS/LPS waived off as per the Regulatory principles. So, Rs. 19 Cr. may kindly be disallowed by the Hon'ble Commission in True-Up of FY 2023-24.**

E.3 PRIOR PERIOD EXPENSES

- 31) PFI has observed that AVVNL has claimed Rs. 159.87 Cr. of Prior Period Expenses in FY 2023-24. Break up of Prior Period expenses from Note:27 of the Audited Accounts of AVVNL for FY 2023-24 is as follows:

27:- Prior Period Items		(Amount in ₹ Lakhs)	
Particulars	Account Code	For the year ended 31st March 2024	For the year ended 31st March 2023
1. Income relating to previous year :			
Receipt from Consumers	85.200	(3.86)	12.45
Interest Income pertains to previous years	85.400	-	40.14
Excess Provision for Depreciation	85.600	0.53	3,534.30
Other Excess Provision	85.800	0.39	5.18
Other Income	85.900	(0.29)	2,165.38
Total (A)		(3.03)	5,787.45
2. Prior period expenses/loss :			
Short Provision for P. P. in Previous Years	83.100	14,088.20	3,481.50
Operating Expenses	83.300	265.01	2,260.69
Employee Cost	83.500	(0.62)	(2.59)
Depreciation under Provision	83.600	230.46	2,302.94
Interest and Financial Charges	83.700	1,477.40	-
Administration Expenses	83.820	(76.67)	653.01
Total (B)		15,986.72	5,694.65
Grand Total (A-B)		(15,989.75)	(2,907.20)

- 32) As above, AVVNL has claimed Prior Period expenses pertaining to operation expenses, employee cost, depreciation, Interest and Finance Charges and administrative expenses summing to Rs. 19 Cr. PFI has observed that DISCOM has erred in computing Prior Period expenses as per the Regulatory Provisions. Hon'ble RERC in True-Up of FY 2022-23 did not allow Prior Period expenses pertaining to operation expenses, employee cost, depreciation, administrative expenses basis that such expenses are already approved by the Commission. Relevant extracts of the True-Up Order for FY 2022-23 where the Commission did not allow such expense are as follows:

"3.252 While carrying out the true up of any financial year, the Commission allows the operation expenses, employee cost, depreciation, administrative expenses as per Tariff Regulations. Hence, expenses of Rs. 52.13 Crore on account of these as shown in AVVNL audited accounts have not been considered 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."

- 33) **In view of above, PFI requests Hon'ble RERC to consider disallowing Rs. 19 Cr. from the Prior Period expenses of AVVNL for FY 2023-24.**

F. SUMMARY OF DISALLOWANCES

- 34) As stipulated in above Sections, summary of disallowances worked out by PFI is tabulated as follows. Hon'ble RERC is requested to kindly consider the same while disposing of the True-up Petition for FY 2023-24 and inefficiencies of AVVNL may not

be passed on to the consumers rather it should be borne by Govt. of Rajasthan in the form of Subsidy, if any:

Table 4: Summary of Disallowances for FY 2023-24 for AVVNL (Rs. Cr.)

Particulars	Claimed	PFI working	Total Disallowance
Power Purchase Cost	13,958	13,467	(490)
<i>Banking of Power</i>	200	0	(200)
<i>Optimization through cheaper power purchase</i>	0	(275)	(275)
<i>RUVN Establishment Cost</i>	15	0	(15)
<i>Other cost</i>	13,742	13,742	0
Depreciation	1,039	716	(323)
Other Debits	542	491	(50)
<i>Compensation for Injuries, death and damages</i>	12	0	(12)
<i>Expenditure for LPS/DPS waived off</i>	19	0	(19)
<i>Prior Period expenses</i>	160	141	(19)
<i>Other expenses</i>	351	351	0
Penalty for non- bifurcation of Transmission losses	0	(10)	(10)
Other ARR expenses	5,707	5,707	0
Net Revenue Requirement	21,246	20,372	(874)
Less: Revenue	21,123	21,123	0
(Gap)/Surplus	(123)	751	(874)
Delayed Payment Surcharge	(105)	(105)	0
Net (Gap)/Surplus	(228)	646	(874)

ANNEXURE-II**PFI Comments/Suggestions: JVVNL True-Up Petition FY 2023-24**

- 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 Jaipur Vidyut Vitran Nigam Limited (JVVNL) on True-Up of FY 2023-24. PFI has reviewed and analyzed the said Tariff Petition, and our comments / suggestions are as follows:

A. UNMETERED ENERGY SALES TO AGRICULTURE

- 3) JVVNL has claimed 27 MU of energy sales under Flat rate supply to Agriculture consumers. PFI has observed that Hon'ble Commission has been directing Rajasthan DISCOMs to convert the agriculture flat rate consumers to meter category for many years. JVVNL could not convert them into metered and so, looking to such non-compliance, Commission in True-Up Orders for FY 2021-22 and FY 2022-23 has deducted Rs. 10 Crore on this account from the ARR of JVVNL. In this regard, relevant extracts of the last True-Up Order for FY 2022-23 is as follows:

"3.115 In the ARR order dated 1.09.2022, Commission also observed that Commission has been directing Discoms to convert the agriculture flat rate consumers to meter category for many years. However, Discom could not convert them into metered one, looking to such non-compliance, Commission vide its tariff order dated 1.09.2022 had deducted Rs. 10 Crore on this account from the ARR of JVVNL and JdVVNL. In the view of continues non compliance, the Commission has deducted an amount of Rs. 10 Cr. from true up of FY 2022-23 for JVVNL."

- 4) While AVVNL has been able to meter 100% of the unmetered Agriculture consumers in FY 2023-24, JVVNL has unmetered Sales in FY 2023-24 despite repeated directions of Hon'ble Commission. However, JVVNL has been able to show some progress as in FY 2022-23 unmetered Agricultural Sales were 86 MU that dropped to

27 MU in FY 2023-24. **In view of above, PFI requests Hon'ble RERC to again penalize JVVNL for not complying with the directions of Hon'ble RERC to meter all Agricultural consumers and deduct at least Rs. 10 Cr. from the ARR of JVVNL in True-Up of FY 2023-24.**

- 5) Further, JVVNL has sought recovery of the penalty of Rs. 30 Cr. levied by Hon'ble Commission for non-conversion of unmetered Agricultural connections in past years. **PFI submits that the submission of JVVNL is not valid as the True-Up of past years has already been done and in that particular year JVVNL had unmetered Sales which impacted the Energy accounting of DISCOM. So, Rs. 30 Cr. of reclamation of penalty by JVVNL should not be allowed by Hon'ble RERC.**

B. HIGHER DISTRIBUTION LOSSES THAN TARGET

- 6) JVVNL submitted it has achieved distribution Losses of 15.77% as against the target of 15% approved by Hon'ble Commission for FY 2023-24. JVVNL has made substantial investment in various loss reduction schemes with an objective of reduction of losses but still losses are not as per trajectory set by the Commission vide its earlier tariff orders. The actual Distribution Losses of JVVNL in FY 2022-23 was 14.59% but it has increased to 15.77% in FY 2023-24.
- 7) PFI notes that as per Regulation 75(5) of *RERC Tariff Regulations, 2019*, the losses on account of DISCOMs' failure to achieve the target set by the Commission be shared in the ratio of 50:50 between the DISCOM & consumers. However, Hon'ble RERC in True-Up of FY 2022-23 has decided not to allow any sharing on account of continued failure to achieve the targeted losses as done in the earlier orders and directed that the respective Discom shall have to bear the burden of excess Distribution losses. Hon'ble Commission allowed Energy requirements and Power Purchase Cost corresponding to the Targeted losses only. Relevant extract of the said Tariff Order is as follows:

"3.126 As discussed in earlier paras, the Commission does not wish to burden the consumer on account of Discom inefficiency, especially when Commission is allowing full investment as claimed by Discoms in previous years, the Discom in the current petition and earlier petitions has proposed no tariff hike. As such, the Commission disallows 100% of such excess purchase,

i.e. 1116.59 MUs from actual purchase of 38763.99 MUs and accordingly purchase of energy allowed shall be 37647.41 MUs.”

- 8) **In view of above, PFI requests Hon’ble Commission to approve Energy requirements and Power Purchase Cost corresponding to the targeted losses only. PFI has worked out revised Power Purchase Cost in the later Sections of this submission based on targeted Distribution losses for FY 2023-24.**

C. NO BIFURCATION OF TRANSMISSION LOSSES

- 9) JVVNL has not submitted the bifurcation of Transmission losses, Inter and Intra, in True-Up Petition for FY 2023-24 and have claimed combined Transmission losses of 7.62% for FY 2023-24. However, Hon’ble RERC in True-Up of FY 2022-23 in Tariff Order dtd. 26/07/2024 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:

“3.123 The Discom has furnished total transmission losses (inter and intra state) in MUs terms, therefore, to segregate the same, the Commission has used the intra state losses of 4.38% based on RVPN true up Order for FY 2022-23 and the interstate transmission losses of 3.58% 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 petitions. Failing which the Commission may also impose a penalty apart from disallowing the excess transmission losses.”

- 35) PFI has observed that Interstate transmission losses for FY 2023-24 based on 52 weeks Average of All India Losses is 3.55% (POSOCO) and the actual Intra State (InSTS) losses of Rajasthan Rajya Vidyut Prasaran Nigam Limited for FY 2023-24 is 4.33% (True-Up Petition of RRVPNL for FY 2023-24). So, the cumulative losses for FY 2023-24 come out to be 7.88%. However, the DISCOM has considered 7.62% combined losses for FY 2023-24. Hon’ble Commission may kindly seek clarification in this regard from DISCOM as it will result into no actual reflection of Transmission Losses hence no actual Energy requirement / energy accounting.
- 36) **It is noted that in the past Hon’ble Commission, in the past True-up Orders, had imposed penalty of Rs. 10 Cr. flat for non-compliance of various directions. Similarly, in this case Hon’ble Commission may impose a penalty of Rs. 10 Cr.**

on JVVNL for non-compliance of repeated directions of Hon'ble RERC of not bifurcating Transmission losses in Inter and Intra levels.

D. HIGHER POWER PURCHASE COST

D.1 POWER PURCHASE COST DUE TO EXCESS DISTRIBUTION LOSSES THAN TARGET

- 10) PFI has noted that JVVNL has computed the Energy Requirement (MU) corresponding to approved targeted Distribution losses of 15% in Table-3 of the Petition, as shown below:

Table 3: Energy Balance for FY 2023-24

Particulars	Approved	Actual	Normative#
Energy Sales (MUs)	33,559	32,462	32,462
Distribution Loss (%)	15.00%	15.77%	15%
Distribution Loss (MUs)	5,922	6,077	5,729
Requirement at Distribution periphery (MUs)	39,481	38,539	38,191
Intra-state Transmission Losses (%)*	4.50%	7.62%	7.62%
Intra-state Transmission Losses (MUs)	1,860	3,181	3,152
Gross Energy Required at State periphery (MUs)	41,341	41,720	41,343
Inter-state Transmission Losses (%)	3.54%	-	-
Inter-state Transmission Losses (MUs)	442	-	-
Sale through Exchange	-	1,187	-
Gross Energy Requirement (MUs)	41,783	42,907	41,323

*Intra and Inter-state losses combined
at normative distribution loss level

- 11) As above, the Energy Requirement of JVVNL (at State periphery) with 15% losses comes out to be 41,343 MU as against 41,720 claimed in True-Up of FY 2023-24, **excess by 377 MU**. JVVNL has claimed Rs. 21830 Cr. of Power Purchase Cost with actual Distribution losses of 15.77%. So, PFI has reworked Power Purchase Cost corresponding to 15% Distribution losses as tabulated below:

Table 5: Power Purchase Cost at approved losses for JVVNL for FY 2023-24- PFI Working

Particulars	Quantum (MU)	Cost (Rs. Cr.)	Avg. Rate (Rs./kWh)
Total Energy Purchased by Discom (A)	42,907	19680	4.59
Less: Disallowed short term sources (B)	377	273	7.25
Power Purchase allowed C=(A-B)	42,530	19,407	4.56
Add: Transmission and SLDC charges (D)		2150	
Total Power purchase cost allowed (C+D)		21,557	

- 12) **As above, Power Purchase Cost corresponding to targeted Distribution losses of 15% is Rs. 21,557 Cr. as against Rs. 21,830 Cr. of Power Purchase Cost claimed with actual Distribution losses of 15.77%. The above working is as per the methodology specified by Hon'ble Commission in earlier True-Up Orders, latest being of FY 2022-23. PFI requests Hon'ble Commission to consider the working of PFI and disallow Power Purchase Cost of Rs. 273 Cr.**

D.2 BANKING COST OF POWER

- 13) PFI has observed that JVVNL has claimed Provision for Banking of Power of Rs. 248 Crore, however, the Hon'ble Commission in Tariff Order dtd. 26/07/2024 in True-Up of FY 2022-23 did not consider the provision for banking cost. Relevant extract of the said Order is as follows:

"3.127 In view of discussion made earlier in this order, banking transactions are considered as cost neutral and no provision towards notional cost of banking is considered for true up of power purchase cost."

- 37) Further, PFI notes that that banking contracts are revenue neutral and in this regard, it is worthwhile to mention that Hon'ble Appellate Tribunal of Electricity (APTEL) in Appeal No. 14 of 2012 vide judgement dtd. 28/11/2013 in the matter of DERC Vs NDPL stipulated as follows:

116. ..When power is banked during a financial year it is shown as notional sale of the distribution licensee at a predetermined rate and the amount so arrived is deducted from the ARR of the licensee. When the power returned, it is shown as notional purchase at the same rate and the cost is added to its ARR. The licensee has paid the power purchase cost and did not get any revenue from such notional sale.

- 14) **In view of above, Power Purchase expenses corresponding to Banking of Power, i.e., Rs. 248 Cr. may not be allowed by Hon'ble Commission in True-Up of FY 2023-24 for JVVNL.**

D.3 COSTLIER SOURCES OF POWER

- 15) PFI observed that JVVNL in FY 2023-24 has procured Power from costlier sources despite availability of cheaper sources of Power. Hon'ble Commission in ARR of FY

2023-24 in Tariff Order dtd. 31/03/2023 approved lesser energy for costlier Plants and higher Energy for cheaper Plants, however, JVVNL has failed to do so in their actual power procurement plan. It has been noticed by PFI that JVVNL has procured 667 MU and 143 MU from Coastal Gujarat and NTPC- Meja at the rate of Rs. 5.16/kWh and Rs. 6.31/kWh respectively, however, the Hon'ble Commission in ARR of FY 2023-24 in Tariff Order dtd. 31/03/2023 approved only 139 MU and 121 MU from Coastal Gujarat and NTPC- Meja respectively.

- 16) JVVNL has neither submitted any details related to excess purchase of power from costly plants nor has adopted the principles of competitive Power Purchase and also deviated from the approved Power Purchase while procuring such costlier Power in FY 2023-24. The impact of such purchase of non-optimized Power will be borne by the consumers of Rajasthan in the form of higher tariff.
- 17) The details of excess purchase vis-à-vis approved purchase are as follows:

Table 2: Power Purchase Cost and Quantum as claimed for FY 2023-24 for JVVNL

Source	Power Purchase Quantum (MU) (Approved)	Power Purchase Quantum (MU) (Claimed)	Power Purchase Cost (Rs. Cr.) (Claimed)	Unit rate (Claimed) Rs./kWh
Costlier Plants				
Coastal Gujarat	139	667	344	5.16
NTPC- Meja	121	143	90	6.31
Total	260	810	434	5.35
Approved vis-à-vis claimed		550		
Cheaper Plants				
NTPC (exc. Meja & Bundled Solar)	2982	2465	921	3.74
SJVNL	340	222	73	3.29
Total	3322	2687	994	3.70
Approved vis-à-vis claimed		635		

- 18) It has been observed by PFI that *Regulations 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..”

- 19) 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.”

- 20) 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 costlier Plants as no basis for such procurement has been submitted by AVVNL i.e., whether it was meant to meet Peak Demand / Forced Scheduling etc. Based on the above-mentioned Regulatory Principles, PFI has worked out the revised Power Purchase Cost considering the Quantum same as approved by Hon’ble Commission, keeping the total Power Purchase Quantum same as claimed by JVVNL, as tabulated below.

Table 3: Power Purchase Cost (PPC) and Quantum as worked out by PFI for FY 2023-24 for JVVNL

Source	PP Quantum (MU) (Approved)	PP Quantum (MU) (Claimed)	PFI Working PP Quantum (MU)	Unit rate (Claimed)	PPC (Rs. Cr.) (Claimed)	PFI Working PPC (Rs. Cr.)
Costlier Plants						
Coastal Gujarat	139	667	139	5.16	344	72

Source	PP Quantum (MU) (Approved)	PP Quantum (MU) (Claimed)	PFI Working PP Quantum (MU)	Unit rate (Claimed)	PPC (Rs. Cr.) (Claimed)	PFI Working PPC (Rs. Cr.)
NTPC- Meja	121	143	121	6.31	90	76
Total	260	810	260		434	148
Claimed vis-à-vis PFI Working			550			286
Cheaper Plants						
NTPC (exc. Meja & Bundled Solar)	2982	2465	2897	3.74	921	1082
SJVNL	340	222	340	3.29	73	112
Total	3,322	2,687	3,237		994	1,194
Claimed vis-à-vis PFI Working			550			200

- 21) As observed from above, by considering the Power Purchase Cost as per the Regulatory provisions, the savings through optimized Power Purchase would be Rs. 86 Cr. (286 - 200) PFI requests Hon'ble RERC to determine the Power Purchase Cost for FY 2023-24 as per the Regulatory provisions stipulated for Power Purchase and disallow Rs. 86 Cr. on account of costlier Power Purchase procured not following the approved Power Purchase sources by the Hon'ble Commission in ARR of FY 2023-24. The said disallowances due to inefficiency of JVVNL should not be borne by consumers of Rajasthan in any manner rather it should be borne by Govt. of Rajasthan through subsidy to DISCOM.

E. RENEWABLE PURCHASE OBLIGATION TARGET

- 22) JVVNL in True-Up Petition of FY 2023-24 has not given the summary of Renewable Purchase Obligation (RPO) Compliance of FY 2023-24. RERC (Renewable Energy Obligation) (Seventh Amendment) Regulations, 2021, provides for the minimum consumption of RPO which is to be followed in toto by DISCOMs which is 10.50% for Solar, 11.16% for Non-Solar.
- 23) 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 2030². These targets

² Press Information Bureau

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

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.

- 24) 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).”

- 25) 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.
- 26) **In view of above, PFI requests Hon'ble RERC to impose penalty in lieu of RPO Shortfall of JVVNL, if any. Such deposit in RPO Fund may be reduced from the ARR of FY 2023-24.**

F. DISALLOWANCE ON ACCOUNT OF EXCESS DEPRECIATION

- 27) JVVNL has claimed Rs. 1,194 Cr. of Depreciation in True-Up of FY 2023-24, however, Hon'ble RERC in ARR Order for FY 2023-24 approved Rs 882 Cr. of Depreciation.
- 28) PFI has observed that JVVNL has erred in computing Depreciation and has considered the Depreciation as per the Audited Accounts (Note: 30). JVVNL has not

considered the opening GFA same as approved by Hon'ble Commission as closing for FY 2022-23 (in True-Up). PFI has reworked the Depreciation as per the Regulatory principles considering opening GFA for FY 2023-24 same as approved by Hon'ble Commission in True-Up of FY 2022-23 as closing GFA for FY 2022-23, as tabulated below:

Table 4: Depreciation for FY 2023-24 for JVVNL as worked out by PFI (in Rs. Cr.)

Particulars	FY 2023-24
Depreciable assets at the beginning of the year (closing balance of True up FY 2022-23)	17,499.80
Capitalization during the year (Form 3.10)	2,819.83
Closing balance of GFA	20,319.63
Average depreciable assets during the year	18,909.72
Average depreciation rate (as approved)	4.81%
Depreciation for FY 2023-24	909.56

- 29) **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. 910 Cr. may be allowed by the Hon'ble Commission as against Rs. 1,194 Cr. claimed by JVVNL.**

G. OTHER DEBITS

G.1 COMPENSATION FOR INJURIES, DEATH AND DAMAGES

- 30) PFI notes that JVVNL has claimed Rs. 7.32 Cr. (0.66 + 6.66) as Compensation for Injuries, Death & Damages (Table-15 of the True-Up Petition).
- 31) 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.
- 32) Section 57 of the Electricity Act, 2003 also stipulates that the DISCOM has to achieve the Standards of Performance specified by the Appropriate Commission and if a licensee fails to meet the specified standards, he shall be liable to pay such compensation to the person affected. Hon'ble Telangana Commission while doing the

APR (True-Up) of FY 2022-23 did not approve Compensation for the Telangana DISCOMs.

- 33) **In view of above, PFI requests the Hon'ble Commission to not allow any Compensation as per the Regulatory principles stipulated under the Electricity Act, 2003. So, Rs. 7 Cr. may kindly be disallowed by the Hon'ble Commission in True-Up of FY 2023-24.**

G.2 EXPENDITURE FOR LPS/DPS WAIVED OFF & REBATE FOR DEFECTIVE METERS

- 34) PFI further notes that JVVNL has claimed Rs. 64.09 Cr. as DPS/LPS waived off & Rs. 5.41 Cr. as rebate for defective meters (Table-15 of the True-Up Petition). However, based on the *RERC Tariff Regulations 2019*, Hon'ble Commission does not allow any expenditure on account of LPS/DPS waived off. At the same time, the Commission does not allow any income towards DPS. The Hon'ble Commission also does not allow rebate on account of defective meters as it is the duty of the Discom to keep the meters correct and replace defective meters within the specified time. Relevant extracts of the True-Up Order for FY 2022-23 dtd. 26/07/2024 wherein the Commission disallowed the expenditure on account of LPS/DPS waived off & rebate for defective meters is as follows:

"3.170 JVVNL has shown the rebate allowed to consumers of Rs. 478.43 Crore which is inclusive of LPS/DPS waiver of Rs. 51.16 Crore and rebate of defective meters of Rs. 9.41 Crore. As per Regulation 36 of RERC Tariff Regulations, 2019, the Commission has not considered the income towards DPS, therefore, the expenditure on account of waiver of LPS/DPS of Rs. 51.16 Crore is also not considered by the Commission. Further, Discom has shown rebate of Defective meter of Rs. 9.41 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."

- 35) **In view of above, PFI requests the Hon'ble Commission to not allow any DPS/LPS waived off and Rebate on account of Defective Meters as per the Regulatory principles. So, Rs. 69.5 Cr. may kindly be disallowed by the Hon'ble Commission in True-Up of FY 2023-24.**

G.3 PRIOR PERIOD EXPENSES

- 36) PFI has observed that JVVNL has claimed Rs. 234.45 Cr. of Prior Period Expenses in FY 2023-24. Break up of Prior Period expenses from Note:33 of the Audited Accounts of JVVNL for FY 2023-24 is as follows:

33:- Prior Period Income / (Expenses)		(₹ in Lakhs)	
Particulars	Account Code	For the Year ended 31.03.2024	For the Year ended 31.03.2023
Income relating to previous year:			
Billing to Consumers related to prior period	65.200	(289.72)	2,505.83
Prior Period Income	65.203	-	-
Prior Period Income-Sale of Power	65.300	-	-
Interest income for prior period	65.400	0.03	-
Excess provision in prior period	65.500	-	-
Other excess provision in prior period	65.800	124.70	391.38
Other Income relating to Prior period	65.900	(1,524.39)	13,750.95
Sub Total		(1,689.38)	16,648.16
Less: Prior period expenses/loss			
Prior Period Adjustment of Power Purchase	83.100	20,542.41	13,128.43
Operating Expenses	83.300	-	-
Employee cost	83.500	(7.78)	60.04
Depreciation	83.600	15.72	(586.55)
Interest & Other Financial Charges	83.700	2,075.46	5,439.86
Administration & General Expense	83.820	(870.30)	7,033.41
Material Related Expense	83.840	-	-
Excess Income	83.850	-	-
Sub Total		21,755.51	25,075.19
TOTAL		(23,444.89)	(8,427.03)

- 37) As above, JVVNL has claimed Prior Period expenses pertaining to operation expenses, employee cost, depreciation, Interest and Finance Charges and administrative expenses summing to Rs. 12.13 Cr. PFI has observed that DISCOM has erred in computing Prior Period expenses as per the Regulatory Provisions as Hon'ble RERC in True-Up of FY 2022-23 in Tariff Order dtd. 31/03/2023 did not allow Prior Period expenses pertaining to operation expenses, employee cost, depreciation, administrative expenses basis that such expenses are already approved by the Commission. Relevant extracts of the True-Up Order for FY 2022-23 where the Commission did not allow such expense are as follows:

"3.160 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. 119.47 Crore on account of above expenses as shown in JVVNL 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."

- 38) **In view of above, PFI requests Hon'ble RERC to consider disallowing Rs. 12 Cr. from the Prior Period expenses of JVVNL for FY 2023-24.**

G. SUMMARY OF DISALLOWANCES

- 38) As stipulated in above Sections, summary of disallowances worked out by PFI is tabulated as follows. **Hon'ble RERC is requested to kindly consider the same while disposing of the True-up Petition for FY 2023-24 and inefficiencies of JVVNL may not be passed on to the consumers rather it should be borne by Govt. of Rajasthan in the form of Subsidy, if any:**

Table 6: Summary of Disallowances for FY 2023-24 for JVVNL (Rs. Cr.)

Particulars	Claimed	PFI working	Total Disallowance
Power Purchase Cost	19,680	19,073	(607)
<i>Disallowance for excess losses than target</i>	0	(273)	(273)
<i>Optimization through cheaper power purchase</i>	0	(86)	(86)
<i>Banking of Power</i>	248	0	(248)
<i>Other cost</i>	19,432	19,432	0
Depreciation	1,194	909.56	(284)
Other Debits	406.6	318	(89)
<i>Compensation for Injuries, death and damages</i>	7.32	0	(7)
<i>Expenditure for LPS/DPS waived off & Rebate for Defective Meters</i>	69.5	0	(70)
<i>Prior Period expenses</i>	234.45	222.32	(12)
<i>Other expenses</i>	95	95	0
Penalty for non- bifurcation of Transmission losses	0	(10)	(10)
Penalty for unmetered Agriculture Sales	0	(10)	(10)
Other ARR expenses	7,008	7,008	0
Net Revenue Requirement	28,289	27,289	(1,000)
Less: Revenue (from Tariff + Other Income + Grants, if any)	27,249	27,249	0
Recovery of penalty for non-conversion of Flat to metered category	30	0	(30)
(Gap)/Surplus	(1,070)	(40)	1,030
Delayed Payment Surcharge	(302)	(302)	0
Net (Gap)/Surplus	(1,372)	(342)	1,030

ANNEXURE-III

PFI Comments/Suggestions: JdVVNL True-Up Petition FY 2023-24

- 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 Jodhpur Vidyut Vitran Nigam Limited (JdVVNL) on True-Up of FY 2023-24. PFI has reviewed and analyzed the said Tariff Petition, and our comments / suggestions are as follows:

A. HUGE UNMETERED ENERGY SALES TO AGRICULTURE

- 3) JdVVNL has claimed 1,254 MU of energy sales under Flat rate supply to Agriculture consumers which is 9% of the total Agricultural supply. As per the Flat rate Agricultural consumers data given by JdVVNL in Clause 3.2 of the Petition, the DISCOM still has 32,085 of Flat rate consumers as on 31/03/2024.
- 4) PFI has observed that Hon'ble Commission has been directing Rajasthan DISCOMs to convert the agriculture flat rate consumers to meter category for many years. However, JdVVNL could not convert them into metered and so, looking to such non-compliance, Commission in True-Up Orders for FY 2021-22 and FY 2022-23 has deducted Rs. 10 Crore on this account from the ARR of JdVVNL. In this regard, relevant extracts of the last True-Up Order for FY 2022-23 is as follows:

"3.10 In the ARR order dated 1.09.2022, Commission also observed that the Commission has been directing Discoms to convert the agriculture flat rate consumers to meter category for many years. However, Discom could not convert them into metered one, looking to such non-compliance, Commission vide its tariff order dated 1.09.2022 had deducted Rs. 10 Crore on this account from the ARR of JVVNL and JdVVNL. In the view of continues non-compliance the Commission has deducted an amount of Rs. 10 Cr. from true up of FY 2022- 23 for JdVVNL."

- 5) **While AVVNL and JVVNL have been able to meter almost 100% of the unmetered Agriculture consumers by the end of FY 2023-24, JdVVNL has not been able to register requisite improvement in Metering despite repeated directions of Hon'ble Commission. In view of above, PFI requests Hon'ble RERC to again penalize JdVVNL for not complying with the directions of Hon'ble RERC to meter all Agricultural consumers and deduct at least Rs. 10 Cr. from the ARR of JdVVNL in True-Up of FY 2023-24.**

B. HIGHER DISTRIBUTION LOSSES THAN THE TARGET

- 6) JdVVNL submitted it has achieved distribution Losses of 23.58% as against the target of 15% approved by Hon'ble Commission for FY 2023-24. JdVVNL has made substantial investment in various loss reduction schemes with the objective of reduction of losses but still losses are not as per trajectory set by the Commission vide its earlier tariff orders.
- 7) PFI notes that as per Regulation 75(5) of *RERC Tariff Regulations, 2019*, the losses on account of DISCOMs' failure to achieve the target set by the Commission be shared in the ratio of 50:50 between the DISCOM & consumers. However, Hon'ble RERC in True-Up of FY 2022-23 has decided not to allow any sharing on account of continued failure to achieve the targeted losses as done in the earlier orders and directed that the respective Discom shall have to bear the burden of excess Distribution losses. Hon'ble Commission allowed Energy requirements and Power Purchase Cost corresponding to the Targeted losses only. Relevant extract of the said Tariff Order is as follows:

"3.23 It is further noted that during previous years and in the year under consideration, Discoms have made substantial investment in various loss reduction schemes with an objective of reduction of losses but still losses of Discoms are not as per trajectory set by the Commission vide its earlier tariff orders. Discoms are also not able to bring in requisite improvement in metering, billing & collection activities etc. The Discom in the current petition and earlier petitions has proposed no tariff hike. Therefore, in Commission's view, the consumers should not be burdened on account of continuous non achievement of targets by Discoms despite every year being allowed requisite investment. Therefore, the Commission has decided not to allow sharing on account of continues failure to achieve the targeted losses as done in the earlier orders and the respective Discom shall have to bear the burden of excess losses wherever applicable and meet the same in future years by improving their working.

3.24 Accordingly, the Commission allows energy requirement of 28117.95 MUs only based on targeted losses.

- 8) **In view of above, PFI requests Hon'ble Commission to approve Energy requirements and Power Purchase Cost corresponding to the targeted losses only. PFI has worked out revised Power Purchase Cost in the later Sections of this submission based on targeted Distribution losses for FY 2023-24.**

C. NO BIFURCATION OF TRANSMISSION LOSSES

- 9) JdVVNL has not submitted the bifurcation of Transmission losses, Inter and Intra, in True-Up Petition for FY 2023-24 and have claimed combined Transmission losses of 7.62% for FY 2023-24. However, Hon'ble RERC in True-Up of FY 2022-23 in Tariff Order dtd. 26/07/2024 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:

"3.18 The Discom has furnished total transmission losses (inter and intra state) in Mus terms without any bifurcation into interstate and Intra state transmission losses. Despite direction of Commission, Discoms have not furnished the breakup of Transmission losses into intra state and interstate Losses hence Commission has considered the intra state losses as 4.38% based on RVPN True up Order for FY 2022- 23 and Inter State Losses of 3.58% based on 52 weeks Average of All India transmission Losses from NRLDC Website, which have been applied on inter state projects and remaining excess interstate losses have been disallowed.

3.19 Accordingly, Inter State losses have been worked out as 462.42 MUs. The stakeholders have consistently pointing out that transmission losses mentioned by the Discoms are on higher side. Discoms though stated to have formed a Committee but that Committee didn't submit any study. The Commission has viewed it seriously and Discoms are again directed to keep a separate account of interstate and intrastate losses and give bifurcation while filing next true up petitions, failing which the Commission may also impose a penalty apart from is allowing the excess transmission losses."

- 39) PFI has observed that Interstate transmission losses for FY 2023-24 based on 52 weeks Average of All India Losses is 3.55% (POSOCO) and the actual Intra State (InSTS) losses of Rajasthan Rajya Vidyut Prasaran Nigam Limited for FY 2023-24 is 4.33% (True-Up Petition of RRVPNL for FY 2023-24). So, the cumulative losses for FY 2023-24 come out to be 7.88%. However, the DISCOM has considered 7.62% combined losses for FY 2023-24. Hon'ble Commission may kindly seek clarification

in this regard from the DISCOM as it will result into no actual reflection of Transmission Losses hence no actual Energy requirement / energy accounting.

- 10) It is noted that in the past Hon'ble Commission, in the past True-up Orders, had imposed penalty of Rs. 10 Cr. flat for non-compliance of various directions. Similarly, in this case Hon'ble Commission may impose a penalty of Rs. 10 Cr. on JdVVNL for non-compliance of repeated directions of Hon'ble RERC of not bifurcating Transmission losses in Inter and Intra levels.

D. HIGHER POWER PURCHASE COST

D.1 POWER PURCHASE COST DUE TO EXCESS DISTRIBUTION LOSSES THAN TARGET

- 11) PFI has noted that JdVVNL has computed the Energy Requirement (MU) corresponding to approved targeted Distribution losses of 15% in Table-3 of the Petition, as shown below:

Table 3: Energy Balance for FY 2023-24

Particulars	Approved	Normative*	Actual
Energy Sales (MUs)	31,209	26,607	26,607
Distribution Loss (%)	15.00%	15.00%	23.58%
Distribution Loss (MUs)	5,507	4695	8,208
Requirement at Distribution periphery (MUs)	36,716	31,302	34,814
Intra State Transmission Losses (%)	4.50%	7.62%**	7.62%**
Intra State Transmission Losses (MUs)	1,730	2,584**	2,874**
Gross Energy Required at State periphery (MUs)	38,446	33,886	37,688
Inter-state Transmission Losses (%)	3.54%	-	-
Inter-state Transmission Losses (MUs)	411	-	-
Sale through Exchange	-	-	1,074
Gross Energy Requirement (MUs)	38,857	33,886	38,762

* At normative level of distribution loss as approved by the Hon'ble RERC in Tariff Order for FY 2023-24,

** Intra and Inter-state losses combined

- 12) As above, the Energy Requirement of JdVVNL (at State periphery) with 15% losses comes out to be 33,886 MU as against 37,688 claimed in True-Up of FY 2023-24, **excess by 3,802 MU**. JdVVNL has claimed Rs. 19,704 Cr. of Power Purchase Cost

with actual Distribution losses of 23.58%. So, PFI has reworked Power Purchase Cost corresponding to 15% Distribution losses as shown in the following Table:

Table 7: Power Purchase Cost at approved losses for JdVVNL for FY 2023-24- PFI Working

Particulars	Quantum (MU)	Cost (Rs. Cr.)	Avg. Rate (Rs./kWh)
Total Energy Purchased by Discom (A)	37,688	17764	4.71
Less: Disallowed short term sources (B)	2545	1844	7.25
Total Energy from approved sources (C=A-B)	35,143	15,920	4.53
Less: Disallowed approved sources (D)	1,257	576	4.58
Power Purchase allowed E=(A-B-D)	33,886	15,344	
Add: Transmission and SLDC charges (F)		1940	
Total Power purchase cost allowed (E+F)		17,284	

- 13) **As above, Power Purchase Cost corresponding to targeted Distribution losses of 15% is Rs. 17,284 Cr. as against Rs. 19,704 Cr. of Power Purchase Cost claimed with actual Distribution losses of 23.58%. The above working is as per the methodology specified by Hon'ble Commission in earlier True-Up Orders, latest being of FY 2022-23. PFI requests Hon'ble Commission to consider the working of PFI and disallow Power Purchase Cost of Rs. 2420 Cr. The said disallowances due to inefficiency of JdVVNL should not be borne by consumers of Rajasthan in any manner rather it should be borne by Govt. of Rajasthan through subsidy to DISCOM.**

D.2 COSTLIER SOURCES OF POWER

- 14) PFI observed that JdVVNL in FY 2023-24 has procured Power from costlier sources despite availability of cheaper sources of Power. Hon'ble Commission in ARR of FY 2023-24 approved less Energy for costlier Plants and higher Energy for cheaper Plants, however, JdVVNL has failed to do so in their actual power procurement plan. It has been noticed by PFI that JdVVNL has procured 323 MU and 131 MU from Coastal Gujarat and NTPC- Meja (Form 3.1) at the rate of Rs. 5.16/kWh and Rs. 6.25/kWh respectively, however, the Hon'ble Commission in ARR of FY 2023-24 approved only 129 MU and 113 MU from Coastal Gujarat and NTPC- Meja respectively.

- 15) Further, JdVVNL has also claimed 942 MU of energy worth Rs. 628 Cr. at the rate of 6.67 Rs/kWh from “Others” sources for which no details have been provided by JdVVNL. Hon’ble Commission did not allow any such source of Power Procurement in the ARR of FY 2023-24.
- 16) JdVVNL has neither submitted any details related to excess purchase of power from costly plants nor has adopted the principles of competitive Power Purchase and also deviated from the approved Power Purchase while procuring such costlier Power in FY 2023-24. The impact of such purchase of non-optimized Power will be borne by the consumers of Rajasthan in the form of higher tariff.
- 17) The details of excess purchase vis-à-vis approved purchase are as follows:

Table 2: Power Purchase Cost and Quantum as claimed for FY 2023-24 for JdVVNL

Source	Power Purchase Quantum (MU) (Approved)	Power Purchase Quantum (MU) (Claimed)	Power Purchase Cost (Rs. Cr.) (Claimed)	Unit rate (Claimed) Rs./kWh
Costlier Plants				
Coastal Gujarat	129	626	323	5.16
NTPC- Meja	113	131	82	6.25
Others	-	942	628	6.67
Total	242	1699	1033	6.08
Approved vis-à-vis claimed		1457		
Cheaper Plants				
NTPC	4,326	3,721	1,472	3.96
NHPC	731	529	212	4.00
SJVNL	316	202	66	3.29
NCES (Wind, Solar & Biomass)	7,688	4,060	1,750	4.31
Total	13,061	8,512	3,500	
Approved vis-à-vis claimed		4,549		

- 18) It has been observed by PFI that *Regulations 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..”

- 19) 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.”

- 20) 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 costlier Plants as no basis for such procurement has been submitted by AVVNL i.e., whether it was meant to meet Peak Demand / Forced Scheduling etc. Based on the above-mentioned Regulatory Principles, PFI has worked out the revised Power Purchase Cost considering the Quantum same as approved by Hon'ble Commission, keeping the total Power Purchase Quantum same as claimed by JdVVNL, as tabulated below.

Table 3: Power Purchase Cost (PPC) and Quantum as worked out by PFI for FY 2023-24 for JdVVNL

Source	PP Quantum (MU) (Approved)	PP Quantum (MU) (Claimed)	PFI Working PP Quantum (MU)	Unit rate (Claimed)	PPC (Rs. Cr.) (Claimed)	PFI Working PPC (Rs. Cr.)
Costlier Plants						
Coastal Gujarat	129	626	129	5.16	323	67

Source	PP Quantum (MU) (Approved)	PP Quantum (MU) (Claimed)	PFI Working PP Quantum (MU)	Unit rate (Claimed)	PPC (Rs. Cr.) (Claimed)	PFI Working PPC (Rs. Cr.)
NTPC- Meja	113	131	113	6.25	82	71
Others	-	942	-	6.67	628	0
Total	242	1699	242		1033	137
Claimed vis-à-vis PFI Working			1457			896
Cheaper Plants						
NTPC	4,326	3,721	4,326	3.96	1,472	1713
NHPC	731	529	731	4	212	292
SJVNL	316	202	316	3.29	66	104
NCES (Wind, Solar & Biomass)	7,688	4,060	4,596	4.31	1,750	1981
Total	13,061	8,512	9,969	3.94	3,500	4,090
Claimed vis-à-vis PFI Working			1,457			590

- 21) As observed from above, by considering the Power Purchase Cost as per the Regulatory provisions, the savings through optimized Power Purchase would be Rs. 305 Cr. (896 - 590). PFI requests Hon'ble RERC to determine the Power Purchase Cost for FY 2023-24 as per the Regulatory provisions stipulated for Power Purchase and disallow Rs. 305 Cr. on account of costlier Power Purchase procured not following the approved Power Purchase sources by the Hon'ble Commission in ARR of FY 2023-24. The said disallowances due to inefficiency of JdVVNL should not be borne by consumers of Rajasthan in any manner rather it should be borne by Govt. of Rajasthan through subsidy to DISCOM.

E. RENEWABLE PURCHASE OBLIGATION TARGET

- 22) JdVVNL in True-Up Petition of FY 2023-24 has not given the summary of Renewable Purchase Obligation (RPO) Compliance of FY 2023-24. RERC (Renewable Energy Obligation) (Seventh Amendment) Regulations, 2021, provides for the minimum consumption of RPO which is to be followed in toto by DISCOMs which is 10.50% for Solar, 11.16% for Non-Solar.
- 23) 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 2030³. 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.

- 24) 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).”

- 25) 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.
- 26) **In view of above, PFI requests Hon'ble RERC to impose penalty in lieu of RPO Shortfall of JdVVNL, if any. Such deposit in RPO Fund may be reduced from the ARR of FY 2023-24.**

F. DISALLOWANCE ON ACCOUNT OF EXCESS DEPRECIATION

³ Press Information Bureau

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

- 27) JdVVNL has claimed Rs. 1,126 Cr. of Depreciation in True-Up of FY 2023-24, however, Hon'ble RERC in ARR Order for FY 2023-24 approved Rs 697 Cr. of Depreciation.
- 28) PFI has observed that JdVVNL has erred in computing Depreciation and has considered the Depreciation as per the provisional Accounts (Note:27). JdVVNL has not considered the opening GFA same as approved by Hon'ble Commission as closing for FY 2022-23 (in True-Up). PFI has reworked the Depreciation as per the Regulatory principles considering opening GFA for FY 2023-24 same as approved by Hon'ble Commission in True-Up of FY 2022-23 as closing GFA for FY 2022-23, as tabulated below:

Table 4: Depreciation for FY 2023-24 for JdVVNL as worked out by PFI (in Rs. Cr.)

Particulars	FY 2023-24
Depreciable assets at the beginning of the year (closing balance of True up FY 2022-23)	12,125.36
Capitalization during the year (Form 3.10)	1436.68
Closing balance of GFA	13,562.04
Average depreciable assets during the year	12,843.70
Average depreciation rate (as approved)	5.24%
Depreciation for FY 2023-24	673.01

- 29) **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. 673 Cr. may be allowed by the Hon'ble Commission as against Rs. 1,126 Cr. claimed by JdVVNL.**

G. OTHER DEBITS

G.1 COMPENSATION FOR INJURIES, DEATH AND DAMAGES

- 30) PFI notes that JdVVNL has claimed Rs. 6.60 Cr. as Compensation for Injuries, Death & Damages (Table-15 of the True-Up Petition).
- 31) 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.

- 32) Section 57 of the Electricity Act, 2003 also stipulates that the DISCOM has to achieve the Standards of Performance specified by the Appropriate Commission and if a licensee fails to meet the specified standards, he shall be liable to pay such compensation to the person affected. Hon'ble Telangana Commission while doing the APR (True-Up) of FY 2022-23 did not approve Compensation for the Telangana DISCOMs.
- 33) **In view of above, PFI requests the Hon'ble Commission to not allow any Compensation as per the Regulatory principles stipulated under the Electricity Act, 2003. So, Rs. 7 Cr. may kindly be disallowed by the Hon'ble Commission in True-Up of FY 2023-24.**

G.2 EXPENDITURE FOR LPS/DPS WAIVED OFF

- 34) PFI further notes that JdVVNL has claimed Rs. 26.99 Cr. as DPS/LPS waived off & Rs. 15.37 Cr. as rebate for defective meters (Table-15 of the True-Up Petition). However, based on the *RERC Tariff Regulations 2019*, Hon'ble Commission does not allow any expenditure on account of LPS/DPS waived off. At the same time, the Commission does not allow any income towards DPS. The Hon'ble Commission also does not allow rebate on account of defective meters as it is the duty of the Discom to keep the meters correct and replace defective meters within the specified time. Relevant extracts of the True-Up Order for FY 2022-23 wherein the Commission disallowed the expenditure on account of LPS/DPS waived off & rebate for defective meters is as follows:

"3.88 JdVVNL has shown the rebate allowed to consumers of Rs. 134.63 Crore which is inclusive of LPS/DPS waived of Rs. 43.82 Crore, rebate allowed by the settlement committees of Rs. 27.65 Crore and rebate on account of defective meters of Rs. 9.71 Crore. As per Regulation 36 of RERC Tariff Regulations, 2019, the Commission has not considered the income towards DPS, therefore the expenditure on account LPS/DPS waived of Rs. 43.82 Crore is also not considered by the Commission."

- 35) **In view of above, PFI requests the Hon'ble Commission to not allow any DPS/LPS waived off as per the Regulatory principles. So, Rs. 42 (26.99 + 15.37) Cr. may kindly be disallowed by the Hon'ble Commission in True-Up of FY 2023-24.**

G.3 PRIOR PERIOD EXPENSES

- 36) PFI has observed that JdVVNL has claimed Rs. 159.87 Cr. of Prior Period Expenses in FY 2023-24. Break up of Prior Period expenses from Note:29 of the Audited Accounts of JdVVNL for FY 2023-24 is as follows:

JODHPUR VIDYUT VITRAN NIGAM LIMITED, JODHPUR

29 :- Prior Period Items		(Amount in lakh ₹)	
Particulars	Account Code	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Income relating to previous year :			
Int.Income for prior periods.	65.400	0.35	2.16
Other Excess Provision in prior period	65.800	128.26	-
Other Income related to prior period	65.900	(75.29)	8,665.72
Sub Total		53.32	8,667.89
Less : Prior period expenses/loss :			
Short Prov.for Power Purchase in prev.yr.	83.100	11,266.43	(17,254.38)
Operating Exp.of previous year	83.300	205.97	226.99
Employees Cost rel.to prev.yr.	83.500	4,146.25	0.24
Depreciation Cost rel.to prev.yr.	83.600	-	64.37
Int.& other fin.ch.rel.to prev.yr.	83.700	94.42	3,765.80
Admin & general expenses	83.820	631.70	3,654.19
Capt.of Employee Cost (prior period)	83.910-920	-	5.85
Sub Total		16,344.76	(9,536.94)
Total		(16,291.44)	18,204.82

- 37) As above, JdVVNL has claimed Prior Period expenses pertaining to operation expenses, employee cost, depreciation, Interest and Finance Charges and administrative expenses summing to Rs. 51 Cr. PFI has observed that the DISCOM has erred in computing Prior Period expenses as per the Regulatory Provisions as Hon'ble RERC in True-Up of FY 2022-23 did not allow Prior Period expenses pertaining to operation expenses, employee cost, depreciation, administrative expenses basis that such expenses are already approved by the Commission. Relevant extracts of the True-Up Order for FY 2022-23 where the Commission did not allow such expense are as follows:

"3.77 While carrying out the true up of any financial year, the Commission allows the capitalization, operating expenses, employee cost, depreciation, interest and finance charge and administrative and general expenses as per Tariff Regulations. Hence, expenses of Rs. 77.17 Crore on account of above expenses as shown in JdVVNL audited accounts have not been considered 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."

- 38) In view of above, PFI requests Hon'ble RERC to consider disallowing Rs. 51 Cr. from the Prior Period expenses of JdVVNL for FY 2023-24.

H. SUMMARY OF DISALLOWANCES

- 39) As stipulated in above Sections, summary of disallowances worked out by PFI is as follows. Hon'ble RERC is requested to kindly consider the same while disposing of the True-up Petition for FY 2023-24 and inefficiencies of JdVVNL may not be passed on to the consumers rather it should be borne by Govt. of Rajasthan in the form of Subsidy, if any:

Table 5: Summary of Disallowances for FY 2023-24 for JdVVNL (Rs. Cr.)

Particulars	Claimed	PFI working	Total Disallowance
Power Purchase Cost	17,764	15,044	(2,720)
<i>Disallowance for excess losses than target</i>	0	(2,420)	(2,420)
<i>Optimization through cheaper power purchase</i>	0	(300)	(300)
<i>Other cost</i>	17,764	17,764	0
Depreciation	1,126	673	(453)
Other Debits	303	203	(100)
<i>Compensation for Injuries, death and damages</i>	6.6	0	(7)
<i>Expenditure for LPS/DPS waived off & rebate for defective meters</i>	42	0	(42)
<i>Prior Period expenses</i>	163	112	(51)
<i>Other expenses</i>	91	91	0
Penalty for non- bifurcation of Transmission losses	0	(10)	(10)
Penalty for unmetered Agriculture Sales	0	(10)	(10)
Other ARR expenses	6,282	6,282	0
Net Revenue Requirement	25,475	22,182	(3,293)
Less: Revenue (from Tariff + Other Income + Grants, if any)	22,097	22,097	0
(Gap)/Surplus	(3,378)	(85)	(3,293)
Delayed Payment Surcharge	(181)	(181)	0
Net (Gap)/Surplus	(3,559)	(266)	(3,293)

PRAYERS BEFORE HON'BLE RERC FOR TRUE-UP OF FY 2023-24:-

- 1) To consider the comments / suggestions of Power Foundation of India (PFI) on True-up of FY 2023-24 for all Rajasthan DISCOMs.**
- 2) To consider Disallowance on account of Excess Power Purchase :**
 - a) Power Procurement due to higher Distribution loss than Target
 - b) Higher Power Procurement from Costlier Stations and Lower purchase from cheaper Stations
 - c) Banking Cost
- 3) To consider Disallowance on account of excess Depreciation.**
- 4) To consider Disallowance on account of unmetered Energy Sales.**
- 5) To consider Disallowance on account of No bifurcation of Transmission Losses.**
- 6) To consider Other Disallowances :**
 - a) Compensation for Injuries, death and damages
 - b) Expenditure for LPS/DPS waived off & Rebate for Defective Meters
- 7) To consider all disallowances as submitted by PFI.**
- 8) Hon'ble RERC is requested to kindly consider that inefficiencies of any of Rajasthan DISCOMs should not be passed on to the consumers rather it should be borne by Govt. of Rajasthan in the form of Subsidy.**
- 9) To consider the additional submissions, if any, made by PFI for True-up of FY 2023-24 for any of the Rajasthan DISCOMs.**
