



TRUE-UP ORDER

for

FY 2024-25 (up to 31.01.2025)

Petition No. 174/2026

for

Electricity Wing of Engineering Department, Chandigarh (EWEDC)

17th June, 2026

JOINT ELECTRICITY REGULATORY COMMISSION

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List of abbreviations

Abbreviation	Full Form
A&G	Administrative & General
ABR	Average Billing Rate
ACoS	Average Cost of Supply
Act	The Electricity Act, 2003
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal for Electricity
BBMB	Bhakra Beas Management Board
BPL	Below Poverty Line
CAGR	Compound Annualized Growth rate
Capex	Capital Expenditure
CC	Current Consumption
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGRF	Consumer Grievance Redressal Forum
CGS	Central Generating Stations
COD	Commercial Operation Date
Commission/JERC	Joint Electricity Regulatory Commission for the State of Goa and Union Territories
Cr	Crore
CREST	Chandigarh Renewal Energy and Science & Technology
CAG	Comptroller and Auditor General of India
CUF	Capacity Utilization Factor
CPDL	Chandigarh Power Distribution Limited
CPI	Consumer Price Index
Discom	Distribution Company
DSM	Deviation Settlement Mechanism
DT	Distribution Transformer
EA 2003	The Electricity Act, 2003
ED	Electricity Department
EHT	Extra High Tension
ERP	Enterprise Resource Planning
EWEDC	Electricity Wing of Engineering Department, Chandigarh
FAR	Fixed Asset Register
FPPCA	Fuel and Power Purchase Cost Adjustment
FY	Financial Year
GFA	Gross Fixed Assets
HT	High Tension
IEX	Indian Energy Exchange Limited
RS	Indian Rupee
IPDS	Integrated Power Development Scheme
IPP	Independent Power Producer
ISTS	Inter-State Transmission System
LT	Low Tension
MOD	Merit Order Dispatch

Abbreviation	Full Form
MUNPL	Meja Urja Nigam Private Limited
MU	Million Units
MW	Mega Watt
MYT	Multi-Year Tariff
MCLR	Marginal Cost of funds based Lending Rate
NFA	Net Fixed Assets
NHPC	National Hydro Power Corporation
NPCIL	Nuclear Power Corporation of India Limited
NTPC	National Thermal Power Corporation
O&M	Operation and Maintenance
PLF	Plant Load factor
PGCIL	Power Grid Corporation of India Ltd.
PLR	Prime Lending Rate
PSDF	Power System Development Fund
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
R-APDRP	Restructured Accelerated Power Development and Reforms Programme
REC	Renewable Energy Certificate
REA	Regional Energy Accounting
RLDC	Regional Load Dispatch Centre
RoE	Return on Equity
RPO	Renewable Purchase Obligation
SBI MCLR	SBI Marginal Cost Lending Rate
SECI	Solar Energy Corporation of India
SERC	State Electricity Regulatory Commission
SJVNL	Satluj Jal Vidyut Nigam Limited
SLDC	State Load Dispatch Centre
SOP	Standard of Performance
SRPC	Southern Regional Power Committee
T&D	Transmission & Distribution
THDC	Tehri Hydro Development Corporation
TVS	Technical Validation Session
UI	Unscheduled Interchange
UT	Union Territory
WPI	Wholesale Price Index

Before the
Joint Electricity Regulatory Commission
For the State of Goa and Union Territories, Gurugram

QUORUM

Shri Alok Tandon, Chairperson
Smt. Jyoti Prasad, Member (Law)

Petition No. 174/2026
Date of Order: 17th June, 2026

In the matter of

Approval for True-up of FY 2024-25 (up to 31.01.2025).

And in the matter of

Electricity Wing of Engineering Department, Chandigarh

.....**Petitioner**

ORDER

- 1) This Order is passed in respect of the Petition filed by the Electricity Wing of Engineering Department, Chandigarh (EWEDC) (herein after referred to as “The Petitioner” or “EWEDC” or “The Licensee”) for approval of True-up of FY 2024-25 (up to 31.01.2025), before the Joint Electricity Regulatory Commission (herein after referred to as “The Commission” or “JERC”).
- 2) The Commission scrutinized the said Petition and generally found it in order. The Commission admitted the Petition on 11th February 2026. The Commission thereafter requisitioned further informations/ clarifications on the data gaps observed to take a prudent view of the said Petition. The Commission also held a Technical Validation Session to determine sufficiency of data and the veracity of the informations submitted. Further, suggestions/comments/views and objections were invited from the Stakeholders and Electricity Consumers. The Public Hearing was held on 18th March 2026 at 10.30 A.M, at Lecture Hall/Auditorium of the Govt. Museum and Art Gallery, Sector- 10C, Chandigarh and all the Stakeholders/Electricity Consumers present in the Public Hearing were heard.
- 3) The Commission based on the Petitioner’s submission, relevant JERC MYT Regulations, facts of the matter, rules and the provisions of the Electricity Act, 2003 and after proper due diligence and prudence check, has approved the True-up of FY 2024-25 (up to 31.01.2025).
- 4) A summary has been provided as follows.

I. True-Up for FY 2024-25

The following table provides ARR, Revenue and gap as submitted by the Petitioner and approved by the Commission in the True- up of FY 2024-25:



Table 1: Standalone Revenue Gap/(Surplus) approved for FY 2024-25 (Rs. Crore)

S. No	Particular	Approved in T.O dtd 25.07.2024	Approved in T.O (Prorated for 10 months)	Petitioner's submission	Approved by the Commission
1	Net Revenue Requirement	1059.25	882.71	1023.89	993.50
2	Revenue from retail sales at Existing Tariff	941.39	784.49	805.10	805.10
3	FPPCA billed during the year			0.46	0.46
4	Regulatory Surcharge billed during the year			0.00	0.00
5	Revenue (Surplus)/Gap for the Year	117.86	98.22	218.33	187.94

Table 2: Cumulative Gap/(Surplus) with carrying cost (Rs Crore)

Particulars	True-up FY 2023-24	Approved for FY 2024-25
Opening cumulative (surplus)/gap	-	245.53
Add: Revenue gap/(surplus) during the year	-	187.94
Deletion	-	-
Closing cumulative (surplus)/gap	245.53	433.46
Average of opening and closing cumulative (surplus)/gap	-	339.50
Rate of Interest (SBI MCLR)	-	9.65%
Carrying cost on Simple Interest	-	32.76
Carrying cost on Simple Interest (10 months)	-	27.30
Total Carrying cost	12.94	40.24
Total Gap		473.71

- 1) As per the Government Policy Directions Para 4.4 (a) total gap of Rs. 473.71 Crore has to be borne by the Holding Entity (i.e., UT Chandigarh).
- 2) The attached documents giving detailed reasons, grounds and conditions are the integral part of this order.

Ordered accordingly.

Sd/-
(Jyoti Prasad)
Member (Law)

Sd/-
(Alok Tandon)
Chairperson

(Certified Copy)


(Rajesh Dangi)
Secretary I/c



Place: Gurugram, Haryana
Date: 17th June, 2026

Chapter 1: Introduction

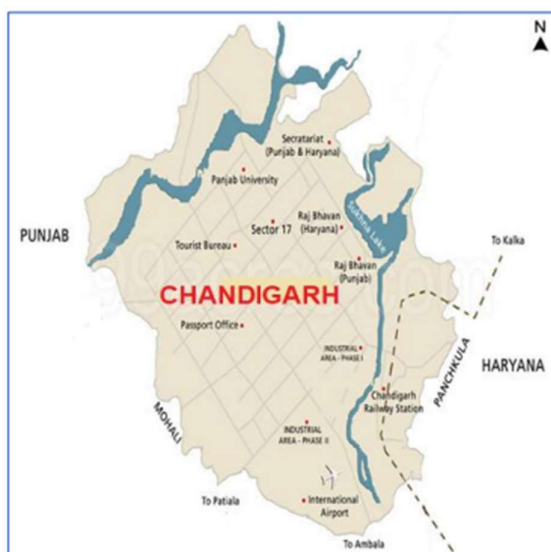
1.1 About Joint Electricity Regulatory Commission for the State of Goa and UT's (JERC)

In exercise of powers conferred by the Electricity Act 2003, the Central Government constituted the Joint Electricity Regulatory Commission for all the Union Territories except Delhi to be known as “Joint Electricity Regulatory Commission for the Union Territories” vide notification no. 23/52/2003-R&R dated 2nd May 2005. Later, with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” (hereinafter referred to as “JERC” or “the Commission”) vide notification no. 23/52/2003-R&R (Vol. II) dated 30th May 2008.

JERC is a statutory body responsible for regulation of the Power Sector in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Puducherry, consisting of generation, transmission, distribution, trading and use of electricity etc. Its primary objective includes taking measures conducive to the development of the electricity industry, promoting competition therein, protecting the interests of consumers and ensuring supply of electricity to all areas.

1.2 About Chandigarh

Chandigarh is a city, district and union territory in India that serves as the capital of the two neighbouring states of Punjab and Haryana. It is bordered by the state of Punjab to the north, the west and the south, and by the state of Haryana to the east. The city is unique as it is not a part of either of the two states but is governed directly by the Union Government, which administers all such territories in the country. Chandigarh is located near the foothills of the Shivalik range of the Himalayas in northwest India. It covers an area of approximately 114 sq km. The metropolitan area of Chandigarh-Mohali-Panchkula collectively forms a Tri-city, with a combined population of over 2 million.



1.3 About Electricity Wing of Engineering Department, Chandigarh (EWEDC)

The Electricity Wing of Engineering Department, Chandigarh of UT Administration of Chandigarh, hereinafter called “EWEDC”, a deemed licensee under section 14 of the Electricity Act 2003, was carrying out the business of transmission, distribution and retail supply of electricity in Chandigarh (UT) till 31.01.2025. Vide Notification No. G1/2025/120 dated 31.01.2025, the Administration of UT Chandigarh, notified the Chandigarh Electricity Reforms Transfer Scheme, 2025 (“Transfer Scheme”) in exercise of powers conferred to the Administration of UT Chandigarh under the provisions of Sections 131, 133 and 134 of the Electricity Act, 2003 read with Notification bearing No. S.O.721(E) dated 22.06.2004 issued by, Ministry of Home Affairs, Government of India, thereby giving effect transfer of the distribution and retail supply licensee functions of EWEDC including the undertaking, assets, proceedings and liabilities assets, interests, rights, functions, obligations, proceedings and personnel to CPDL. The effective date for the Transfer Scheme to come into effect was notified as 01.02.2025 by Notification No. G1/2025/121 dated 01.02.2025.

The EWEDC, till 31.01.2025 was functioning as an integrated distribution licensee of Union Territory of Chandigarh. The EWEDC doesn't have its own generation except infirm power from rooftop and ground mounted solar, therefore, procures power from its allocation from central generating stations NTPC, NHPC, NPCIL, BBMB, SJVNL and THDC. EWEDC has tied up wind generating stations thorough SECI to meet non-solar RPO. The balance energy requirement, if any, is met through short term purchase through bilateral transactions and power exchange.

All the sectors of Chandigarh are electrified and any desiring consumer can avail power supply by submitting requisition in the prescribed form to the appropriate office of the Department subject to fulfilment of the requisite conditions and payment of charges. EWEDC is under control of Administration of Union Territory of Chandigarh and the maintenance of the accounts or Income and expenditure statement was being done on "cash" basis i.e., single entry system. However as per the directives of Hon'ble Commission, EWEDC has converted to accounting system based on Accrual Basis i.e., double entry system.

1.4 Regulations Governing the Tariff of EWEDC (Multi Year Tariff Regulations, 2021)

The Commission notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 (hereinafter referred to as 'MYT Regulations, 2021') on 22nd March 2021. These Regulations are applicable in the 3rd MYT Control Period comprising of three financial years from FY 2022-23 to FY 2024-25. These Regulations are applicable to all the generation companies, transmission and distribution licensees in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra & Nagar Haveli and Daman & Diu and Puducherry.

1.5 Filing and Admission of the Present Petition

The present Petition was admitted on 11th February 2026 and marked as Petition No. 174 of 2026. The Commission and the Petitioner subsequently uploaded the Petition on their respective websites.

1.6 Interaction with the Petitioner

A preliminary scrutiny/analysis of the Petition was conducted, and certain deficiencies were observed. Accordingly, discrepancy notes were issued to the Petitioner. Further, additional information/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed various concerns of the Petitioner and key data gaps, which included retail sales, power purchase, capital expenditure and capitalisation, revenue from retail tariff, tariff proposal etc. The Petitioner submitted its response to the issues through various letters/emails.

The following table provides the list of interactions with the Petitioner along with the dates:

Table 3: Timelines of the interaction with the Petitioner

S. No	Subject	Date
1	Issue of 1 st Deficiency Note	10 th February 2026
2	Reply received from Petitioner	27 th February 2026
3	Public Hearing	18 th March 2026
4	TVS (Technical Validation Session)	1 st June 2026
5	Reply received from Petitioner	11 th June 2026

1.7 Notice for Public Hearing

Public notices were published by the Petitioner for inviting suggestions/ comments from Stakeholders on the True-Up Petition as per details given below:

Table 4: Details of 1st Public Notices published by the Petitioner

S. No.	Date	Name of Newspaper	Language	Place of Circulation
1	04 th March 2026	Hindustan Times	English	Chandigarh
2		The Tribune	English	Chandigarh
3		Amar Ujala	Hindi	Chandigarh
4		Ajit	Punjabi	Chandigarh

Table 5: Details of 2nd Public Notices published by the Petitioner

S. No.	Date	Name of Newspaper	Language	Place of Circulation
1	12 th March 2026	The Tribune	English	Chandigarh
2		Chandigarh Bhasker	Hindi	Chandigarh

S. No.	Date	Name of Newspaper	Language	Place of Circulation
3		Ajit	Punjabi	Chandigarh

The Commission also published Public Notices in the leading newspapers as tabled below, giving due intimation to the Stakeholders, consumers and the public at large about the Public Hearings conducted by the Commission.

Table 6: Details of 1st Public Notices published by the Commission

S. No.	Date	Name of Newspaper	Language	Place of Circulation
1.	20 th Feb 2026	The Pioneer	English	Chandigarh
2.		Jag Marg	Hindi	Chandigarh
3.		Ajit	Punjabi	Chandigarh

Table 7: Details of 2nd Public Notices published by the Commission

S. No.	Date	Name of Newspaper	Language	Place of Circulation
1.	16 th March 2026	The Times of India	English	Chandigarh
2.		Dainik Jagran	Hindi	Chandigarh
3.		Ajit	Punjabi	Chandigarh

1.8 Public Hearing

The Public Hearing was held on 18th March 2026 at 10:30 AM at Lecture Hall/Auditorium of the Govt. Museum and Art Gallery, Sector -10C, Chandigarh. The major issues discussed, the responses of the Petitioner thereon and the views of the Commission, have been summarized in Chapter 2 of this Order. The list of stakeholders is attached at Annexure-I of this Order.

Chapter 2: Summary of Suggestions/ Objections received, Response from the Petitioner and the Commission's Views

2.1 Regulatory Process

On admitting the Petition, the Commission directed the Petitioner to make copies of the Petition available to the public, upload the Petition on the website and also publish the same in the newspapers duly inviting comments/ objections from the public as per the provisions of the MYT Regulations, 2021.

The Public Hearing was held on 18th March 2026 at 10:30 AM at Lecture Hall/Auditorium of the Govt. Museum and Art Gallery, Sector -10C, Chandigarh to discuss issues, if any, related to the Petition filed by the Petitioner. The issues and concerns raised by the stakeholders in writing and as voiced by them during the Public Hearing have been examined by the Commission. The names of the stakeholders who attended the Public Hearing are provided in Annexure-I.

2.2 Suggestions/ Objections, Response of the Petitioner and Commission's Views

The Commission is appreciative of the efforts of various stakeholders in providing their suggestions/comments/ observations to make the process responsive and efficient. The relevant observations of the stakeholders have been suitably considered by the Commission while finalizing this Order. However, in some cases due to overlapping of the queries, same have been combined to minimize repetition. While the Commission has summarised the objections/comments briefly, specific findings have not been made in all the cases as were found to be outside the scope of process related to true-up. The submissions of the stakeholders, response of the Petitioner and views of the Commission are summarized below:

Suggestions/Objections, Response related to True-Up

2.2.1 Revenue Gap

Stakeholder's Comment

The Stakeholder has highlighted that the Petitioner has shown a Revenue Gap i.e. loss of Rs. 692 Crore over 3 years, which busts the myth that it was a profit-making department of Chandigarh government. The Stakeholder has further submitted that this may have led to consumers being misinformed and requested the Commission to examine and approve the correct profit/loss position of the department without passing any undue burden onto consumers.

Petitioner's Response

The Petitioner has submitted that the petition for True-Up for FY 2022-23, FY 2023-24 and FY 2024-25 (for the period from 01.04.2024 to 31.01.2025 only) of the Distribution business of Chandigarh, on the basis of the principles outlined in the JERC MYT Regulations, (as amended from time to time) notified by the Commission. Based on the principles outlined in JERC MYT Regulations (as amended from time to time), the Petitioner has worked cumulative Revenue (Gap) of Rs. 692.41 Cr. till 31.01.2025. The treatment of cumulative Revenue Gap as determined in the True-Up Petition shall be as per the applicable JERC Regulations.

Commission's View

The Commission has noted the submission of the Stakeholder and reply of the Petitioner. The Commission has determined the gap based on the principles outlined in JERC MYT Regulations.

2.2.2 Energy sales

Stakeholder's Comment

The Stakeholder has submitted that the energy is claimed in excess of actual energy billed during the period 01.04.2024 to 31.01.2025. Further, the Petitioner in its True Up Petition has claimed Energy Sales of 1,620.81 MUs for the period 01.04.2024 to 31.01.2025. However, as per the actual billing database, the Energy Sales for the said period of 10 months (01.04.2024 to 31.01.2025) is 1,524.83 MUs and for 2 months (01.02.2025 to 31.03.2025) is 220.82 MUs (as also claimed by CPDL in its True Up Petition No. 166 of 2026), resulting in the total Energy Sales of 1,745.65 MUs for FY 2024-25 i.e. for the period 01.04.2024 to 31.03.2025. Hence, EWEDC has claimed unbilled units to the extent of 95.98 MUs, resulting in overstatement of Energy Sales and consequential underreporting of T&D losses for the period 01.04.2024 to 31.01.2025.

It is pertinent to note that as per the consistent regulatory practice followed by the Commission, unbilled energy is not considered as part of Energy Sales. Further, this inconsistency in the accounts of EWEDC has also been highlighted by the C&AG in its report dated 27.01.2026.

Accordingly, the actual Energy Sales of 1,524.83 MUs shall be considered for True-Up of the period 01.04.2024 to 31.01.2025.

Petitioner's Response

The Petitioner has submitted that the Energy Sales for FY 2024-25 as submitted in the True-Up Petitions is considered as per the Audited Accounts.

Further, as per applicable provisions of the MYT Regulations, as amended from time to time, variation in sales constitutes an "uncontrollable factor" that is beyond the control of the Petitioner and cannot be mitigated.

Furthermore, the Petitioner has submitted that the actual Energy Sales for FY 2024-25 have increased compared to FY 2023-24.

Commission's View

The Commission has noted the submission of the Stakeholders and response of the Petitioner.

2.2.3 Power Purchase Cost

Stakeholder's comment

The Stakeholder has submitted that the Power Purchase cost claimed in True Up for the period 01.04.2024 to 31.01.2025 is not reconciled with the Audited Accounts of the said period, as mandated in the Tariff Regulations, 2021.

In Table 2-2 of the said Petition, the total Power Purchase cost for the period 01.04.2024 to 31.01.2025 is shown as Rs. 976.92 Crore. However, the total sum of plant-wise cost in the same table comes to Rs. 976.79 Crore, resulting in a difference of Rs. 0.12 Crore.

Petitioner's Response

The Petitioner has submitted that the Power Purchase Cost and Quantum for FY 2024-25 have been submitted as per Audited Accounts for FY 2024-25.

Further, any information sought by the Commission with regard to the Power Purchase Cost and Quantum has been duly provided by the Petitioner.

Commission's analysis

The Commission has noted the submission of the Stakeholder and the response of the Petitioner. The Commission has considered the Regional Energy Accounts (REA) prepared by the Northern Region Power Committee (NRPC) along with the audited accounts for computation of the power purchase quantum and power purchase cost.

2.2.4 T&D losses

Stakeholder's Comment

The Stakeholder has submitted that the Petitioner has computed the Intra-State Transmission and Distribution (T&D) Loss of 9.15% for the period 01.04.2024 to 31.01.2025. The same is understated on account of the following:

- a. Overstatement of Energy Sales by 95.98 MUs;
- b. Understatement of Energy Input by 5.02 MUs, as Energy Input as per DSM Accounts published by NRPC is 1,771.93 MUs against 1,766.91 MUs claimed by EWEDC.

Accordingly, in terms of the formula specified by the Commission, the actual T&D losses for EWEDC for the period 01.04.2024 to 31.01.2025 is 14.29% and not 9.15% (Table 2.6 of the Petition).

Petitioner's Response

The Petitioner has submitted that it has provided details of Distribution Losses for FY 2022-23, FY 2023-24 and FY 2024-25 to the Commission. Based on the actual energy sales and power procurement and audited accounts, the T&D losses of 9.15% have been worked out for FY 2024-25. The T&D loss calculation has already been submitted in the Petition before the Hon'ble Commission.

Further, it is intimated that T&D losses have reduced from 20.20% to 9.15% from FY 2011-12 to FY 2024-25 (up to 31.01.2025). This evidently reflects an average reduction in transmission and distribution losses of approximately 0.80% on an annual basis.

Commission's analysis

The Commission has examined the Energy Audit Reports submitted by the Petitioner and observed that there exists a significant variation between the REA data and the division-wise data. The same is dealt appropriately in the energy balance approved in Chapter 3 of this order.

2.2.5 GFA and Depreciation

Stakeholder's Comment

The Stakeholder has submitted that the Petitioner has not provided asset-wise details of capitalization amounting to Rs. 78.01 Crore for FY 2024-25 (01.04.2024 to 31.01.2025). The Stakeholder has further submitted that, based on the depreciation computation furnished in the Petition, assets depreciated up to 90% amounting to Rs. 200.07 Crore remain unchanged from the amounts claimed in the True-up for FY 2022-23 and FY 2023-24. It has also been contended that the Petitioner has neither submitted the Fixed Asset Register (FAR) for FY 2024-25 nor furnished the prescribed True-up formats in support of the depreciation claim. Accordingly, the Stakeholder has requested the Commission to examine the computation of depreciation before allowing the same.

Petitioner's Response

The Petitioner has submitted that it has provided asset-wise capitalization details of FY 2024-25 to the Commission in response to the data sought by the Commission from time to time.

Further, depreciation for FY 2024-25 has been estimated based on asset additions during the year as per the Annual Accounts and depreciation rates specified in the MYT Regulations, as amended from time to time. The detailed calculations for

estimation of depreciation for FY 2024-25 have been submitted in the True-Up Petition to the Commission.

Commission's analysis

The Commission has noted the submission of the Stakeholder and the response of the Petitioner.

2.2.6 Capital expenditure

Stakeholder's Comment

The Stakeholder has submitted that the capital expenditure plan approved for 2022-23 was Rs. 37.13 crore but department has submitted actual figure of Rs. 18 Crore. Similarly in 2023-24, the amount approved was Rs. 50.94 Crore, whereas the actual capital expenditure is only Rs. 11.49 crore. Also in 2024-25, the approved amount was 37.26 Crore against which only 8 crore has been actually submitted. This shows that department has not even spent the amount approved by the Commission. The department has charged tariff from all consumers based on higher amount but has not spent the same on its system. This higher recovery from tariff needs to be refunded to the consumers.

Petitioner's Submission

The Petitioner has submitted that it has provided Asset wise Capitalisation details of FY 2022-23, FY 2023-24 and FY 2024-25 to the Commission in response to the data sought by the Commission from time to time in line with MYT Regulation. The Capitalisation has been claimed as per the Commercial Accounts of the Petitioner duly audited AG UT Chandigarh.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.7 Interest on consumer security deposit

Stakeholder's Comment

The Stakeholder has submitted that there is a discrepancy in the interest on consumer security deposit claimed in the True Up Petition (Rs. 9.65 Crore) and actual interest paid as per Audited Accounts for FY 2024-25 (Rs. 6.58 Crore). In terms of Regulation 29.11 of the Tariff Regulations, 2021, the actual interest on consumer security deposit shall be considered at the time of True Up. While the actual interest on CSD paid by EWEDC is Rs. 6.58 Crore as per its Audited Accounts for FY 2024-25 (01.04.2024 to 31.01.2025), the Petitioner in the True Up Petition has claimed Rs. 9.65 Crore towards interest paid on consumer security deposits on a normative

basis (Table 2-17 and Table 2-25 of the Petition). The Stakeholder has requested the Commission to seek clarification on the above discrepancy before allowing the interest on consumer security deposit for FY 2024-25 (01.04.2024 to 31.01.2025) as per Regulation 29.11 of the Tariff Regulations, 2021.

As per clause 9 of the SPA (Share Purchase Agreement) date 31-01-2025, the CSD was transferred to CPDL on 02-05-2025 (within 90 days from the Transfer date). Thus, no interest has been paid by the Petitioner (CPDL) to the consumers on account of CSD during the period 01-02-2025 to 31-04-2025 since CPDL has not claimed any interest. The Stakeholder presumes that this liability should have been included by EWEDC in their true-up as liability for period covering 01-04-2024 to 31-01-2025.

Petitioner's Submission

The Petitioner has submitted that as specified in Regulation 29 of the MYT Regulations, 2021, the Interest on Consumer Security Deposit has been calculated for FY 2024-25 (upto 31.01.2025). The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“29.11 Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed:

Provided that at the time of true-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission.”

The opening balance of consumer security deposit and net addition during the year as per the annual accounts and RBI Bank Rate applicable on 1st April has been considered to calculate the interest on consumer security deposit. However, the actual interest on consumer security deposit paid during the year has been claimed. The details of calculations for estimating the Interest on Security Deposit for FY 2024-25 (till 31.01.2025) has already been submitted to the Commission for prudence check.

On 31.01.2025, UT Administration, EEDL and CPDL entered in the Share Purchase Agreement (SPA) for acquisition of 100% equity shares of CPDL by EEDL. Pursuant to the Transfer Scheme and SPA both dated 31.01.2025, CPDL has taken over the distribution and retail supply functions of the EWEDC with effect from 01.02.2025. Therefore, this matter pertains to CPDL.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. The Commission has noted that the Petitioner has claimed actual interest on consumer security deposit paid during the year as per audited accounts. The Commission has addressed the issue under the interest on consumer deposit section of this order.

2.2.8 Prior period items

Stakeholder's Comment

The Stakeholder has submitted that the Department has claimed Rs. 10.10 Crore in 2022-23, Rs. 0.52 Crore in 2023-24 and 0.05 in FY 2024-25 crore as prior period items, with no proper reason. The Commission has to allow only correct and justified expenses and not to burden the consumers.

Petitioner's submission

The Petitioner has submitted that the details pertaining to prior period expenses in True Up for FY 2022-23, FY 2023-24 and FY 2024-25 have already been submitted to the Commission in response to the data Gaps from time to time for prudence check.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. Further, the Commission after prudence check has considered prior period expenses for FY 2024-25 under section 3.18 of this order.

2.2.9 Revenue at Current Tariff

Stakeholder's Comment

The Stakeholder has submitted that the Petitioner in its True Up Petition has claimed Revenue at current tariff of Rs. 805.10 Crore for the period 01.04.2024 to 31.01.2025, which includes unbilled revenue of Rs. 53.88 Crore.

In this regard, it is pertinent to note that as per the consistent regulatory practice followed by the Commission, unbilled revenue from sale of power is not considered as part of Revenue from sale of power. Further, the Commission in its previous Tariff Orders has clarified that *"the total revenue from sale of power for the purpose of truing up shall be billed amount"*.

Moreover, C&AG in its Audit report dated 27.01.2026, has also reported the inclusion of unbilled revenue as part of debtors by the Petitioner as contradictory to significant accounting policy.

Petitioner's Submission

The Petitioner has submitted that the Revenue Billed at Current Tariff as per the annual accounts has been claimed for FY 2024-25. The details of Revenue Billed at current tariff, actual vis-à-vis approved for FY 2024-25, has already been submitted to the Commission.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.10 Late payment surcharge

Stakeholder's Comment

The Stakeholder has requested the Commission to examine whether the Department is incurring 'Late Payment' penalties or any other such charges arising from internal inefficiencies, and to ensure that such costs are not passed on to consumers.

Petitioner's Submission

The Petitioner has submitted that all information pertaining to Late Payment Surcharge and other related aspects, as sought by the Commission with respect to Power Purchase Cost and quantum, has been duly furnished for the purpose of prudence check.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.11 Unjustified Financial Charges and Return Claims by the Department

Stakeholder's Comment

The Stakeholder has submitted that the Electricity Department is primarily funded through government grants, i.e., public funds, and therefore should not be entitled to claim interest on loans or return on equity. The Stakeholder has further raised concern regarding the inclusion of 'bank charges' despite the absence of any actual borrowings. It has also been submitted that since the Department has not fully utilized the funds and is not incurring interest on loans, such costs should not be included in the tariff. Accordingly, the Stakeholder has requested the Commission to examine the matter and disallow any unwarranted charges being passed on to consumers.

Petitioner's Submission

The Petitioner has submitted that the True-Up Petitions for FY 2022-23, FY 2023-24, and FY 2024-25 (for the period from 01.04.2024 to 31.01.2025) have been prepared in accordance with the principles specified under the JERC MYT Regulations, 2021 notified by the Commission. Further, the Petitioner has submitted

that all requisite information and clarifications, as sought by the Commission from time to time, have been duly furnished.

Commission’s Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.12 Incomplete Petition Due to Non-Filing of Prescribed True-Up Formats

Stakeholder’s Comment

The Stakeholder has submitted that the Petition is incomplete as per the JERC (Goa & UTs) Multi-Year Tariff Regulations, 2021 because true-up formats for FY 2024–25 (01.01.2024 to 31.01.2025) have not been submitted/uploaded as part of the true-up Petition.

Petitioner’s Submission

The Petitioner has stated that all required Excel formats have been submitted as sought by the Commission from time to time and as specified in JERC Regulations, 2021.

Commission’s Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.13 Discrepancies Between True-Up Petition and Audited Accounts/FAR for FY 2024-25

Stakeholder’s Comment

The Stakeholder has highlighted that there are discrepancies in the figures claimed in the true-up petition filed by EWEDC with the Audited accounts and FAR for FY 2024–25 (01.04.2024 to 31.01.2025).

Petitioner’s Submission

The Petitioner has submitted that all discrepancies identified by the Commission have been clarified and explained from time to time

Commission’s Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.14 Non-Submission of Compliance Status Against Commission Directives

Stakeholder's Comment

The Stakeholder has submitted that in Chapter-4 "Compliance to Directives", EWEDC has not furnished the status of compliance with respect to the directives issued by the Commission. The Petitioner has stated that, pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the responsibility for compliance may lie with CPDL. In this regard, it is submitted that EWEDC cannot be relieved of its obligations and responsibilities for the period during which it was discharging the distribution functions. The restructuring process under the Transfer Scheme does not eliminate EWEDC's responsibility to report compliance for the period prior to the transfer date i.e. 01.02.2025. Accordingly, EWEDC is required to submit the compliance status for the period up to 31.01.2025.

Petitioner's Submission

The Petitioner has submitted that it has submitted "Compliance to Directives" in True-Up Petition for FY 2024-25.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.15 Transfer of Distribution Functions to CPDL and Compliance Responsibilities

Stakeholder's Comment

The Stakeholder has submitted that EWEDC statement that '*CPDL is overlooking the Distribution business in Chandigarh*' is factually incorrect. It is pertinent to note that CPDL is a deemed Distribution Licensee under the Transfer Scheme and in terms of the Fifth Proviso to Section 14 read with Section 131 of the Electricity Act, 2003, w.e.f. 01.02.2025. Accordingly, CPDL is duly complying with all directions issued by the Hon'ble Commission and the requisite submissions are being made within the prescribed timelines.

Petitioner's Submission

The Petitioner has submitted that pursuant to the Transfer Scheme and SPA both dated 31.01.2025, CPDL has taken over the distribution and retail supply functions

of the EWEDC with effect from 01.02.2025. So, CPDL has taken over the distribution and retail supply functions of the EWEDC with effect from 01.02.2025.

Further, Hon'ble Punjab & Haryana High Court vide order dated 06.11.2024 in CWP 20439 of 2020 stated that "*Section 131(2) is dependent upon sub-Section (1) because it provides that the property which has vested in the State Government under sub-Section (1) shall be re-vested by the State Government in a government company or in a company or companies in accordance with the transfer scheme. Hence, Section 131(2) of the 2003 Act is also not applicable*". Moreover, as per Policy Direction dated 07.02.2025 issued by Chandigarh Administration, "*the Commission shall provide for a license period of twenty-five (25) years to the Distribution Company, in accordance with its applicable regulation.*"

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.16 Prayer for Tariff Increase

Stakeholder's Comment

The Stakeholder has submitted that the Petitioner in its Petition for True up of FY 2024-25 (01.04.2025 to 31.01.2025) has requested the Commission to approve Revenue Gap/Surplus and appropriate tariff increase.

In this regard, it is submitted that as per Clause 4.4(a) of the Government Policy Direction dated 07.02.2025, the impact of the true-up of previous years upto the Transfer Date i.e. upto 31.01.2025, as determined and directed by the Commission, shall be borne by the Holding Entity (i.e. U.T. Chandigarh).

Hence, the prayer for appropriate tariff increase on account of Revenue Gap upto 31.01.2025 is untenable.

Petitioner's Submission

The Petitioner has submitted that it has determined standalone Revenue Gap of Rs. 218.33 Cr. in the True-Up of FY 2024-25 (for the period upto 31.01.2025). Further, the Petitioner has computed cumulative Revenue (Gap)/surplus till 31.01.2025 taking into account the Revenue Gap computed for FY 2022-23 and FY 2023-24 in their respective True-Up Petitions. The Petitioner has requested the Commission to kindly allow cumulative Revenue (Gap) of Rs. 692.41 Cr. till 31.01.2025.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. The Commission has dealt this issue in clause 3.26 of this Order.

Chapter 3: True-Up for FY 2024-25

3.1 Regulatory Provisions

The True up for the FY 2024-25 has been carried out by the Commission in accordance with Regulation 12 of the JERC MYT Regulations, 2021, as stated below:

“12.1 The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.

12.2 The Generating Company, Transmission Licensee and Distribution Licensee shall file an application for the annual performance review of the current year, truing up of the previous Year or the Year for which the audited accounts are available and determination of tariff for the ensuing Year on or before 30th November of each Year, in formats specified by the Commission from time to time:

Provided that the Generating Company, Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be specified by the Commission, together with the audited accounts, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges.

12.3 The scope of the annual performance review, truing up and tariff determination shall be a comparison of the performance of the Generating Company, Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges and shall comprise of the following:

- a) True-up: a comparison of the audited performance of the Applicant for the Financial Year for which the true up is being carried out with the approved forecast for such previous Financial Year, subject to the prudence check;*
- b) Annual Performance Review: a comparison of the revised performance targets of the Applicant for the current Financial Year with the approved forecast in the Tariff Order corresponding to the Control Period for the current Financial Year subject to prudence check;*
- c) Tariff determination for the ensuing Year of the Control Period based on the revised forecast of the Aggregate Revenue Requirement for the Year;*
- d) Review of compliance with directives issued by the Commission from time to time;*
- e) Other relevant details, if any.*

12.4 Upon completion of the exercise, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 13 below, to factors within the control of the Applicant (controllable factors) or to factors beyond the control of the Applicant (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 13.1 below shall not ordinarily be reviewed by the Commission during the Control Period and shall be attributed entirely to controllable factors:

Provided further that, where the Petitioner believes, for any variable not specified under Regulation 13.1, that there is a material variation or expected variation in performance for any year on account of uncontrollable factors, it may apply to the Commission for inclusion of such variable.

12.5 Upon completion of the exercise, the Commission shall pass an order recording:

a) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous Year, to be passed through in tariff as per Regulation 14 of these Regulations:

Provided that, for a Generating Company, the above exercise shall be in accordance with prevalent CERC Tariff Regulations.

b) Approved aggregate gain or loss to the Transmission Licensee or Distribution Licensee on account of controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 15 of these Regulations:

Provided that, for a Generating Company, the above exercise shall be in accordance with prevalent CERC Tariff Regulations.

c) Carrying cost shall be allowed for a Generating Company, Transmission Licensee or Distribution Licensee on the amount of revenue gap for the period from the date on which such gap has become due, i.e., from the end of the Year for which true-up has been done, till the end of the Year in which it is addressed, on the basis of actual rate of loan taken by the Licensee to fund the deficit in revenue:

Provided that carrying cost on the amount of revenue gap shall be allowed subject to prudence check and submission of documentary evidence for having incurred the carrying cost in the years prior to the year in which the revenue gap is addressed:

Provided also that if no loan has been taken to fund revenue deficit, the Commission shall allow Carrying Cost on simple interest basis at one (1) Year State

Bank of India (SBI) MCLR /any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points;

Provided further that in case of revenue surplus, the Commission shall charge the Licensee a Carrying Cost from the date on which such surplus has become due, i.e., from the end of the Year for which true up has been done, till the end of the Year in which it is addressed on simple interest basis at one(1) Year State Bank of India (SBI)

MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points.

d) Revision of estimates and tariff for the ensuing Financial Year.”

3.2 Approach for the True-Up of FY 2024-25

The Petitioner has prepared the annual accounts on commercial principle for FY 2024-25 (for the period from 01.04.2024 to 31.01.2025) along with Fixed Asset Register as on 31.01.2025.

3.3 Energy Sales

Petitioner’s Submission

The Petitioner has submitted the Energy Sales for FY 2024-25 as per the annual accounts higher than the energy sales approved in ARR for FY 2024-25 in the Tariff Order dated 25th July 2024.

The energy sales for FY 2024-25 on category wise basis actual vis-à-vis approved are detailed below:

Table 8: Energy Sales (MUs) submitted by Petitioner for FY 2024-25

Sr. No.	Categories	FY 23-24 (Actual)	FY 24-25 (Approved)	FY 24-25 (Actual)
1	Domestic (LT + HT)	749.78	817.70	817.37
2	Commercial (LT + HT)	495.85	498.20	493.16
3	Agriculture	1.26	1.63	1.15
4	Public Lighting	15.21	15.93	12.59
5	Large supply	122.72	125.49	111.28
6	Medium supply	96.89	104.13	86.19
7	Small Power	17.75	18.85	17.17
8	Bulk supply	81.04	86.38	75.98
9	Temp. Supply	5.44	4.46	5.41
10	Electric Vehicle	0.13	4.51	0.51
	Total	1586.08	1677.28	1620.81

Regulations 13.1 of MYT Regulations, 2021, stipulate that the variation in sales constitutes “uncontrollable factors” that are beyond the control of the Petitioner and cannot be mitigated. Furthermore, the Petitioner has submitted that the actual energy sales for FY 2024-25 has increased from FY 2023-24.

Commission's analysis

The JERC MYT Regulations, 2021 stipulate that the variation in sales constitutes “uncontrollable factors” that are beyond the control of the Petitioner and cannot be mitigated by the Petitioner. The Commission notes that Regulation 13.1 of the JERC MYT Regulations, 2021, stipulates the following:

“For the purpose of these Regulations, the term “uncontrollable factors” for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:

- a) Force Majeure events;*
- b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
- d) Inter- State Transmission loss;*
- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- f) Variation in fuel cost;*
- g) Change in power purchase mix;*
- h) Inflation;*
- i) Transmission Charges for a Distribution Licensee;*
- j) Variation in market interest rates for long-term loans;*
- k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;*
- l) Taxes and Statutory levies;*
- m) Taxes on income;*
- n) Income from the realisation of bad debts written off:*

Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such Financial Year:”

The Commission, while going through the Audited Accounts for FY 2024-25 (10 months) observed that in Schedule 4 of the Accounts “Sundry Debtors as at 31.1.2025” under entry “billed after 31.1.2025 (EWEDC period)” has booked amount of Rs 53.89 Crore. During the TVS, clarification on the same has been asked, in reply to which the Petitioner has submitted that booked amount is against the ~95.98 MUs

billed by the CPDL but consumption was of EWEDC Period. Considering accounts were closed during the FY 2024-25 (31.1.2025) and the EWEDC did not have opportunity to bill some of its consumers, the Commission has allowed the exception for this peculiar situation and considered the ~95.98 Mus in the account of EWEDC.

Accordingly, the Commission has approved Energy sales for FY 2024-25 (10 Months) as provided below:

Table 9: Energy Sales (MUs) approved by the Commission

Sr. No.	Categories	FY 24-25 (Approved in T.O dated 25.07.2024)	Approved in T.O dated 25.07.2024 for FY 2024-25 prorated for 10 months	FY 24-25 Claimed by the Petitioner	Approved by the Commission
1	Domestic (LT + HT)	817.70	681.42	817.37	817.37
2	Commercial (LT + HT)	498.20	415.17	493.16	493.16
3	Agriculture	1.63	1.36	1.15	1.15
4	Public Lighting	15.93	13.28	12.59	12.59
5	Large supply	125.49	104.58	111.28	111.28
6	Medium supply	104.13	86.78	86.19	86.19
7	Small Power	18.85	15.71	17.17	17.17
8	Bulk supply	86.38	71.98	75.98	75.98
9	Temp. Supply	4.46	3.72	5.41	5.41
10	Electric Vehicle	4.51	3.76	0.51	0.51
	Total	1677.28	1397.73	1620.81	1620.81

The Commission has approved energy sales as 1620.81 MU for FY 2024-25 (10 Months) while the energy sales for FY 2024-25 is 1745.65 MUs.

3.4 Connected Load

Petitioner Submission

The Petitioner has made no submission in this regard.

Commission's analysis

The Commission had sought the connected load details from the Petitioner through the deficiency note. However, the Petitioner failed to furnish the requisite information. Therefore, for the purpose of the present True-up, the Commission has considered the connected load for the entire year as submitted by CPDL as on 31st March 2025, as shown in the table below.

Table 10: Connected load (kW) approved by the Commission for FY 2024-25)

S.No.	Categories	Approved in TO dtd. 25.07.2025	Approved by the Commission
		For FY 2024-25	
1	Domestic – (LT+HT)	9,41,756	9,50,876
2	Commercial – (LT+HT)	5,12,870	5,02,346
3	Large Industrial Supply	68,230	68,509
4	Medium Industrial Supply	85,491	80,087
5	Small Industrial Supply	26,049	24,569
6	Agriculture	958	920
7	Public Lighting	4,535	4,577
8	Bulk Supply	41,246	40,332
9	Temporary Supply	1,701	3,118
10	Electric Vehicle Charging Station	-	2,535
11	Grand Total (sum of 1 to 10)	16,82,836	16,77,869

The Commission has approved connected load (kW) as 16,77,869 kW for FY 2024-25.

3.5 Number of Consumers

Petitioner Submission

The Petitioner has made no submission in this regard.

Commission's analysis

The Commission had sought the number of consumers details from the Petitioner through the deficiency note. However, the Petitioner failed to furnish the requisite information. Therefore, for the purpose of the present True-up, the Commission has considered the number of consumers for the entire year as submitted by CPDL as on 31st March 2025, as shown in the table below.

Table 11: Number of consumers (Nos) approved by the Commission

S.No.	Categories	Approved in TO dtd. 25.07.2025	Approved by the Commission
		For FY 2024-25	
1	Domestic – (LT+HT)	2,01,505	2,02,123
2	Commercial – (LT+HT)	27,509	27,642
3	Large Industrial Supply	95	92
4	Medium Industrial Supply	1,568	1,454
5	Small Industrial Supply	1,654	1,559
6	Agriculture	121	120
7	Public Lighting	1,737	1,568
8	Bulk Supply	521	374
9	Temporary Supply	402	434
10	Electric Vehicle Charging Station	-	39
11	Grand Total (sum of 1 to 10)	2,35,112	2,35,405

The Commission has approved number of consumers as 2,35,405 for FY 2024-25.

3.6 Inter State transmission losses

Petitioner Submission

The Petitioner has submitted the actual Inter-State Transmission losses for FY 2024-25 (10 months) as 5.80%.

Table 12: Inter-state transmission losses (%) submitted by the Petitioner

Particulars	Approved in T.O. dt 25.07.2024	Actual FY 2024-25 (10 Months)
Inter-State Transmission Loss	4.03%	5.80%

Commission's analysis

The Commission has observed that for 10 months EWEDC has submitted 1771.93 MU at Discom periphery and CPDL has submitted 219.15 MU at Discom periphery for 2 months. Total power purchase at discom periphery comes around 1,991.08 MUs. Further, the Commission has verified the submission of the Petitioner from the REA and DSM Reports of FY 2024-25 and observed that there is a variation of 5.02 MUs in total from worked out power purchase quantum at discom periphery of 1986.06 MUs. Hence, the Commission has considered its work out number from REA and DSM reports for FY 2024-25 which are also matching with the final REA and DSM Reports submitted by EWEDC in reply to the queries raised by the Commission.

Further the losses for the 10-month and 2-month periods appears vague due to improper booking of monthly sales, the Commission has worked-out the inter-State loss for whole year, which will be applicable to both entities, EWEDC (10 Months) and CPDL (2 months).

The table below provides the ISTS loss approved for FY 2024-25:

Table 13: Inter-state transmission losses (%)

S. No.	Particulars	FY 2024-25
1	Net Energy Input Received/Required (Ex bus)	2453.73
2	Total Power Purchase from Inter State Sources	2245.58
A	Central Sector Power Stations (HYDRO)	
B	Central Sector Power Stations (THERMAL/GAS/NUCLEAR)	
C	SECI (WIND)	
3	Short Term Purchase/Sale	
A	IEX/PXIL Purchase	96.63
B	IEX/PXIL Sale	-280.15
4	Unscheduled Interchange	
A	UI Purchase (Overdrawal)	111.52
B	UI Sale (Underdrawal)	-48.58
5	Total Power Purchase at UT periphery (5=2+3+4)	2124.99
6	CTU Losses (6=5-7)	138.93
	PGCIL Losses - %	6.54%
7	Total Power Purchase availability after PGCIL Losses (7=5-6)	1986.06

Table 14: Inter-state transmission losses (%) approved by the Commission

Particulars	Approved in T.O. dt 25.07.2024	Actual FY 2024-25	Approved by the Commission
Inter-State Transmission Loss	4.03%	5.80%	6.54%

The Commission has approved interstate transmission losses as 6.54% for FY 2024-25.

3.7 Intra-state transmission and Distribution losses

Petitioner Submission

The Petitioner has submitted that based on the actual energy sales and power procurement, the T&D losses as 9.15% has been worked out against the 8.00% approved in Tariff Order dated 25th July, 2024. The details of calculations for estimating the T&D losses for FY 2024-25 (10 months) are shown in the table below:

Table 15: Intra-state transmission & distribution losses (%) submitted by the Petitioner

Particulars	Approved in T.O. dt 25.07.2024	Actual FY 2024-25 (10 months)
Intra-State transmission & distribution Loss	8.00%	9.15%

Commission's analysis

The Commission has verified the submission of the Petitioner from the REA, DSM Reports and sales for FY 2024-25.

Since the losses for the 10-month and 2-month periods appears vague due to improper booking of monthly sales, the Commission has worked-out the T&D loss for whole year, which will be applicable to both entities, EWEDC (10 Months) and CPDL (2 months).

The table below provides the Intra-State T&D loss approved for FY 2024-25 (10 months):

Table 16: Intra-state transmission & distribution losses (%)

S. No	Particulars	FY 2024-25
1.	Energy Required at Periphery from inter-state sources (for 12 months)	1,986.06
2.	Own state Generation	12.15
3.	Energy Requirement @ Chandigarh periphery (MU) (1+2)	1,998.21
4.	Total Sales	1,745.65*
5.	T&D loss (3-4)	252.56
6.	Transmission and Distribution losses (%) (5/3)	12.64%

*Sales of EWEDC for 10 months (1620.81 MUs) and sales of CPDL for 2 months (124.84)

Table 17: Intra-state transmission & distribution losses (%) approved by the Commission

Particulars	Approved in T.O. dt 25.07.2024	Actual FY 2024-25	Approved by the Commission
Intra-State Transmission Loss	8.00%	9.15%	12.64%

The Commission has approved intra state transmission and distribution transmission losses as 12.64% for FY 2024-25.

3.8 Energy Balance

Petitioner Submission

The Petitioner has submitted energy balance for FY 2024-25 as provided in the table given below:

Table 18: Energy balance submitted by the Petitioner

Sr. No.	Particulars	Petitioner's submission
1	Net Energy Input Received/Required (Ex bus)	1,975.51
1.a	Total Power Purchase from Inter State Sources	1,963.47
	Central Sector Power Stations (HYDRO)	1,153.78
	Central Sector Power Stations (THERMAL/GAS/NUCLEAR)	722.08
	SECI (WIND)	87.61
	Short Term Purchase/Sale	-129.59
	-IEX/PXIL Purchase	89.26
	-IEX/PXIL Sale	-218.85
	Unscheduled Interchange	47.08
	-UI Purchase	93.05
	-UI Sale	-45.98
1.b	Total Power Purchase at UT periphery	1,880.96
2	CTU Losses – MU	109.03
	CTU Losses - %	5.80%
3	Total Power Purchase availability after PGCIL Losses	1,771.93
4	Total Power Purchased within UT	12.05
	Add: Net-Metering/Within State Solar	12.05
5	Power Purchase at DISCOM Periphery	1,783.97
	Less: Retail Sales to Consumers	1,620.81
	Distribution Losses – MU	163.16
6	Distribution Losses - %	9.15%

Commission's analysis

The Commission has approved energy balance for FY 2024-25 based on approved inter-state transmission losses and T&D losses as shown in the table given below:

Table 19: Energy balance approved by the Commission

S. No.	Particulars	FY 25 (As per Energy Audit)
1	Net Energy Input Received/Required (Ex bus)	2453.73
2	Total Power Purchase from Inter State Sources	2245.58
A	Central Sector Power Stations (HYDRO)	
B	Central Sector Power Stations (THERMAL/GAS/NUCLEAR)	
C	SECI (WIND)	
3	Short Term Purchase/Sale	
A	IEX/PXIL Purchase	96.63
B	IEX/PXIL Sale	-280.15
4	Unscheduled Interchange	
A	UI Purchase (Overdrawal)	111.52
B	UI Sale (Underdrawal)	-48.58
5	Total Power Purchase at UT periphery (5=2+3+4)	2124.99
6	CTU Losses (6=5-7)	138.93
	PGCIL Losses - %	6.54%
7	Total Power Purchase availability after PGCIL Losses	1986.06
8	Add: Net-Metering/Within State Solar	12.15
9	Power Purchase at DISCOM Periphery (9=7+8)	1998.21
10	Less: Retail Sales to Consumers	1745.65
11	Distribution Losses (11=9-10)	252.56
	Distribution Losses - % (12=11/9)	12.64%

*Matching with the monthly sales submitted by EWEDC (10 months) and CPDL (2 Months) as per NIELIT data and Energy Audit report for FY 2024-25.

3.9 Power Purchase Quantum and Cost

Petitioner's Submission

The Petitioner has submitted that it met its annual energy requirement from power allocations from central generating stations (such as NTPC, NHPC, NPCIL), other generating stations (such as BBMB, SJVNL, THDC), bilateral agreements and banking arrangements. The power allocation from CGS consists in two forms, firm share and share allocation from unallocated power pool. The unallocated power share keeps changing as per the allocation statement of unallocated power issued by the Govt. of India. Since, during peak summer season the allocation of power from various sources is inadequate, therefore the EWEDC procured power from short-term arrangement through power exchange.

The details of power purchase cost and quantum for FY 2024-25, actual vis-à-vis approved including Transmission Charges, UI charges and purchase from short term sources i.e. power exchange are shown in the following table:

Table 20: Power Purchase Quantum and Cost for FY 2024-25 submitted by the Petitioner (for 10 months)

Sr. No.	Source	PP-Quantum (Approved)	PP-Cost (Approved)	PP-Quantum (Actual)	PP-Cost (Actual)
		MU	Rs Crore	MU	Rs Crore
1	Bhakra Beas Management Board (BBMB)	727.53	185.26	569.88	152.41
2	NTPC Limited	430.85	227.9	551.28	226.76

Sr. No.	Source	PP-Quantum (Approved)	PP-Cost (Approved)	PP-Quantum (Actual)	PP-Cost (Actual)
		MU	Rs Crore	MU	Rs Crore
3	NHPC Limited	342.59	116.41	256.87	120.96
4	Nuclear Power Corporation of India Limited (NPCIL NAPS)	207.32	74.29	151.87	54.30
5	SJVN Limited	148.74	42.33	115.54	31.20
6	THDC India Limited	216.86	96.36	165.72	72.99
7	Aravali Power Company Private Limited	50.6	37.04	63.62	35.98
8	Neyveli Uttar Pradesh Power (NUPP) Ltd.	0	0	1.08	0.84
9	CREST	14.28	10.02	10.66	6.09
10	Pvt. Solar	2.6	1.67	1.39	0.99
11	SECI (Non- Solar) (Tranche-VI)	157.84	46.99	87.61	25.40
12	Short Term & UI	(390.47)	(100.35)	(82.51)	(17.82)
A	Power Market Purchase			89.26	19.51
B	UI Purchase (Over drawal)			93.05	65.25
C	Market/UI Sale (Under drawal)			(264.82)	(102.58)
13	Transmission, RLDC & SLDC Charges				
A	PGCIL Charges		139.17		168.66
B	NRLDC Charges		0.41	0.00	0.27
C	UP Power Transmission Corporation Limited (UPPTCL) Charges		1.1	0.00	1.37
D	Punjab State Power Corporation Limited		0.17	0.00	0.11
14	Rebate			0.00	(6.30)
Grand Total		1908.74	878.77	1893.01	874.22

As shown in the above table, the Petitioner submits that the actual power purchase cost has marginally decreased than the approved power purchase cost for FY 2024-25. The Petitioner submits that Regulation 14 of the MYT Regulations, 2021, provides the variation in power purchase cost due to the variation in rate of power purchase from the approved sources and variation in fuel cost shall be treated as uncontrollable factors.

Commission's Analysis

The JERC MYT Regulations, 2021 stipulate that any variation in the cost of power generation and/or power purchase shall be treated as an uncontrollable factor. The relevant provisions of Regulation 13.1 of JERC MYT Regulations, 2021 is provided below:

“For the purpose of these Regulations, the term “uncontrollable factors” for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:

..

Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;

Variation in fuel cost;

Change in power purchase mix;

Inflation;

Transmission Charges for a Distribution Licensee;”

The Commission has noted that the Petitioner procures power mainly from NTPC stations, Hydro Stations, NPCIL stations, and IPPs. The Petitioner has submitted the overall power purchase cost as Rs. 874.22 Crore against a procurement of 1893.01 MUs.

The Commission has examined the monthly power purchase bills and the monthly power purchase statements submitted by the Petitioner. However, it has been noted that the Petitioner has not considered reactive energy charges amounting to Rs. 0.12 Crore in its submission which has been accounted for in the Audited Accounts. The Commission has considered the same.

Further, upon scrutiny of the month-wise power purchase cost, the Commission observed that the Petitioner has included Late Payment Surcharge (LPS) amounting to Rs. 1.95 Crores, which is not reflected in the Audited Accounts. Therefore, the Commission has made reduction in power purchase cost. Accordingly, the total power purchase cost allowed for FY 2024-25 (10 months) is as under:

Table 21: Power Purchase Cost and Quantum approved by the Commission

Sr. No	Source	Approved in T.O dtd 25.07.2024 Prorated for 10 months		Approved in T.O dtd 25.07.2024 (Prorated for 10 months)		Submitted by the Petitioner		Approved by the Commission	
		PP-Quantum (Approved)	PP-Cost (Approved)	PP-Quantum (Approved)	PP-Cost (Approved)	PP-Quantum (Actual)	PP-Cost (Actual)	PP-Quantum (Actual)	PP-Cost (Actual)
		MU	Rs Crore	MU	Rs Crore	MU	Rs Crore	MU	Rs Crore
1	Bhakra Beas Management Board (BBMB)	727.53	185.26	606.28	154.38	569.88	152.41	570.83	152.41
2	NTPC Limited	430.85	227.9	359.04	189.92	551.28	226.76	545.47	226.76
3	NHPC Limited	342.59	116.41	285.49	97.01	256.87	120.96	256.81	120.96
4	Nuclear Power Corporation of India Limited (NPCIL NAPS)	207.32	74.29	172.77	61.91	151.87	54.30	151.69	54.30
5	SJVN Limited	148.74	42.33	123.95	35.28	115.54	31.20	115.54	31.20
6	THDC India Limited	216.86	96.36	180.72	80.30	165.72	72.99	165.15	72.99
7	Aravali Power Company Private Limited	50.6	37.04	42.17	30.87	63.62	35.98	63.53	35.98

Sr. No	Source	Approved in T.O dtd 25.07.2024 Prorated for 10 months		Approved in T.O dtd 25.07.2024 (Prorated for 10 months)		Submitted by the Petitioner		Approved by the Commission	
		PP-Quantum (Approved)	PP-Cost (Approved)	PP-Quantum (Approved)	PP-Cost (Approved)	PP-Quantum (Actual)	PP-Cost (Actual)	PP-Quantum (Actual)	PP-Cost (Actual)
		MU	Rs Crore	MU	Rs Crore	MU	Rs Crore	MU	Rs Crore
8	Neyveli Uttar Pradesh Power (NUPP) Ltd.	0	0	0.00	0.00	1.08	0.84	1.08	0.84
9	CREST	14.28	10.02	11.90	8.35	10.66	6.09	10.66	6.09
10	Pvt. Solar	2.6	1.67	2.17	1.39	1.39	0.99	1.39	0.99
11	SECI (Non-Solar) (Tranche-VI)	157.84	46.99	131.53	39.16	87.61	25.40	87.59	25.40
12	Short Term & UI	(390.47)	(100.35)	-325.39	-83.63	(82.51)	(17.82)		(17.82)
A	Power Market Purchase					89.26	19.51	89.26	19.51
B	UI Purchase (Over drawal)					93.05	65.25	93.50	65.25
C	Market/UI Sale (Under drawal)					(264.82)	(102.58)	(264.50)	(102.58)
13	Transmission, RLDC & SLDC Charges								
A	PGCIL Charges		139.17		115.98		168.66		168.66
B	NRLDC Charges		0.41		0.34	0.00	0.27	0.00	0.27
C	UP Power Transmission Corporation Limited (UPPTCL) Charges		1.1		0.92	0.00	1.37	0.00	1.37
D	Punjab State Power Corporation Limited		0.17		0.14	0.00	0.11	0.00	0.11
14	Rebate					0.00	(6.30)	0.00	(6.30)
15	Reactive energy charges								0.12
16	Late Payment Surcharge								(1.95)
Grand Total		1908.74	878.77	1590.62	732.31	1893.01	874.22	1888.00	872.39

The Commission has approved Power Purchase Quantum as 1888.00 MU and Cost as Rs. 872.39 Crore.

3.10 Renewable Purchase Obligation

Petitioner Submission

The Petitioner has submitted that the Commission had notified fourth amendment to the JERC (Procurement of Renewable Energy) (fourth amendment) Regulations, 2022 on 24th March, 2022. As per the aforesaid amendment, 18.35% of total energy is to be procured from renewable sources for FY 2024-25 which includes 9.00% from Solar, 9.00% from Non-Solar and 0.35% from Large Hydro Plants (commissioned after 08.03. 2019).

The Petitioner has submitted details of compliance to RPO targets for FY 2024-25 along with the backlog of previous years in the table below. Computation of Inter State and Intra State losses are given in the next Section.

Table 22: Effective Energy Sales (Excluding Hydro) for FY 2024-25 submitted by the Petitioner

Sr. No.	Particular	Formula	FY 2024-25
1	Energy Sales within UT (In MU)	A	1,620.81
2	Hydro Power Purchase (In MU)	B	1,153.53
3	Inter-State Loss (In Percentage)	C	5.80%
4	Inter-State Loss (In MU)	$d=b*c$	66.88
5	Intra-State Loss (In Percentage)	e	9.15%
6	Intra-State Loss (In MU)	$f=e*(b-d)$	99.41
7	Hydro Power Consumed (In MU)	$g=b-d-f$	987.49
8	Conventional Power Consumed (In MU)	$h=a-g$	633.32

Table 23: RPO Requirement (Solar and Non-Solar) for FY 2024-25 submitted by the Petitioner

Sr. No.	Particulars	Target			Backlog	RE Procured
		RPO %	Conventional Power (in MU)	Units (in MU)	Units (in MU)	Units (in MU)
1	Solar	9.00%	633.32	63.33	-	12.05
2	Non-Solar	9.35%				
A	HPO	0.35%	633.32	2.22	-	-
B	Other Non-Solar RPO	9.00%	633.32	57.00	-	87.61
Total		18.35%				99.66

Table 24: Power Procurement sources for RPO compliance in FY 2024-25 submitted by the Petitioner

Particulars	FY 2024-25 (in MU)
Solar	

Particulars	FY 2024-25 (in MU)
Power/procured from Gross Metering and Net Metering	1.39
Power procured from CREST	10.66
Total (A)	12.05
Non-Solar	
SECI Wind	87.61
Total (B)	87.61
Total RPO Met (A+B)	99.66

Commission’s analysis

The Commission observed that Regulation 3, Sub-regulation (1) of the JERC (Procurement of Renewable Energy) Regulations, 2010 provides as under:

“Each distribution licensee shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of the total consumption of all the consumers in its area during a year.”

The Commission notified the JERC (Procurement of Renewable Energy), (Fifth Amendment) Regulations, 2024 on 28th May 2024 and revised the RPO targets, according to which for FY 2024-25 the Petitioner is obligated to purchase power from renewable sources at minimum of 29.91% of its total annual consumption. The provision of JERC (Procurement of Renewable Energy), (Fifth Amendment) Regulations, 2024 states as follows:

“Provided also that any excess energy consumption under Other RPO in a particular year, may be utilised to meet the shortfall in achievement of stipulated Wind RPO or HPO.”

Accordingly, the Commission has considered that there has been no short fall for FY 2024-25. Further, the Commission vide RPO order dated 30.12.2025 has considered that the Petitioner achieved the annual compliance for FY 2024-25.

Based on the above, the Commission has computed the cumulative RPO compliance and the pending backlog at the end of the FY 2024-25 as shown in the following table:

Table 25: Summary of RPO (Renewable Purchase Obligation) (MU) for FY 2024-25

RPO	RPO Target to be Met for		Cumulative Backlog as on 31-03-2024	Cumulative RPO Target for FY 2024-25	Total RPO Met during FY 2024-25	Cumulative Balance
	FY 2024-25					Surplus (-) / Deficit (+)
	%	MU	MU	MU	MU	MU
Wind	0.67	10.86	0.00	10.86	0	10.86
HPO	0.38	6.16	0.00	6.16	0	6.16

RPO	RPO Target to be Met for		Cumulative Backlog as on 31-03-2024	Cumulative RPO Target for FY 2024-25	Total RPO Met during FY 2024-25	Cumulative Balance
	FY 2024-25					Surplus (-) / Deficit (+)
Distributed Renewable Energy	1.5	24.31	0.00	24.31	40.83	-16.52
Other RPO	27.35	443.29	0.00	443.29	1170.83	-727.54
Total	29.91	484.62	0.00	484.62	1211.67	-727.04

The Commission notes that there is a net surplus in RPO compliance till the FY 2024-25 of (727.04) MUs. The same has to be carried forward to subsequent years.

3.11 Capitalisation, GFA and Depreciation

3.11.1 Capitalisation

Petitioner's Submission

The Petitioner has submitted that the capital expenditure plan and capitalisation during the year has been considered as per the audited accounts for FY 2024-25. The details of capital expenditure plan and capitalisation for FY 2024-25, actual vis a vis approved are shown in the table below:

Table 26: Capital Expenditure and Capitalisation for FY 2024-25 (in Rs. Crore) submitted by the Petitioner

Particulars	Approved (T.O. dt 25.07.2024)	Actual
Capital Expenditure Plan	37.26	8.40
Capitalisation	43.49	78.01

Commission's analysis

The Commission has considered the capitalisation amount as per the audited account submitted by the Petitioner and has approved the Capitalisation as provided below:

Table 27: Funding (Rs. Crore) approved by the Commission for FY 2024-25 (10 Months)

Particular	Approved in T.O dated 25.07.2024	Petitioner's Submission	Approved by the Commission
Capitalisation	43.49	78.01	78.01
Debt (%)	70%	70%	70%
Equity (%)	30%	30%	30%

Particular	Approved in T.O dated 25.07.2024	Petitioner's Submission	Approved by the Commission
Normative Loan	30.44	54.61	54.61
Equity	13.05	23.40	23.40

3.11.2 GFA

Petitioner's Submission

The Petitioner has submitted that the closing balance of Gross Fixed Assets for FY 2023-24 as submitted in the True-Up Petition for FY 2023-24 has been considered as the opening balance of GFA for FY 2024-25.

Commission's analysis

The Commission has approved capitalisation of Rs. 78.01 Crore for FY 2024-25 (10 months). The Commission has considered opening balance for FY 2024-25 same as closing balance for FY 2023-24 as approved in the Truing-up Order.

Table 28: GFA (Rs. Crore) approved by the Commission

Particular	Approved in T.O dated 25.07.2024	Actual (Petitioner submission)	Petitioner's Submission (Normative)	Approved by the Commission
Opening Gross Fixed Assets	336.11	509.80	309.73	509.80
Addition During the FY	43.49	78.01	78.01	78.01
Adjustment during the FY				
Closing Gross Fixed Assets	379.60	587.81	387.74	587.81

3.11.3 Depreciation

Petitioner's Submission

The Petitioner has submitted that as specified in Regulation 31 of the MYT Regulations, 2021, the Depreciation has been calculated for FY 2024-25. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“31 Depreciation

31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that depreciation shall be re-calculated during true-up for assets capitalised at the time of true up of each Year of the Control Period, based on documentary evidence of asset capitalised by the Applicant, subject to the prudence check of the Commission.

31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system.

31.7 The depreciation for a Distribution Licensee shall be calculated annually, based on the Straight Line Method, over the Useful Life of the asset at rates specified in Appendix I of these Regulations.

31.8 In addition to allowable depreciation, the Distribution Licensee shall be entitled to advance against depreciation (AAD), computed in the manner given hereunder:

AAD = Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/ 10th of loan amount minus depreciation as calculated on the basis of these Regulations:

Provided that advance against depreciation shall be permitted only if the cumulative repayment upto a particular Year exceeds the cumulative depreciation upto that Year:

Provided further that advance against depreciation in a Year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation upto that Year.

31.9 The Distribution Licensee shall provide the list of assets added during each Year of Control Period and list of assets completing 90% of depreciation in the Year along with Petition for annual performance review, true-up and tariff determination for ensuing Year.

31.10 The remaining depreciable value for a Distribution Licensee shall be spread over the balance useful life of the asset, on repayment of the entire loan.”

Depreciation for FY 2024-25 has been estimated based on assets addition during the year as per the annual account and depreciation rates specified in Appendix-I of the MYT Regulations, 2021. The details of calculations for estimating the depreciation for FY 2024-25 are shown in the table below:

Table 29: Asset wise and overall effective Depreciation Rate (%) submitted by the Petitioner

Particulars	Rate	Opening Depreciable GFA	Asset Addition	Closing Depreciable GFA	Average Depreciable GFA	Effective Rate
Land	0.00%	-	-	-	-	
Buildings	1.80%	27.33	1.34	28.67	28.00	
Plant & Machinery	3.60%	281.62	76.67	358.29	319.96	
Vehicles	18.00%	0.39	-	0.39	0.39	
Furniture & Fixtures	6.00%	-	-	-	-	
Office Equipments	6.00%	0.39	-	0.39	0.39	
Total		309.73	78.01	387.74	348.73	2.90%

Table 30: Depreciation during FY 2024-25 (in Rs. Crore) submitted by the Petitioner

Particulars	Approved	Actual	Normative
Opening Gross Fixed Assets	336.11	509.80	309.73
Addition During the FY	43.49	78.01	78.01
Adjustment/Retirement during the FY	-	-	-
Closing Gross Fixed Assets	379.60	587.81	387.74
Average Gross Fixed Assets	357.86	548.80	348.73
Weighted Avg. rate of Depreciation (%)	3.49%	1.96%	2.90%
Depreciation	12.5	10.73	10.10

Commission’s analysis

The Petitioner has submitted that as specified in Regulation 31 of the MYT Regulations, 2021, the Depreciation has been calculated for FY 2024-25. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“31 Depreciation

31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that depreciation shall be re-calculated during truing-up for assets capitalised at the time of truing up of each Year of the Control Period, based on documentary evidence of asset capitalised by the Applicant, subject to the prudence check of the Commission.

31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system.

31.7 The depreciation for a Distribution Licensee shall be calculated annually, based on the Straight Line Method, over the Useful Life of the asset at rates specified in Appendix I of these Regulations.

31.8 In addition to allowable depreciation, the Distribution Licensee shall be entitled to advance against depreciation (AAD), computed in the manner given hereunder:

AAD = Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/ 10th of loan amount minus depreciation as calculated on the basis of these Regulations:

Provided that advance against depreciation shall be permitted only if the cumulative repayment upto a particular Year exceeds the cumulative depreciation upto that Year:

Provided further that advance against depreciation in a Year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation upto that Year.

31.9 The Distribution Licensee shall provide the list of assets added during each Year of Control Period and list of assets completing 90% of depreciation in the Year along with Petition for annual performance review, true-up and tariff determination for ensuing Year.

31.10 The remaining depreciable value for a Distribution Licensee shall be spread over the balance useful life of the asset, on repayment of the entire loan.”

The Commission has considered weighted average rate of depreciation as per the Audited Accounts.

Table 31: Calculation of weighted average rate of depreciation as per audited accounts (%)

Particulars	FY 2024-25
Opening Gross Fixed Assets	509.80
Less: Assets depreciated upto 90%	244.51
Revised opening Gross Fixed Assets	265.29
Add: Addition During the FY	78.01
Closing Gross Fixed Assets	343.30
Average Gross Fixed Assets	304.30
Depreciation	10.73
Weighted Average Rate of Depreciation (%)	4.23%

The Petitioner has submitted that assets amounting to Rs. 244.51 Crore have reached 90% depreciation, which the Commission verified from the FAR for FY 2024-25 (10 months).

The Commission has calculated the depreciation for the entire financial year and thereafter prorated the same for the 10 months.

The net depreciation worked by the Commission for the FY 2024-25 (10 months) is as detailed here under in table below:

Table 32: GFA and depreciation (Rs. Crore) approved by the Commission

Sr. No.	Particular	FY 2024-25				
		FY 2023-24	Approved in T.O 25.07.2024	Actual (Audited Account)	Petitioner's submission (Normative)	Approved by the Commission
1	Opening Gross Fixed Assets	489.77				509.80
2	Less: Assets depreciated upto 90%	215.95				244.51
3	Opening Gross Fixed Assets	273.82	336.11	509.80	309.73	265.29
4	Add: Assets added during the year	20.04	43.49	78.01	78.01	78.01
5	Less: Adjustment during the FY	-	-	-	-	-
6	Closing Gross Fixed Asset	293.86	379.60	587.81	387.74	343.30
7	Average Gross Fixed Asset	283.84	357.86	548.80	348.73	304.30

Sr No	Particular	FY 2024-25				
		FY 2023-24	Approved in T.O 25.07.2024	Actual (Audited Account)	Petitioner's submission (Normative)	Approved by the Commission
8	Average Depreciation Rate	4.61%	3.49%	1.96%	2.90%	4.23%
9	Total Depreciation for year	13.08	12.50	10.73	10.10	12.88
10	Depreciation for 10 months		10.42	10.73	10.10	10.73

The Commission has approved depreciation of Rs. 10.73 Crore for the 10-month period of FY 2024-25, based on the pro-rata allocation of the annual depreciation of Rs. 12.88 Crore.

3.12 Operation and Maintenance expenses

Operation & Maintenance Expenses consists of three elements viz. Employee Expenses, A&G Expenses and R&M Expenses. Operation and Maintenance expenses for FY 2024-25 have been submitted based on the norms specified under Regulations 61 & 15 of the MYT Regulation, 2021, and the approach followed by the Commission in True Up Orders of previous years. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“61. Operation and Maintenance (O&M) expenses for Retail Supply Business

61.1 *The Operation and Maintenance Expenses for the Retail Supply Business shall be computed in accordance with this Regulation.*

61.2 *O&M Expenses shall comprise of the following:*

- a) *Employee expenses - salaries, wages, pension contribution and other employee costs;*
- b) *Administrative and General expenses including insurance charges if any; and*
- c) *Repairs and Maintenance expenses.*

61.3 *The Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the Distribution Licensee, estimates of the actuals for the Base Year, prudence check and any other factors considered appropriate by the Commission.*

61.4 *O&M expenses for the nth Year of the Control Period shall be approved based on the formula given below:*

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1 - X_n) + \text{Terminal Liabilities}$$

Where,

$$R\&M_n = K \times GFAn-1 \times (1+WPI_{inflation})$$

$$EMP_n = (EMP_{n-1}) \times (1+G_n) \times (1+CPI_{inflation})$$

$$A\&G_n = (A\&G_{n-1}) \times (1+CPI_{inflation})$$

'K' is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

CPIinflation – is the average increase in Consumer Price Index (CPI) for immediately preceding three (3) Years before the base Year;

WPIinflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three (3) Years before the base Year;

EMP_n – Employee expenses of the Distribution Licensee for the *n*th Year;

A&G_n – Administrative and General expenses of the Distribution Licensee for the *n*th Year;

R&M_n – Repair and Maintenance expenses of the Distribution Licensee for the *n*th Year;

GFA_{n-1} – Gross Fixed Asset of the Distribution Licensee for the *n-1*th Year;

X_n is an efficiency factor for *n*th Year. Value of *X_n* shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate;

G_n is a growth factor for the *n*th Year. Value of *G_n* shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional manpower requirement based on Licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate:

Provided that in case the Licensee has been in operation for less than three (3) Years as on the date of effectiveness of these Regulations, the O&M Expenses shall be determined on a case to case basis.

61.5 Terminal liabilities of employees of Licensee including pension expenses etc. shall be approved as per actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check.

61.6 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.

Provided that at the time of truing up, the variation in the normative and actual O&M expenses shall be dealt in accordance with Regulation 15.”

“15. Mechanism for sharing of gains or losses on account of controllable factors

15.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:

15.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers.

15.3 The mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.”

The Petitioner submits that as per the aforementioned Regulatory provisions, the normative O&M expenses for FY 2023-24 as submitted in the True-Up Petition for FY 2023-24, has been considered as base year for estimating the normative O&M Expenses for FY 2024-25.

3.12.1 Employee expenses

Petitioner’s submission

The Petitioner has submitted that there has been reduction in manpower in FY 2024-25 with respect to FY 2023-24. Number of employees as on 31.01.2025 is 1095 while as on 31.03.2024 the count was 1121. So, the Growth Factor for computing Employee expenses has been considered as -2.32%. Further, actual CPI and WPI inflation for past three (3) Years including FY 2024-25, as per the True-Up methodology of the Commission, has been considered.

The Petitioner has submitted that the actual Employee Expenses incurred during the FY 2024-25 are provided in the table given below:

Table 33: Computation of CPI Inflation submitted by the Petitioner

Particulars	Average of (Apr-Mar)	Increase in CPI Index	CPI Inflation
FY 2021-22	356.10		4.87%
FY 2022-23	377.60	6.04%	
FY 2023-24	397.20	5.19%	
FY 2024-25	322.5	3.38%	

Table 34: Computation of WPI Inflation submitted by the Petitioner

Particulars	Average of (Apr-Mar)		WPI Inflation
FY 2021-22	139.40		3.65%
FY 2022-23	152.50	9.40%	
FY 2023-24	151.42	-0.71%	
FY 2024-25	154.86	2.27%	

Table 35: Employee Expenses for FY 2024-25 (Rs Crore) submitted by the Petitioner

Particulars	Approved	Actual	Norm
Employee Expenses for Previous Year	111.76		107.73
Growth Factor (Gn) approved in MYT Order	7.91%		-2.32%
CPI Inflation	5.40%		4.87%
Employee Expenses	127.11	85.91	110.35

Commission’s analysis

The Commission notes that Regulation 6 of the JERC MYT Regulations, 2021 stipulates the following:

“6. Values for Base Year

“6.1 Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts.”

The Commission has considered the approved figure of employee expenses for FY 2023-24 as a base figure to determine the normative employee expenses for FY 2024-25. The base year expenses have been escalated by Growth Rate determined based on the manpower plan as submitted by the Petitioner and CPI Inflation to arrive upon the normative employee expenses of FY 2024-25. The Commission has computed employee expenses based on entire financial year and then have prorated the same for 10 months. The details are provided below:

Table 36: Growth rate of Employees approved by the Commission

FY	Employees	Increase/(Decrease) in employees
FY 2023-24	1,121	
FY 2024-25	1,095	-2.32%

Table 37: CPI Inflation Index

FY	Average of (April - March)	Increase in CPI Index
FY 2023-24	397.20	
FY 2024-25	410.64	3.38%

Table 38: Computation of Employee expenses (Rs. Crore) for FY 2024-25

S. No	Particulars	(Base Year)	Approved
		Trued up FY 2023-24	FY 2024-25
1	Employee Expenses for Previous Year (Normative as approved by the Commission)		102.90
2	Gn (Growth factor)		-2.32%
3	CPI		3.38%
4	Expenses with inflation and growth	102.90	103.91
5	Add: Impact of pay revision		-

S. No	Particulars	(Base Year)	Approved
		Trued up FY 2023-24	FY 2024-25
6	Total Employee Expenses		103.91
7	Total employee expenses for 10 months		86.60

Table 39: Employee expenses approved by Commission for FY 2024-25 (Rs Crore)

Particulars	Approved in T.O dtd 25.07.2024	Approved in T.O dtd 25.07.2024 (Prorated for 10 months)	Normative employee expenses	Employee expenses as per Audited Accounts (Actual)	Claimed by Petitioner	Approved by Commission
Employee Expenses	127.11	105.93	86.60	85.91	88.93	85.91

As the actual employee expenses submitted by the Petitioner are less than normative employee expenses, the Commission approves the employee Expenses of Rs. 85.91 Crore in the True-up of FY 2024-25 (10 months) before sharing of gain/(loss). The sharing of gain/(loss) has been dealt in later section of this Order.

3.12.2 Repair and Maintenance expenses

Petitioner's submission

The Petitioner has submitted that the actual repair and maintenance Expenses incurred during the FY 2024-25 are provided in the table given below:

Table 40: Repairs & Maintenance Expenses for FY 2024-25 (Rs Crore)

Particulars	Approved	Actual	Norm
GFA for Previous Year (n-1)	536.19		509.80
K factor approved (K) in MYT Order	3.21%		3.21%
WPI Inflation	7.89%		3.65%
Repairs and Maintenance Expenses	18.57	33.23	16.96

Commission's analysis

The Commission has considered the K factor of 3.21% as approved in the MYT Tariff Order dated 11th July 2022 and the same has been multiplied with the opening GFA for FY 2024-25 including consumer contribution and grants for the (n-1)th year. The opening GFA is then escalated by WPI Inflation for FY 2024-25 to arrive upon the normative R&M Expenses for FY 2024-25.

The Commission has computed the repair and maintenance expenses for entire year and prorated the same for 10 months.

The WPI Inflation has been computed as follows:

Table 41: WPI inflation index (%)

FY	Average of (April - March)	Yearly increase
FY 2023-24	151.42	
FY 2024-25	154.86	2.27%

Table 42: Computation of R&M Expenses worked out by the Commission (Rs. Crore)

S. No	Particulars	FY 2024-25
1	Opening GFA (GFAn-1)	509.81
2	K factor approved (K) (%)	3.21%
3	WPI Inflation (Actuals for FY 2024-25) (%)	2.27%
4	R&M Expenses = K x (GFA n-1) x (1+WPIinflation)	16.74
5	Total R&M expenses for 10 months	13.95

Table 43: Repair and Maintenance (Rs. Crore) expenses approved by the Commission

Particulars	Approved in T.O dated 25.07.2024	Approved in T.O dated 25.07.2024 (Prorated for 10 months)	Normative R&M expenses	R&M expenses as per Audited Accounts (Actual)	Claimed by Petitioner	Approved by Commission
Repair & Maintenance Expenses	18.57	15.48	13.95	33.23	14.14	13.95

The Commission has approved R&M expenses for FY 2024-25(10 months) as Rs. 13.95 Crore.

3.12.3 Administrative and General expenses

Petitioner's submission

The Petitioner has submitted that it has incurred Rs. 0.36 crore towards Property Tax, as per Schedule 14 of the Accounts. Since this includes arrears from previous years, it qualifies as a one-time, non-recurring expense. The normative A&G Expenses approved by the Commission are based on actuals, which did not include such costs.

The Petitioner has submitted that the actual administrative and general expenses incurred during the FY 2024-25 are provided in the table given below:

Table 44: Administrative & General Expenses submitted by the Petitioner for FY 2024-25 (Rs Crore)

Particulars	Approved	Actual	Norm.
A&G Expenses for Previous Year	8.61		8.61
CPI Inflation	5.40%		4.87%
Administrative & General Expenses	9.07	6.49	9.02

Commission’s analysis

The Commission has considered the approved figure of FY 2023-24 (under true-up) as a base figure to determine the normative A&G expenses for FY 2024-25. The base year expenses have been escalated by CPI Inflation for FY 2024-25 to arrive upon the normative A&G expenses of FY 2024-25. The Commission has computed administrative and general expenses for entire financial year and prorated the same for 10 months.

The Petitioner has submitted an impact attributable to property tax amounting to Rs. 0.36 Crore as one-time expense. The Commission has allowed the same. The details are given below.

Table 45: A&G expenses approved by the Commission

S. No	Particulars	Approved by the Commission
1	Approved A&G expenses of FY 2023-24 (base value)	6.43
2	CPI (%)	3.38%
3	A&G Expenses	6.65
4	Total A&G expense for 10 months	5.54

Table 46: Administrative and General expenses approved by the Commission (Rs. Crore)

S. No	Particulars	Approved in T.O dated 25.07.2024	Approved in TO (Prorated for 10 months)	Normative R&M expenses	A&G expenses as per Audited Accounts (Actual)	Claimed by Petitioner	Approved by Commission
1	Administrative & General Expenses	9.07	7.56	5.54	6.13	6.83	5.54
2	Add: Property tax (one-time expense)			0.36	0.36	0.36	0.36
3	Total A&G expenses	9.07	7.56	5.90	6.49	7.19	5.90

The Commission has approved A&G expenses for FY 2024-25 (10 months) as Rs. 5.90 Crore.

3.12.4 Total Operation and Maintenance Expenses

Petitioner's submission

The Petitioner has submitted the O&M expenses for FY 2024-25 (for the period from 01.04.2024 to 31.01.2025) has been claimed as summarised in table below:

Table 47: O&M Expenses for FY 2024-25 (in Rs. Crore) submitted by the Petitioner

Sr. No.	Particulars	Approved	Normative	Actual	Claimed
1	Employee Expenses	127.11	91.96	85.91	88.93
2	R & M Expenses	18.57	14.14	33.23	14.14
3	A & G Expenses	9.07	7.52	6.13	6.83
4	Add: Property tax (one-time expense)	-	0.36	0.36	0.36
O&M Expenses		154.75	113.98	125.63	110.25

Commission's analysis

The Commission has approved total operation and maintenance expenses in the table given below:

Table 48: Total operation and maintenance expenses (Rs. Crore) approved by the Commission for FY 2024-25 (10 months)

Sr. No.	Particulars	Approved in T.O dated 25.07.2024	Approved in TO (Prorated for 10 months)	Actual	Claimed by the Petitioner	Normative O&M expenses	Approved by the Commission
1	Employee Expenses	127.11	105.93	85.91	88.93	86.60	85.91
2	R & M Expenses	18.57	15.48	33.23	14.14	13.95	13.95
3	A & G Expenses	9.07	7.56	6.13	6.83	5.54	5.54
O&M Expenses		154.75	128.96	125.27	109.90	106.08	105.40
4	Add: (property tax (one-time expense))		-	0.36	0.36	0.36	0.36
O&M Expenses		154.75	128.96	125.63	110.26	106.44	105.76

The Commission approves the Operation & Maintenance (O&M) Expenses of Rs. 105.76 Crore in the True-up of FY 2024-25 (10 months). The gain/(loss) after comparing the actual values and normative values has been addressed separately in Section 3.22.2 of this Order.

3.13 Interest and Finance charges

Petitioner's submission

The Regulation 29 of the JERC MYT Regulations, 2021 stipulates the following:

"29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:

Provided that interest and finance charges on capital works in progress shall be excluded:

Provided further that in case of De-capitalisation or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the decapitalised or retired or replaced assets, based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2022, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021, from the gross normative loan.

29.3 Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 31.

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

29.5 The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the Year.

29.6 For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.

29.7 The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by Transmission Licensee or Distribution Licensee.

29.8 The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check.

29.9 The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission:

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Transmission or Distribution Licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission.

29.10 The Transmission Licensee or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the equally between the beneficiaries; i.e., the Transmission Licensee and the Distribution Licensee or the Distribution Licensee and the Consumers of Distribution Licensee.”

The Petitioner submits that the closing balance of the loan as submitted for FY 2023-24 in the True-Up Petition is considered as normative opening balance of the loans for FY 2024-25. The addition in loans @70% of assets capitalisation as per annual accounts and repayment of loans equivalent to the depreciation during the year has been considered for calculating the closing balance of the loans for FY 2024-25.

Interest rate equivalent to equivalent to 1 Year SBI MCLR rate applicable on 1st April 2024, i.e., 8.65% plus 100 basis points and average amount of normative loans have been considered for determining the Interest on Loans for FY 2024-25.

The bank charges paid in actual as per the annual accounts for FY 2024-25 has also been considered as part of interest and finance charges.

The details of calculations for estimating the Interest and Finance Charges for FY 2024-25 are shown in the table below:

Table 49: Interest on Normative Loan for FY 2024-25 (Rs. Crore) submitted by the Petitioner

Particulars	Approved	Actual	Normative
Opening Normative Loan	22.34		3.66
Add: Normative Loan During the year	30.44		54.60
Less: Normative Repayment= Depreciation	12.5		12.12
Closing Normative Loan	40.28		46.15
Average Normative Loan	31.31		24.90
Rate of Interest (%)	9.50%		9.65%
Interest on loans	2.97	-	2.08
Add: Bank and financing Charges	-	1.41	1.41
Interest and Finance Charges	2.97	1.41	3.49

Commission's analysis

Regulation 29 of the JERC MYT Regulations, 2021 stipulates the following:

“29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:

Provided that interest and finance charges on capital works in progress shall be excluded:

Provided further that in case of De-capitalization or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the de-capitalised or retired or replaced assets, based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2019, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2018, from the gross normative loan.

29.3 Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 31.

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission

Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

29.5 The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalization approved by the Commission for the Year.

29.6 For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.

29.7 The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by Transmission Licensee or Distribution Licensee.

29.8 The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check.

29.9 The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission:

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Transmission Licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission.

The Transmission Licensee or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the equally between the beneficiaries and the Transmission Licensee or the Distribution Licensee and the Consumers of Distribution Licensee.

29.10 Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed:

Provided that at the time of truing-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission.”

Accordingly, the rate of interest to be considered for computing interest on loan shall be the weighted average interest rate of the actual loan portfolio. However, the Petitioner has submitted that capitalisation during each year has been funded by the Petitioner's equity and no loan has been taken against any of the capitalised assets. In absence of any actual loans, the Commission has considered the SBI MCLR rate, as on 1st April 2024 (8.65%), plus 100 basis points as Rate of Interest, in accordance with the JERC MYT Regulations, 2021.

As per the JERC MYT Regulations 2021, if the equity actually deployed is more than 30% of the capital cost, then equity in excess of 30% would be considered as normative loan. Further, the Commission has considered the capitalisation of assets as approved in the foregoing paragraphs. The Commission for the purpose of funding capitalisation has considered the normative debt equity ratio of 70:30.

The Interest on Loan has been calculated on the average loan during the year with the opening loan considered equivalent to the closing loan approved for FY 2023-24 in the True-Up. The total normative loan has been considered to be repaid through depreciation during the year. The Commission has computed the interest on loan for the entire year and thereafter prorated the same for the 10-month period.

The Commission has approved finance charges of Rs. 1.41 Crore as per the audited accounts.

The following table provides the Interest on Loan approved by the Commission:

Table 50: Interest and Finance charges (Rs. Crore) approved by the Commission for FY 2024-25

Particular	FY 2024-25		
	Approved (T.O dtd 25.07.2024)	Claimed	Approved by the Commission
Opening Normative Loan	22.34		
Less Opening Consumer contribution loan portion			
Net Opening Loan		3.66	0.95
Add: Normative Loan During the year	30.44	54.60	54.61
Less: Normative Repayment = Depreciation	12.50	12.12	12.88
Closing Normative Loan	40.28	46.15	42.68
Average Normative Loan	31.31	24.90	21.82
Rate of Interest (%)	9.50%	9.65%	9.65%
Interest on Loan	2.97	2.08	2.11
Interest on Loan for 10 months	2.48	2.08	1.75
Finance Charges	-	1.41	1.41
Total interest and finance charges	2.48	3.49	3.16

The Commission has approved Rs. 3.16 Crore towards interest and finance charges for FY 2024-25 (upto 31.01.2025).

3.14 Interest on Consumer Security deposit

Petitioner's submission

The Petitioner has submitted that as specified in Regulation 29 of the MYT Regulations, 2021, the Interest on Consumer Security Deposit has been calculated for FY 2024-25. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“29.11 Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed:

Provided that at the time of true-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission.”

The opening balance of consumer security deposit and net addition during the year as per the annual accounts and RBI Bank Rate applicable on 1st April 2024, 6.75% has been considered to calculate the interest on consumer security deposit for FY 2024-25. However, the actual interest on consumer security deposit paid during the year has been claimed for FY 2024-25. The details of calculations for estimating the Interest on Security Deposit for FY 2024-25 are shown in the table below:

Table 51: Interest on Consumer Security Deposit for FY 2024-25 (in Rs. Crore) submitted by the Petitioner

Particulars	Approved	Claimed
Opening Consumer Security Deposit	171.08	173.42
Net Addition During the year	1.45	(3.76)
Closing Consumer Security Deposit	172.53	169.66
Average Security Deposit	171.81	171.54
Rate of Interest (%) (RBI Bank Rate @ 1st Apr)	6.75%	6.75%
Interest on Security Deposit as per norms	11.60	9.65

Commission’s analysis

Regulation 29.11 of the JERC MYT Regulations, 2021 stipulates the following about security deposit:

“Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed:

Provided that at the time of trueing-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission.”

The opening security deposit for FY 2024-25 has been considered based on the closing security deposit as approved in the True-up of FY 2023-24. The addition during the year has been considered as per the audited account of Petitioner. The rate of interest has been considered at 6.75%, equivalent to the prevailing RBI Bank rate as on 01.04.2024.

The Commission has computed interest on consumer security deposit for entire financial year and thereafter has computed for 10 months on pro-rata basis. However, the Commission has approved interest on consumer security deposit as per audited accounts.

The table below provides the calculation of interest on consumer security deposits for the year:

Table 52: Interest on Consumer security deposit (Rs. Crore) approved by the Commission for FY 2024-25 (10 months)

Sr. No.	Particulars	FY 2024-25		
		Approved in T.O dtd 25.07.2024)	Petitioner's Submission	Approved by the Commission
1	Opening Security Deposit	171.08	173.42	173.42
2	Add: Deposits during the Year	1.45	(3.76)	0
3	Less: Deposit refunded			3.76
4	Closing Security Deposit	172.53	169.66	169.66
5	Average Security Deposit	171.81	171.54	171.54

Sr. No.	Particulars	FY 2024-25		
		Approved in T.O dtd 25.07.2024)	Petitioner's Submission	Approved by the Commission
6	Rate on Interest (%) (RBI Bank Rate @ 1st April)	6.75%	6.75%	6.75%
7	Interest on Security Deposit as per norms for FY	11.60	9.65	11.58
8	Interest on Security Deposit as per norms (10 months)	9.67		9.65
9	Interest on Security Deposit paid in actual as per audited account	-	-	8.51

The Commission has approved Rs. 8.51 Crore as interest paid on security deposit for FY 2024-25 (10 months) based on actuals booked in audited account.

3.15 Interest on Working Capital

Petitioner's submission

Regulation 64 of the JERC MYT Regulations, 2021 stipulates following regarding the norms of working capital for retail supply business:

“64 Norms of Working Capital for Retail Supply Business

64.1 The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Retail Supply Business for the Financial Year, computed as follows:

- a) O&M Expenses for one (1) month; plus
- b) Maintenance spares at 40% of repair and maintenance expenses for one (1) month; plus
- c) Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariff;
- Less
- d) Power Purchase cost for one (1) month; plus
- e) Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from Consumers except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the working capital requirement shall be recalculated on the basis of the values of components of working capital approved by the Commission in the truing up.”

The 1 Year SBI MCLR Rate applicable on 1st April plus 2024 , i.e., 8.65% plus 200 basis points and the working capital requirement are considered for calculating Interest of Working Capital for FY 2024-25. The details of calculation for estimating the Interest on Working Capital for FY 2024-25 are shown in the table below:

Table 53: Interest on Working Capital for FY 2024-25 (Rs. Crore) submitted by the Petitioner

Particulars	Approved	Actual
Two months receivables	143.42	134.18
Add: One month O&M Expenses	12.9	11.03
Add: 40% of repair & maintenance expenses for one month	0.62	0.57
Less: Consumer Security Deposit excl. BG	171.81	170.37
Less: Power Purchase cost for one (1) month	73.23	87.42
Total Working Capital after deduction of Consumer Security Deposit	(88.10)	(24.60)
SBI MCLR plus 200 Basis Point (%)	10.50%	10.65%
Interest on Working Capital	-	-

As per the above computations, Interest on Working Capital is NIL for FY 2024-25.

Commission's analysis

The Commission observed that Regulation 53 of the JERC MYT Regulations, 2021 stipulates the following regarding norms of working capital requirement:

“53. Norms of Working Capital for Distribution Wires Business

53.1 *The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Distribution Wires Business for the Financial Year, computed as follows:*

O&M Expenses for one (1) month; plus

Maintenance spares at 40% of repair and maintenance expenses for one month; plus

Receivables equivalent to two (2) months of the expected revenue from charges for use of distribution wires at the prevailing tariff;

Less:

Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from distribution system users except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the working capital requirement shall be re-calculated on the basis of the values of components of working capital approved by the Commission in the truing up.”

Further, Regulation 64 of the JERC MYT Regulation, 2021 stipulates the following:

“64.1 The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Retail Supply Business for the Financial Year, computed as follows:

O&M Expenses for one (1) month; plus

Maintenance spares at 40% of repair and maintenance expenses for one (1) month; plus

Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariff;

Less

Power Purchase cost for one (1) month; plus

Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from Consumers except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the working capital requirement shall be re-calculated on the basis of the values of components of working capital approved by the Commission in the truing up.”

Further, Regulation 32.3 of the JERC MYT Regulation, 2021 stipulates the following:

“32.3 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

32.4 The rate of interest on working capital shall be equal one (1)Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1)Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.”

The Commission has considered the O&M Expense for 1 month, Maintenance spares at 40% of R&M expenses for one (1) month and Receivables equivalent to two (2) months of the expected revenue from charges for use of distribution wires at the prevailing tariff.

The Commission has considered the SBI Base rate as on 1st April 2024 for calculation of interest plus 200 basis points i.e. 10.65% (8.65% + 200) basis points), as stipulated in the MYT Regulations, 2021.

The Commission has computed interest on working capital for entire year and then prorated the same for 10 months.

Accordingly, the Interest on Working Capital has been determined by the Commission, as shown in the table below:

Table 54: Interest on Working Capital (Rs. Crore) approved by the Commission

S. No.	Particulars	FY 2024-25		
		Approved (T.O dtd 25.07.2024)	Actual FY 2024-25	Approved by the Commission
1	Two Months Receivable	143.42	134.18	161.02
2	O&M Expense - 1 month	12.9	11.03	12.45
3	Maintenance Spare @ 40% of R&M Expenses of one month	0.62	0.57	0.58
4	Less: Amount held as Security Deposit (Average of Opening & Closing)	171.81	170.37	171.54
5	Less: Power Purchase cost for one (1) month	73.23	87.42	98.40
6	Total	(88.10)	(24.60)	(95.89)
7	Interest Rate	10.50%	10.65%	10.65%
8	Interest on Working Capital	0	0	0
9	Interest on Working Capital for 10 months	0	0	0

The Commission has approved nil interest on working capital for FY 2024-25 (10 months)

3.16 Return on equity

Petitioner's submission

The Regulation 28.2 and 28.3 of the MYT Regulations, 2021, the Return on Equity has been calculated for FY 2024-25. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“28 Return on Equity

28.2 The return on equity for the Distribution Wires Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use at post-tax rate of return on equity specified in the prevalent CERC Tariff Regulations for transmission system.

28.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of sixteen (16) per cent per annum.”

The closing equity as submitted in the True-Up Petition for FY 2023-24 is considered as the opening Equity for FY 2024-25. The addition in equity during the year@30% of the capitalisation claimed for FY 2024-25 (10 months) has been considered. Details of calculations for estimating the Return on Equity for FY 2024-25 are shown in the table below:

Table 55: Return on Equity for FY 2024-25 (Rs. Crore) submitted by the Petitioner

Particulars	Approved	Actual
Opening Equity	154.9	147
Addition in Equity	13.05	23.40
Closing Equity	167.95	170.40
Average Equity	161.42	158.70
Average Equity (Wire Business)	145.28	142.83
Average Equity (Retail Supply Business)	16.14	15.87
Return on Equity for Wire Business (%)	15.50%	15.50%
Return on Equity for Retail Supply Business (%)	16.00%	16.00%
Return on Equity for Wire Business	22.52	18.45
Return on Equity for Retail Supply Business	2.58	2.12
Return on Equity	25.10	20.57

Commission’s analysis

The Regulations 28.2 and 28.3 of the JERC MYT Regulations, 2021 stipulate the following with respect to RoE:

“28.2 The return on equity for the Distribution Wires Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use at post-tax rate of return on equity specified in the prevalent CERC Tariff Regulations for transmission system.

28.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of sixteen (16) per cent per annum.”

RoE has been calculated on normative basis on the average of opening and closing of equity during the year at the rate of 16% (for retail supply) and 15.50% (for wire business), as applicable, (on post-tax basis) with an opening equity considered equivalent to the closing equity of FY 2023-24 as approved in the True-up of FY 2023-24. Further, the Commission considers 90% of average equity corresponds to the wire business and remaining for retail supply.

The Commission has computed the Return on Equity for the entire year and thereafter prorated the same for the 10-month period.

The following table provides the RoE now approved by the Commission under true-up for FY 2024-25.

Table 56: Return on equity (Rs. Crore) approved by the Commission for FY 2024-25

S. No	Particulars	FY 2024-25		
		Approved in T.O dtd 25.07.2024	Actual	Approved by the Commission
1	Opening Net Normative Equity	154.9	147	146.99
2	Equity Addition during year (30% of Net Addition to GFA)	13.05	23.40	23.40
3	Closing Balance of Normative Equity	167.95	170.40	170.39
4	Average Equity	161.42	158.70	158.69
5	Average Equity (Wires Business) (90%)	145.28	142.83	142.82
6	Average Equity (Retail Supply Business) (10%)	16.14	15.87	15.87
7	Rate of Return on Equity for Wire Business %	15.50%	15.50%	15.50%
8	RoE Wire Business	22.52	18.45	22.14
9	Rate of Return on Equity for Retail Supply Business %	16.00%	16.00%	16.00%
10	RoE on Retail Supply business	2.58	2.12	2.54
11	RoE (Wire and Retail Supply business)	25.10	20.57	24.68
12	ROE (Wire and Retail Supply business) pro-rated for 10 months	20.92	20.57	20.56

The Commission has approved Rs. 20.56 Crore as return on equity for FY 2024-25 (10 months).

3.17 Provision for Bad and doubtful debts

Petitioner's submission

Provision for bad and doubtful debts as per provisions specified in Regulation 63 of the MYT Regulation, 2021 has been claimed for FY 2024-25. The extract of aforesaid Regulation is reproduced below:

“63 Provision for bad and doubtful debts

63.1 The Commission may allow bad debts written off as a pass through in the Aggregate Revenue Requirement, based on the trend of bad debts written off in the previous years, subject to prudence check:

Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check:

Provided also that the provision for bad and doubtful debts shall be limited to 1% of the annual Revenue Requirement of the Distribution Licensee:

Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised.”

The bad and doubtful as recorded in Schedule-16 of the Accounts for FY 2024-25 is Rs. 3.26 Cr. Hence, Rs. 3.26 Cr. has been proposed for Bad and Doubtful Debts for FY 2024-25.

Commission's analysis

The Commission noted the provisions given under Regulation 63 of the JERC MYT Regulations, 2021, which are as follows:

63.1 “The Commission may allow bad debts written off as a pass through in the Aggregate Revenue Requirement, based on the trend of write off of bad debts in the previous years, subject to prudence check:

Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check:

Provided also that the provision for bad and doubtful debts shall be limited to 1% of the annual Revenue Requirement of the Distribution Licensee:

Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad-debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised.”

Accordingly, the Commission considers the impact on Annual Revenue Requirement based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to the provision that the bad and doubtful debts shall be limited to 1% of the Annual Revenue Requirement of the Distribution Licensee. The Petitioner has not incurred any actual bad and doubtful debt. Therefore, the Commission has not approved any bad and doubtful debt for true-up of FY 2024-25 (10 months).

Therefore, the Commission has not approved provision for bad & doubtful debts for true-up of FY 2024-25 (10 months).

3.18 Prior Period items

Petitioner's submission

The Petitioner has submitted that the Prior period items of Rs. 0.05 Crore has been booked as per the Audited Accounts for the FY 2024-25.

Commission's analysis

The Commission has approved prior period items of Rs. 0.05 Crore as per the audited accounts towards payment of net metering consumers.

3.19 Non-Tariff Income

Petitioner's Submission

Non-Tariff Income as per the specified in Regulation 65 of the MYT Regulations, 2021, has been claimed for FY 2024-25. The extract of aforesaid Regulation is reproduced below,

“65 Non-Tariff Income

65.1 The amount of Non-Tariff Income relating to the retail supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of tariff.

65.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*

- f) Rental from contractors;
- g) Income from hire charges from contactors and others;
- h) Income from advertisements, etc.;
- i) Meter/ metering equipment/ service line rentals;
- j) Service charges;
- k) Consumer charges;
- l) Recovery for theft and pilferage of energy;
- m) Rebate availed on account of timely payment of bills;
- n) Miscellaneous receipts;
- o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- p) Prior period income, etc.:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to Consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee’s Area of Supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff. Such reduction shall be carried out in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time.”

The Petitioner submits that delayed payment surcharges commensurate the interest burden of working capital drawn in excess by the Licensee to counterbalance the revenue shortfall created due to non-receipt of electricity charges. Hence, the recovery of delay payment surcharges has not been considered as Non-Tariff Income for FY 2024-25.

Further, the Petitioner submits that Provision for Bad and Doubtful debts was not approved in ARR for FY 2024-25, hence the recovery of the same has not been considered as Non-Tariff income for FY 2024-25. Details of Non-Tariff Income for FY 2024-25 are shown in the table below:

Table 57: Non-Tariff Income for FY 2024-25 (Rs. Crore) submitted by the Petitioner

Particulars	Approved	Actual
Miscellaneous Charges	26.45	5.95
Miscellaneous Receipts		1.74
Total	26.45	7.69

Commission's Analysis

Regulation 65 of JERC MYT Regulation, 2021 states the following about non- tariff income:

“65.1 The amount of Non-Tariff Income relating to the retail supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue

Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of its forecast of non-tariff Income to the Commission along with its application for determination of tariff.

65.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*
- f) Rental from contractors;*
- g) Income from hire charges from contractors and others;*
- h) Income from advertisements, etc.;*
- i) Meter/metering equipment/service line rentals;*
- j) Service charges;*
- k) Consumer charges;*
- l) Recovery for theft and pilferage of energy;*
- m) Rebate availed on account of timely payment of bills;*
- n) Miscellaneous receipts;*
- o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;*
- p) Prior period income, etc.:*

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to Consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee's Area of Supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff. Such reduction shall be carried out in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time.”

The Commission has considered the submission of the Petitioner and has verified from its audited accounts and accordingly, approved NTI for FY 2024-25 as shown in the following table:

Table 58: Non-tariff income (Rs. Crore) approved by the Commission

Particulars	Approved (T.O. dt 25.07.2024)	Actual	Approved by the Commission
Miscellaneous Charges	26.45	5.95	5.95
Miscellaneous Receipts		1.74	1.74
Total	26.45	7.69	7.69

The Commission has approved non-tariff income as Rs. 7.69 Crore for FY 2024-25.

3.20 FPPCA billed during the year

Petitioner's Submission

The Fuel and Power Purchase Cost Adjustment Charges as per the annual accounts has been claimed for FY 2024-25. The details of the FPPCA charges for FY 2024-25 is shown in the table below:

Table 59: FPPCA for FY 2024-25 (Rs. Crore) submitted by the Petitioner

Particulars	Approved	Actual
FPPCA	-	0.46

Commission's Analysis

The Commission has approved FPPCA as per the Audited Account which is provided in the table given below:

Table 60: FPPCA for FY 2024-25 (Rs. Crore) approved by the Commission

Particulars	Approved	Actual	Approved by the Commission
FPPCA	-	0.46	0.46

The Commission has approved Rs. 0.46 Crore as FPPCA for FY 2024-25.

3.21 Regulatory surcharge billed during the year

Petitioner's Submission

Regulatory Surcharge as per the annual accounts has been claimed for FY 2024-25. Details of Regulatory Surcharge is shown in the table below:

Table 61: Regulatory Surcharge for FY 2024-25 (Rs. Crore) submitted by the Petitioner

Particulars	Approved	Actual
Regulatory Surcharge	-	0.0003

Commission analysis

The Commission has approved regulatory surcharge as per the Audited Account:

Table 62: Regulatory surcharge (Rs. Crore) approved by the Commission

Particulars	Approved	Actual	Approved by the Commission
Regulatory Surcharge	-	0.00	0.0003

3.22 Incentive/Disincentive towards over/under-achievement of norms

3.22.1 Incentive/Disincentive towards over/under-achievement of norms for T&D Loss

Petitioner’s submission

No submission has been made in this regard.

Commission analysis

In the ARR Tariff order dated 25th July 2024 for FY 2024-25, the Commission had approved the T&D loss level of 8.00%. The Petitioner has achieved T&D loss of 12.64% for entire FY against the approved loss level of 8.00%.

In accordance with the JERC MYT Regulations, 2021, the Commission has determined the sharing of gains/losses on account of controllable factors. Regulation 15 of the JERC MYT Regulations, 2021 stipulates the following:

“15 Mechanism for sharing of gains or losses on account of controllable factors

15.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:

15.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee and shall not be passed to the Consumers.”

The Commission has further observed that one of the Stakeholder which is a Research Organization operating under the aegis of Ministry of Power and is also dealing in Regulatory Advocacy has raised an issue, in one of the hearing of the other utility’s True-Up under the jurisdiction of this Commission, on the methodology for calculation of gain sharing on the basis of APPC and suggested that the calculation of sharing of gain of distribution loss should be considered on the basis of variable

charge instead of APPC which includes fixed charges also. Hence, under such circumstances the fixed charges towards the power procurement are not a relevant cost as the same is to be incurred irrespective of drawl of power from generation sources. Therefore, the excess power procurement units towards under-achievement of distribution losses should not be linked to fixed cost of the generating plants. The Commission is convinced with the suggestion of the stakeholder. The Commission finds that in case of the under-achievement of the distribution loss target additional power over and above the Power Purchase Agreement (PPA)/tied-up sources is purchased by the discom on energy charge, the actual expense incurred to the distribution business is only the energy charge spent over and above on higher procurement resulting in lower achievement of distribution loss. The Commission further noted that the applicable MYT Regulations, 2021 does not prescribe specifically for the consideration of APPC rate for calculation of gain sharing. The Commission has to devise an appropriate methodology for the same.

Therefore, the Commission for the purpose of computation of dis-incentive, has considered the calculation of excess power procurement due to under-achievement of distribution loss target on the basis of variable cost only.

The Commission has computed the dis-incentive at Rs. 2.42/kWh, which is Average Variable Rate of the FY 2024-25 (EWEDC 10 Months + CPDL 01.02.2025 to 31.03.2025).

The Petitioner has submitted the monthly power purchase details in Annexure 2 (EWEDC) and Annexure 5 (CPDL) of the response to the query raised by the Commission in 1st deficiency note dated 10.02.2026. Based on the monthly variable power purchase cost of Rs. 517.09 Crore (Rs. 465.95 Crore for EWEDC and Rs. 51.14 Crore for CPDL) and quantum approved by the Commission at ex-bus, the Average Variable Rate has been derived. Further, the energy at the State/UT periphery has been computed for entire FY after grossing up the retail energy sales for the entire financial year (1,745.65 MUs) with the actual intra-State T&D loss of 12.64%, as shown below:

Table 63: Average Variable Rate for the FY 2024-25 approved by the Commission (Rs. Cr.)

Average Variable Rate	Value
Total Variable charges	517.09
Power Purchase Quantum	2,137.14
Average Variable Rate (Rs/Unit)	2.42

The Commission has determined the dis-incentive for FY 2024-25 on an annual basis and has subsequently prorated the same for the 10-month operational period of EWEDC.

Table 64: Dis-incentive due to under-achievement of Intra-State T&D Loss target (Rs. Cr.)

S. No	Particulars		Normative	Approved under True-up
1	Retail Sales	A	1,745.65	1,745.65
2	T&D Loss	B	8.00%	12.64%
3	At Periphery	C=A-B	1,897.45	1,998.21
4	Gain/(Loss)	D		(100.76)
5	Average Variable Rate	E		2.42
6	Gain/(Loss)	F=D*E/10		(24.38)
7	Sharing of 100% of loss with the Petitioner			(24.38)
8	Sharing of 100% of loss with the Petitioner (10 months)			(20.32)

3.22.2 Incentive/Disincentive towards over/under-achievement of norms for Operation and Maintenance expenses

Petitioner's submission

The Petitioner has submitted that the sharing of gains and losses has been computed in accordance with Regulation 15 of the MYT Regulations, 2021.

Table 65: O&M Expenses for FY 2024-25 (in Rs. Crore) submitted by the Petitioner

Sr No	Particulars	Approved (TO dt 25.07.2024)	Actual	Normative	Gains/Losses Sharing	Claimed
1	Employee Expenses	127.11	85.91	91.96	6.05	88.93
2	R & M Expenses	18.57	33.23	14.14	-	14.14
3	A & G Expenses	9.07	6.13	7.52	1.39	6.83
4	O&M expenses	154.75	125.27	113.62	7.45	109.89
5	Add: Property tax (one-time expense)		0.36	0.36	-	0.36
	Total O&M Expenses	154.75	125.63	113.98	7.45	110.25

Commission analysis

In accordance with the JERC MYT Regulations, 2021, the Commission has determined the sharing of gains/losses on account of controllable factors. The Regulation 15 of the JERC MYT Regulations, 2021 stipulates the following:

“15 Mechanism for sharing of gains or losses on account of controllable factors

15.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:

15.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers.”

Considering the above provisions, the Commission has carried out the gain and loss of O&M expenses, which are controllable parameters. The details are provided below.

Table 66: Sharing of gain/losses approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved by the Commission	Actual	Normative	Gains/Losses Sharing	Sharing of gain/loss
1	Employee Expenses	85.91	85.91	86.60	0.69	0.34
2	R & M Expenses	13.95	33.23	13.95	-	-
3	A & G Expenses	5.54	6.13	5.54	-	-
4	O&M expenses	105.40	125.27	106.08	0.69	0.34
5	Add: Property tax (one-time expense)	0.36	0.36	0.36	-	-
	O&M Expenses	105.40	125.63	106.44	0.69	0.34

3.23 Aggregate Revenue Requirement (ARR) for FY 2024-25 (10 months)

Petitioner’s submission

The Aggregate Revenue Requirement for FY 2024-25 based on estimates submitted in the above sections are tabulated below:

Table 67: Aggregate Revenue Requirement for FY 2024-25 (in Rs. Crore) submitted by the Petitioner

Sr. No.	Particulars	Approved in T.O dated 25.07.2024	Normative
1	Power Purchase Cost		874.22
1a	- Power purchase	878.78	703.80
1b	-Transmission Charges		170.03
1c	-SLDC Fees & Charges		0.39
2	O&M Expenses	154.75	110.25
2a	-Employee costs	127.11	88.93
2b	-Administration and General expenses	9.07	6.83
2c	-R&M expenses	18.57	14.14
2d	-One time expenses (Property Tax)	-	0.36
3	Depreciation	12.50	10.10
4	Interest & Finance Charges	14.57	13.14
4a	-Interest and finance charges	2.97	3.49
4b	-Interest on working capital	0	-
4d	-Interest on Consumer Security Deposit	11.60	9.65
5	Return on Equity	25.10	20.57
6	Provision for Bad Debt	-	3.26

Sr. No.	Particulars	Approved in T.O dated 25.07.2024	Normative
7	Prior Period Expenses	-	0.05
8	Total Revenue Requirement	1085.70	1031.58
9	Less: Non-Tariff Income	26.45	7.69
10	Net Revenue Requirement	1059.25	1023.89
11	Revenue from retail sales at approved Tariff	941.39	805.10
12	FPPCA billed during the year		0.46
13	Regulatory Surcharge billed during the year		0.00
	Revenue Surplus/(Gap) for the Year	(117.86)	(218.33)

Commission analysis

The Commission on the basis of the detailed analysis of the cost parameters of the ARR has approved the revenue requirement for the True-up of FY 2024-25 as given in the following table:

Table 68: Aggregate Revenue Requirement (ARR) approved by the Commission (Rs. Crore)

Particulars	FY 2024-25			
	Approved in T.O dtd 25.07.2024)	Approved in T.O. (Pro-rated for 10 months)	Claimed	Approved by the Commission
Power Purchase Cost	878.78	732.32	874.22	872.39
O&M Expenses	154.75	128.96	110.25	105.76
-Employee costs	127.11	105.93	88.93	85.91
-Administration and General expenses	9.07	7.56	6.83	5.54
-R&M expenses	18.57	15.48	14.14	13.95
One-time expenses (Property tax)	-		0.36	0.36
Depreciation	12.50	10.42	10.10	10.73
Interest and finance charges	2.97	2.48	3.49	3.16
Interest on working capital	0	0.00	-	0
Interest on Consumer Security Deposit	11.60	9.67	9.65	8.51
Return on Equity	25.10	20.92	20.57	20.56
Provision for Bad Debt			3.26	-
Prior Period Expenses			0.05	0.05
Sharing of gain on account of O&M expenses				0.34
Disincentive on under achievement of T&D losses				(20.32)
Total Revenue Requirement	1085.70	904.75	1031.58	1001.19
Less: Non-Tariff Income	26.45	22.04	7.69	7.69
Net Revenue Requirement	1059.25	882.71	1023.89	993.50

3.24 Revenue at Current Tariff

Petitioner's Submission

The Petitioner has submitted that the Revenue billed at Current Tariff as per the annual accounts has been claimed for FY 2024-25. The details of Revenue Billed at current tariff, actual vis-à-vis approved for FY 2024-25 are shown in the table below:

Table 69: Revenue at Current Tariff for FY 2024-25 (Rs. Crore) submitted by the Petitioner

Sr. No.	Particulars	Approved	Actual
1	Domestic Supply	406.47	341.30
2	Non-Domestic Supply	158.25	149.27
3	HT-Domestic Supply	12.34	12.33
4	HT-Non-Domestic Supply	150.16	133.13
5	Large Supply	73.77	59.01
6	Medium Supply	69.07	52.24
7	Public Lighting	9.12	6.93
8	Small Power	9.71	8.51
9	Bulk Supply	47.74	37.47
10	Temp Supply	2.46	4.31
11	Agriculture	0.45	0.31
12	Misc.-Electric Vehicle	1.83	0.29
	Total	941.37	805.10

Commission's Analysis

The Commission has considered the revenue as per the audited account, as submitted by the Petitioner. Accordingly, the revenue now Trued-up by the Commission is shown in the following table:

Table 70: Revenue (Rs. Crore) approved by the Commission

Particulars	Petitioner's Submission		Trued-up by the Commission	
	Sales (MUs)	Revenue (Rs. Crore)	Sales (MUs)	Revenue (Rs. Crore)
Total Revenue	1620.81	805.10	1620.81	805.10

3.25 Standalone Revenue Gap/(Surplus)

Petitioner's submission

The Petitioner has submitted that the Revenue Gap/ Surplus so determined herein shall be to the account of UT Chandigarh as per the 4.4(a) of the Government Policy Direction.

Table 71: Revenue gap/(surplus) submitted by the Petitioner (Rs Crore)

S. No	Particular	Approved in T.O dtd 25.07.2024)	Petitioner's submission
1	Net Revenue Requirement	1059.25	1023.89
2	Revenue from retail sales at Existing Tariff	941.39	805.10
3	FPPCA billed during the year		0.46
4	Regulatory Surcharge billed during the year		0.00
5	Revenue (Surplus)/Gap for the Year	117.86	218.33

Commission analysis

The Commission considered their audited account and approved the standalone Revenue Gap/Surplus as follows:

Table 72: Revenue gap/(surplus) approved by the Commission (Rs. Crore)

S. No	Particular	Approved in T.O dtd 25.07.2024	Petitioner's submission	Approved by the Commission
1	Net Revenue Requirement	1059.25	1023.89	993.50
2	Revenue from retail sales at Existing Tariff	941.39	805.10	805.10
3	FPPCA billed during the year		0.46	0.46
4	Regulatory Surcharge billed during the year		0.00	0.00
5	Revenue (Surplus)/Gap for the Year	117.86	218.33	187.94

3.26 Cumulative Gap

Petitioner's submission

The Petitioner has submitted that the Commission vide Tariff Order dated 24th July 2024 has Trued-Up the cumulative Revenue (Gap)/Surplus till FY 2021-22 of Rs. 97.28 Cr. and has allowed the same in Tariff of FY 2024-25.

On 29th December 2025, the Petitioner filed the Petition before the Commission for approval of True-up for FY 2022-23 and FY 2023-24, as per the provisions of MYT Regulations, 2021 wherein the standalone Revenue (Gap) of FY 2022-23 is Rs. 170.61 Cr. and for FY 2023-24, the standalone Revenue (Gap) is Rs. 216.60 Cr.

Vide Notification No. G1/2025/120 dated 31.01.2025, the UT Administration, has notified the Chandigarh Electricity Reforms Transfer Scheme, 2025 (Transfer Scheme) in exercise of powers conferred to the UT Administration under the provisions of Sections 131, 133 and 134 of the Electricity Act, 2003 read with Government of India, Ministry of Home Affairs, New Delhi Notification bearing No. S.O.721(E) dated 22.06.2004, thereby giving effect to the transfer of distribution & retail supply of electricity functions together with the assets, liabilities, interests,

rights, functions, obligations, proceedings and personnel of the EWEDC to CPDL, effective from 01.02.2025 vide Notification No. G1/2025/121 dated 31.01.2025.

On 31.01.2025, UT Administration, EEDL and CPDL accordingly entered into the Share Purchase Agreement (SPA) for acquisition of 100% equity shares of CPDL by EEDL. Pursuant to the Transfer Scheme and SPA both dated 31.01.2025, CPDL has taken over the distribution and retail supply functions of the EWEDC with effect from 01.02.2025.

On 07.02.2025, UT Administration issued a Government Policy Direction under Sections 108 and 109 of the Act to facilitate the effective restructuring of the electricity sector in the UT Chandigarh, aligning with the public interest and the objectives of the Electricity Act, 2003.

In view of the aforementioned restructuring process, the Petitioner is submitting the present Petition for the True-up of FY 2024-25 only for the 10-month period from 01st April 2024 to 31st January 2025 in accordance with the MYT Regulations, 2021. Based on the ARR and the revenue from approved tariff, the Petitioner has determined standalone Revenue Gap of Rs. 218.33 Cr. in the True-Up of FY 2024-25 (for the period upto 31.01.2025).

As CPDL has taken over the distribution and retail supply functions of the EWEDC with effect from 01.02.2025, the Petitioner has computed cumulative Revenue (Gap)/surplus till 31.01.2025 taking into account the Revenue Gap computed for FY 2022-23 and FY 2023-24 in their respective True-Up Petitions, as tabulated below. The carrying Cost has been computed with the actual interest rate of respective years as submitted in this Petition.

Table 73: Cumulative Revenue Gap till FY 2024-25 (upto 31.01.2025) submitted by the Petitioner

Sr. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25
1	Opening (Gap)/Surplus for the Year	0	(179.69)	(426.53)
2	Addition during the Year	(170.61)	(216.60)	(218.33)
3	Closing Revenue (Gap)/Surplus	(170.61)	(396.29)	(644.86)
4	Interest on Working Capital	10.65%	10.50%	10.50%
5	Average of Revenue (Gap)/Surplus	(85.31)	(287.99)	(535.70)
6	Carrying cost for the Year	(9.08)	(30.24)	(47.54)
7	Closing cumulative Revenue (Gap)/Surplus	(179.69)	(426.53)	(692.41)

Commission analysis

Regulation 12.5 (c) of the MYT Regulations 2021 provides to allow carrying cost on the gap from the date on which such gap becomes due till the date it is addressed at MCLR rate as on 1st April of the relevant year plus 100 basis points. The relevant excerpt is reproduced below:

"(c) Carrying Cost shall be allowed for a Generating Company, Transmission Licensee or Distribution Licensee on the amount of revenue gap for the period from the date on which such gap has become due, i.e., from the end of the Year for which true-up has been done, till the end of the Year in which it is addressed, on the basis of actual rate of loan taken by the Licensee to fund the deficit in revenue:

Provided....

Provided also that if no loan has been taken to fund revenue deficit, the Commission shall allow Carrying Cost on simple interest basis at one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points;

..."

Further, considering the cumulative surplus approved by the Commission after true-up of FY 2023-24 of Rs 245.53 Crore, the cumulative gap with carrying cost at the end of FY 2024-25 (up to 30.01.2025) has been shown as below:

Table 74: Cumulative Gap/(Surplus) with carrying cost at the end of FY 2024-25 (up to 30.01.2025) (Rs. Crore)

Particulars	True-up FY 2023-24	Approved for FY 2024-25
Opening cumulative (surplus)/gap	-	245.53
Add: Revenue gap/(surplus) during the year	-	187.94
Deletion	-	-
Closing cumulative (surplus)/gap	245.53	433.46
Average of opening and closing cumulative (surplus)/gap	-	339.50
Rate of Interest (SBI MCLR)	-	9.65%
Carrying cost on Simple Interest	-	32.76
Carrying cost on Simple Interest (10 months)		27.30
Total Carrying cost	12.94	40.24
Total gap with carrying cost		473.71

As per the Transfer Scheme paragraph 4.4 (a) total gap of Rs. 473.71 Crore (Rs. 433.46 Crore+ Rs. 40.24 Crore) has to be borne by the Chandigarh Administration. The extract of Government Policy Direction is represented from Clause 4.4 (a) as follows:

"4.4 (a) The Distribution Company's ARR shall be decided based on the restructured Opening Balance Sheet and the impact of the true-up of

previous years upto the Transfer Date as determined and directed by the Commission, shall be borne by the Holding Entity (i.e., U.T. Chandigarh)”

Accordingly, the Commission has not considered this gap as on pass through to the consumers.

Annexure 1: List of Stakeholders who attended the public hearing

Table 75: List of Stakeholders

S. No.	Name of Person (Mr./Ms.)	Organization/ Address
1.	Mr. Bittu	Sector 21, Chandigarh
2.	Gp Captain R.C. Goyal	Sector-36 D, Chandigarh
3.	S.K. Nayar	Chandigarh (Indian citizen Forum)
4.	Narinder Sharma	Chandigarh (Indian citizen Forum)
5.	B.B Sharma	201, 44-A, Chandigarh
6.	Naveen Goyal	200/15-A
7.	R. R. Singh (Press)	Danik Bhaskar
8.	Gopal	298, Vikas Nagar, Chandigarh
9.	B.S Saini	Industrial Area 1, Chandigarh
10.	Rajiv Kumar	Bharat Industry
11.	Gurmeet Singh Bhalla	Sector 15-A, Chandigarh
12.	Rakesh Gupta	2297/35-C
13.	Vinod	215, Ind. Area, Phase-I