

**JOINT ELECTRICITY REGULATORY COMMISSION
(FOR THE STATE OF GOA AND UNION TERRITORIES)
GURUGRAM**

CORAM

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

**Suo Moto Petition No:161 /2025
Date of Hearing (Virtual): 27.01.2026
Date of Order:15.06.2026**

In the matter of:

Appeal No.48 of 2018 filed by M/s Federation of Industries Associations, Silvassa against Joint Electricity Regulatory Commission for the State of Goa and Union Territories, and M/s Dadra & Nagar Haveli Power Distribution Company Ltd. In Hon'ble APTEL.

And in the matter of:

Dadra & Nagar Haveli and Daman & Diu Power Corporation Ltd. (DNHDDPCL)

.....Respondent No.1

Dadra & Nagar Haveli and Daman & Diu Power Distribution Corporation Ltd.
(DNHDDPDCL)

....Respondent No.2

Present: -

For the Hearing:

Respondent No. 1:

1. Mr. C.A. Parmar, Chief Engineer, DNHDDPCL.
2. Mr. Gaurav Lohani, Advocate DNHDDPCL

Respondent No. 2:

1. Mr. Jignesh Langalia Vice President, DNHDDPDCL
2. Ms. Luna Pal, GM, DNHDDPDCL.

ORDER

1. In Appeal No. 48 of 2018, the Appellant, M/s Federation of Industries Associations of Silvassa in Dadar and Nagar Haveli, a registered Society under the Society Registration Act had assailed the order dated 30th January, 2018 in petition No. 240 of 2017 passed by the Commission with regards to the true-up of accounts of the 2nd Respondent for the Financial Year 2016-17, ARR for Financial Year 2017-18 and tariff determination for 2018-19.
2. Though, the Appellant had raised several issues/grounds in the memorandum of appeal before Hon'ble Appellate Tribunal for Electricity (APTEL), but only following four issues were pressed upon and argued on its behalf during the hearing of the appeal.
 - a. Erroneous setting aside of Rs.180 crores from the surplus determined by the commission for Financial Year 2016-17.
 - b. Rebate granted by NTPC left out in the review of APR for the Financial Year 2017-18.
 - c. Benefit of carrying cost on surplus derived to the consumers.
 - d. Imposition of Regulatory Surcharge.
3. The Hon'ble APTEL vide Judgment dated 14.11.2025 disposed of the Appeal and decided issue nos. a, b & d above against the Appellant and allowed the issue no. c in favour of the Appellant.
4. A summary of the findings of the Hon'ble APTEL is given hereunder:

<i>“Issue No. I</i>	<i>Erroneous setting aside of Rs.180 crores from the surplus determined by the commission for Financial Year 2016-17.</i>	<i>The issue is decided in favour of the Respondents and against the Appellant.</i>
<i>Issue No. II</i>	<i>Rebate granted by NTPC left out in the review of APR for the Financial Year 2017-18.</i>	<i>This issue does not survive for consideration and is accordingly disposed off as such.</i>
<i>Issue No. III</i>	<i>Benefit of carrying cost on surplus derived to the consumers.</i>	<i>Finding of the Commission on this issue are found unsustainable and this issue is decided in favour of the Appellant.</i>
<i>Issue No. IV</i>	<i>Imposition of Regulatory Surcharge</i>	<i>we do not find any force in the contentions of the Appellant on this issue. The issue is decided against the Appellant and in favour of the Respondents</i>

5. The Hon'ble APTEL on issue No. III above, - the benefit of carrying cost on surplus derived to the consumers has held that;

“While referring to table 118 forming part of para 6.3 of the impugned order, it is contended on behalf of the Appellant that though Rs.97.09 crores have been earned as surplus by the 2nd Respondent in Financial Year 2016-17 yet the commission has not considered any carrying cost on it to be passed on to the consumers. It is pointed out that the commission has computed carrying cost @8% per annum at Rs.6.44 crores for revenue deficit of Rs.218.20 crores in Financial Year 2017-18 as well as at Rs.30.74 crores for revenue deficit of rs.544.25 crores in Financial Year 2018-19. The Learned Counsel for Appellant, thus, argued that Commission has provided carrying cost when there is deficit but does not give the benefit of carrying cost when there is surplus which patently is discriminatory and can't be accepted.

We find it pertinent to reproduce hereinbelow the table 118 from the impugned order:-

Table 118: Consolidated Revenue Gap/Surplus determined by Commission (In Rs. Cr)

<i>Particulars</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>	<i>FY 2018-19</i>
<i>Opening Gap / (Surplus)</i>	<i>(383.88)</i>	<i>(97.09)</i>	<i>224.24</i>
<i>Surplus set aside</i>	<i>(180.00)</i>	<i>-</i>	<i>-</i>
<i>Gap / (Surplus) available for adjustment</i>		<i>(203.88)</i>	
<i>Add: Gap / (Surplus)</i>	<i>106.79</i>	<i>315.29</i>	<i>320.01</i>
<i>Closing Gap / (Surplus)</i>	<i>(97.09)</i>	<i>218.20</i>	<i>544.25</i>
<i>Carrying Cost (@8.00%p.a.)</i>	<i>0.00</i>	<i>6.04</i>	<i>30.74</i>
<i>Final Closing Gap / (Surplus)</i>	<i>(97.09)</i>	<i>224.24</i>	<i>574.99</i>

In providing carrying cost @8% on the revenue deficit to 2nd Respondent, the Commission has reasoned as under :-

“The Petitioner while projecting consolidated revenue gap has not considered the carrying cost. The Commission observes that the petitioner has the surplus fund, which is deposited in the Banks. This surplus fund is being used by the Petitioner for funding the revenue gap. The Commission, further notices that the Petitioner has not taken any loan till date. As per the preamble of the Electricity Act, 2003, the Commission is required to balance the interest of all the stakeholders while determining the tariff. Keeping in mind all of the above, the Commission has considered the carrying cost @ 8.00% which is the opportunity cost for the Petitioner.”

“We find merit in the contention of the Appellant. Allowing carrying cost only on revenue deficit but not on surplus creates asymmetry between consumers and utilities. The principle of time value of money applies equally in both cases—just as a utility is compensated for delayed recovery, consumers too must be credited for funds held in excess. Therefore, carrying cost on surplus ensures fairness and regulatory neutrality. The Revenue surplus of Rs.97.09 Cr for the FY 2016-2017 would have earned interest and therefore should be accounted for. We conclude that carrying cost on revenue surplus should be allowed by the Respondent Commission for FY 2016-2017.

In view of the foregoing, this issue is decided in favour of the Appellant.”

6. Thereafter for the Compliance of Hon'ble APTEL's order dated 14.11.2025, the Commission initiated a Suo Moto Proceeding. Both the erstwhile distribution licensee DNHDDPCL and DNHDDPDCL were impleaded as Respondents.

Submissions of the Respondent No.1 (DNHDDPCL):

The Respondent (DNHDDPCL) vide letter dated 05.01.2026 and affidavit dated 06.02.2026 submitted the following;

7. The Hon'ble APTEL, vide its Judgment dated 14.11.2025, adjudicated upon the issue of carrying cost on revenue surplus. The Hon'ble Tribunal observed that while the Commission had allowed carrying cost on revenue deficits for FY 2017-18 and FY 2018-19, the same principle of "time value of money" must be applied to the revenue surplus of Rs.97.09 Crore determined for FY 2016-17.

In continuation with the directives of the Hon'ble APTEL and the methodology adopted by the Commission in the original Impugned Order (where carrying cost was computed at 8.00% p.a.), DNHDDPCL has calculated the carrying cost on the said surplus is as follows:

Particulars	Details
Revenue Surplus for FY 2016-17	Rs. 97.09 Crore
Applicable Carrying Cost Rate	8.00% p.a.
Total Carrying Cost Amount	Rs. 7,76,72,000/-

8. DHDDPCL is committed to the timely compliance of the Hon'ble APTEL's directions to ensure that the benefits are passed on to the end consumers, we wish to bring the following practical constraints to the notice of the Commission:

- It is practically unfeasible for the Corporation to accurately reconstruct or verify the specific consumer database as it existed nearly a decade ago in FY 2016-17.
- Following the privatization of the power distribution business in 2022, the consumer database and day-to-day distribution responsibilities were transferred to the private

distribution company (DHDDPDCL). Consequently, the historical records required for individualised retrospective adjustments are no longer under the direct administrative control of the Corporation (DNHDDPCL).

- Therefore, the determined carrying cost amount of Rs.7,76,72,000/- (Rupees Seven Crore Seventy-Six Lakh Seventy-Two Thousand only) be considered and adjusted during the True-up proceedings for the Financial Year 2024-25.

Hence, this adjustment will ensure that the benefit is effectively reflected in the ARR and subsequent tariff determination, thereby reaching the consumers without any administrative delay or hesitation.

Nature of the Hon’ble Appellate Tribunal’s Direction: Limited Remand

While examining Issue III, the Hon’ble Appellate Tribunal specifically considered Table 118 of the impugned Commission order, which showed the consolidated revenue gap/surplus of Rs.97.09 crores for FY 2016-17.

9. On this basis, the Hon’ble Appellate Tribunal held that allowing carrying cost only on deficit but not on surplus created “asymmetry between consumers and utilities” and that the principle of time value of money applies equally to both, so that consumers must also be credited for funds held in excess.

10. Crucially, the operative part of the Hon’ble Appellate Tribunal’s reasoning on Issue III is limited to directing that carrying cost on the identified revenue surplus of Rs. 97.09 crores for FY 2016–17 be allowed by this Commission.

11. The Hon’ble Tribunal’s final disposition at paragraph 31 simply states that the appeal “stands disposed off in these terms”, after summarising the outcome on each separate issue.

The remand flowing from this judgment is thus a **limited remand**: the Commission is required only to (a) recognise that carrying cost on the revenue surplus of Rs. 97.09 crores for FY 2016–17 must be granted, and (b) work out and give effect to this carrying cost in favour of consumers, without reopening issues which the Hon’ble Appellate Tribunal has already finally determined in favour of the Respondents or held to be non-surviving.

The Remand Does Not Authorise Grant of “Interest on Interest”

12. The Hon’ble Appellate Tribunal’s judgment, including its detailed reasoning on Issue III, repeatedly uses and confines itself to the expression “carrying cost” on the revenue surplus, treating carrying cost as the time-value equivalent of interest that should have been earned on surplus funds and credited to consumers. The Hon’ble Appellate Tribunal notes that the Commission had itself computed carrying cost @ 8% per annum in favour of the utility on revenue deficits of Rs. 218.20 crores (FY 2017–18) and Rs. 544.25 crores (FY 2018–19), and compares this with the non-grant of carrying cost on the surplus for FY 2016–17.

13. Nowhere in the judgment passed by the Hon'ble Appellate Tribunal, is there any reference to, or direction for, the grant of "interest on interest". The directions are limited to parity of treatment in respect of carrying cost on surplus and deficit, in order to remove asymmetry between consumers and the utility.

14. In other words, the remand requires Commission to compute and allow carrying cost (i.e. the equivalent of simple interest) on the revenue surplus of Rs. 97.09 crores for FY 2016–17, analogous to the manner in which carrying cost has already been allowed on deficits, but it does not authorise any compounding or super-added "interest on interest" beyond this carrying cost.

15. In the light of the above, any attempt in the present remand proceedings to:

- I. re-agitate or modify the findings on Issue I (Rs. 180 crores set aside as capital grant) which have been expressly upheld;
- II. reopen Issue II, which the Hon'ble Appellate Tribunal has treated as having been substantially addressed in the subsequent order dated 20.05.2019 and as no longer surviving;
- III. disturb the determination on Issue IV regarding regulatory surcharge, which was confirmed against the Appellant;
- IV. or to grant any additional relief, such as "interest on interest", which finds no mention in the Hon'ble Appellate Tribunal's judgment, would amount to the Commission travelling beyond the four corners of the Hon'ble Appellate Tribunal's limited remand.

16. The remit given to the Commission is confined to implementing the specific direction that "*carrying cost on revenue surplus should be allowed by the Respondent Commission for FY 2016–2017*". The Appeal filed by the Federation was allowed on one issue. The matter has been remanded for passing an Order afresh only on this issue. Nothing further needs to be done.

17. The remand arising from the Hon'ble Appellate Tribunal's judgment dated 14 November 2025 in Appeal No. 48 of 2018 is a **limited remand** confined exclusively to giving effect to Issue III, namely, the grant of carrying cost on the revenue surplus of Rs. 97.09 crores for FY 2016–17 in favour of the consumers, as directed by the Hon'ble Appellate Tribunal.

18. In a limited remand, any issue cannot be reopened or the findings on Issues I, II and IV, which have either been decided against the Appellant cannot vary, therein or held not to survive by the Hon'ble Appellate Tribunal.

19. The Hon'ble Appellate Tribunal's Judgment nowhere contemplates or directs the grant of "interest on interest"; it speaks only of "carrying cost" on the revenue surplus, and the Commission is bound to confine itself to computing and allowing such carrying

cost, without introducing any additional layer of relief not envisaged by the remanding judgment.

20. Accordingly, the present remand proceedings are confined strictly to the determination and pass-through of the carrying cost on the surplus of Rs. 97.09 crores for FY 2016–17, in a manner consistent with the Hon’ble Appellate Tribunal’s express directions and without travelling beyond the limited scope of remand.

21. During the hearing on 27.01.2026, it was observed that the carrying cost applied through petition no.240/2017, True-up of FY 2016-17, Annual Performance Review of FY 2017-18 should be computed based on the average of the opening and closing balances of the revenue surplus. Accordingly, DNHDDPCL has revised the calculations as follows:

Particulars	Details (Rs. In Crores)
Opening Surplus Balance	203.88
Add: Standalone (Gap) FY 2016-17	(106.00)
Closing Surplus Balance	97.88
Average of Opening and Closing Surplus Balance	150.88
Rate of Carrying Cost as per the Hon’ble Appellate Tribunal’s Order	8%
Revised Carrying Cost	12.07

22. In view of the above, it is prayed that the Commission may be pleased to accept the revised carrying cost of **Rs. 12.07 Crore**.

Submissions of the Respondent No.2 (DNHDDPDCL):

The Respondent (DNHDDPDCL) vide affidavit dated 22.01.2026 and dated 04.02.2026 submitted the following;

23. A Special Purpose Vehicle, Dadra and Nagar Haveli and Daman and Diu Power Distribution Corporation Limited (hereinafter referred to as "DNHDDPDCL" or “Respondent No. 2” or “Respondent” for sake of brevity), was created to undertake the power distribution functions in the UT of Dadra and Nagar Haveli and Daman and Diu. Subsequently, DNHDDPDCL commenced operations as a distribution licensee on 1st April, 2022.

24. In response to the Suo-Motu Petition, Respondent No. 1 (DNHDDPCL) vide its letter dated 5th January, 2026 has computed the holding cost of Rs. 7.77 Crore and also proposed to adjust the holding cost during the True-up proceedings for the FY 2024-25.

25. Holding Cost is to be worked out based on average of opening and closing gap/(surplus). Such closing gap/(surplus) with carrying cost forms part of opening gap of subsequent year as per the settled methodology considered by the Commission in its various Tariff Orders. For reference, the Respondent No. 2 would like to draw kind attention of the Commission towards calculation of Holding Cost on True-up of FY 2017-18 at Table no. 128 (@ Page 114) of Tariff Order dated 20th May, 2019 in Petition No. 270 of 2019. Relevant extract of Tariff Order is reproduced as below:

“Table 128: Consolidated Revenue Gap/ (Surplus) determined by Commission at existing tariff (INR Crore)

Particulars	FY 2017-18	FY 2018-19	FY 2019-20
Opening Gap/(Surplus)	(97.09)	(96.77)	(155.18)
Addition Gap/(Surplus) due to standalone year	7.78	(48.72)	384.42
Closing Gap/(Surplus)	(89.31)	(145.49)	229.24
Average Gap/(Surplus)	(93.20)	(121.13)	37.03
Rate of Interest	8.00%	8.00%	9.55%
Carrying cost	(7.46)	(9.69)	3.54
Closing Gap/ (Surplus)	(96.77)	(155.18)	232.78

.....”

26. Further, for computation of Holding Cost for the True-up of FY 2018-19, the Commission has also followed similar approach at Table No. 122 (@ Page 125) of Tariff Order dated 18th May, 2020 in Petition No. 19 of 2019.

27. Accordingly, the Respondent No. 2 has worked out the holding cost for FY 2016-17 as below:

Particular	Proposed Calculation of Respondent No. 1	Calculation as per settled methodology	Diff.
Opening Gap/(Surplus)	(203.88)	(203.88)	
Add: Gap/(Surplus) of FY 16-17	106.79	106.79	
Closing Gap /(Surplus)	(97.09)	(97.09)	
Average balance	-	(150.49)	
Interest Rate (%)	8.00%	8.00%	
Holding Cost	(7.77)	(12.04)	4.27
Total Gap/ (Surplus)		(109.13)	

Gap/(Surplus) addressed in Tariff Order dt. 20 th May, 2019 in Petition No. 270 of 2019		(97.09)	
Balance Gap/(Surplus) to be passed on		(12.04)	

28. The Commission is requested to consider the same principle while computing the Holding Cost till same is passed on to the consumers, i.e. up to FY 2026-27 as reduction in Transmission Tariff of FY 2026-27. As per the methodology, the Holding Cost works out to about Rs. 26.25 Crore. upto FY 26-27. Further, such holding cost was required to be passed on in True-up of FY 2016-17. However, the same was not passed on and used by the Respondent No. 1 till FY 2026-27. Hence, following the settlement principle as well as principle of time value of money as upheld by the Hon'ble APTEL, holding cost is to be computed till the same is considered for refund to the consumer.

Commission's Analysis

29. During the hearing conducted on 27.01.2026, the parties were heard at length. The Commission observed that the carrying cost on the revenue surplus of Rs. 97.09 crores for FY 2016-17, which is to be passed through in favour of the consumers, shall be adjusted during the true-up proceedings for the FY2024-25.

30. Later on, the Commission vide order dated 04.06.2026 in Petition no. 176 of 2026 filed by Petitioner/ DNHDDPCL has dealt the issue of carrying cost on revenue surplus for FY 2016-2017. The relevant part of the order is extracted below;

“The Commission notes that the Hon'ble APTEL, vide its Judgment dated 14th November, 2025, has allowed carrying cost on revenue surplus as well by applying the principle of time value of money equally to both revenue deficit and revenue surplus, observing that just as a utility is compensated for delayed recovery, consumers must also be credited for funds held in excess of the ARR by the Licensee.

It is noted that the Petitioner, vide reply to objections dated 28th April, 2026, has computed the holding cost by considering a standalone gap for FY 2016-17 different from that approved in the Tariff Order dated 30th January, 2018, leading to variation in the closing surplus. The Commission has accordingly rectified the same. In this regard, the Commission is of the view that the holding cost should be computed on the average of the opening and closing surplus for FY 2016-17, as approved in the Tariff Order dated 30th January, 2018, in order to appropriately reflect the time value of money over the period. The revised computation is presented in the table below:

TABLE-3-19 IMPACT OF APTEL JUDGEMENT (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Opening Gap /(Surplus)	(-203.88)	(-203.88)
Add: Standalone Gap for FY 2016-17	106.00	106.79
Closing Gap /(Surplus)	(-97.88)	(-97.09)
Average of Opening and Closing Balances	4.06	4.85
Interest rate for carrying Cost	8%	8%
Holding Cost	-12.07	-12.04

Further, the Commission observes that the holding cost determined for one year was not adjusted in the ARR of the subsequent year, therefore, holding cost (interest cost) corresponding to the unadjusted amount is required to be considered during subsequent years until the amount is adjusted.

Accordingly, the Commission has computed the interest on holding cost by applying the applicable rate of interest, i.e., the Simple Interest Rate plus 100 basis points, in accordance with the provisions of the JERC MYT Regulations, 2014, JERC MYT Regulations, 2018, and JERC MYT Regulations, 2021. The detailed computation of holding cost up to FY 2024-25 is provided in the table below:

TABLE 3-20 HOLDING COST CALCULATION (RS. CRORE)

Sl. No.	Particulars	Petitioner's Submission	Approved by Commission
1	Impact of APTEL Order along with holding cost for FY 2016-17	-12.07	-12.04
b.	Interest for FY 2017-18 [(SBI MCLR +1%) @ 9%] for 1 year	-	-1.08
c.	Interest for FY 2018-19 [(SBI MCLR +1%) @9.15%]] for 1 year	-	-1.10
d.	Interest for FY 2019-20 [(SBI MCLR +1%) @9.55%] for 1 year	-	-1.15
e.	Interest for FY 2020-21 [(SBI MCLR +1%) @8.75%] for 1 year	-	-1.05
f.	Interest for FY 2021-22 [(SBI MCLR +1%) @8%] for 1 year	-	-0.96
g.	Interest for FY 2022-23 [(SBI MCLR +1%) @8%] for 1 year	-	-0.96
h.	Interest for FY 2023-24 [(SBI MCLR +1%) @9.5%] for 1 year	-	-1.14
i.	Interest for FY 2024-25 [(SBI MCLR +1%) @ 9.65%] for 1 year	-	-1.16
	Total	-12.07	-20.66

Accordingly, the Commission approves holding cost of Rs. 20.66 Crore towards Impact of Hon'ble APTEL Judgment dated 14th November, 2025. The impact of

the same has been considered under Section 3.52 while dealing with the combined true-up surplus/ gap for FY 2024-25.”

31. Accordingly, the benefit of this carrying/holding cost of Rs. 20.66cr. has been adjusted in the transmission charges being levied to the distribution company for FY 2026-27 in the True-up Order of DNHDDPCL dated 04.06.2026 so that the direct benefit to the consumers at large be given by lowering the impact of ARR of distribution company for FY 2026-27.

32. Since, impact of Hon'ble APTEL Judgment dated 14.11.2025 has been considered in the combined true-up surplus/ gap for FY 2024-25 and the Commission has approved holding cost of Rs 20.66 Crore in the True-up Order dated 04.06.2026, therefore nothing survives in this petition. Hence the petition is disposed of accordingly.

Sd/-
(Jyoti Prasad)
Member (Law)

Sd/-
(Alok Tandon)
Chairperson

(Certified Copy)



(Rajesh Dangi)
Secretary I/c

Place: Gurugram, Haryana

Date: 15th June, 2026