

## Case Update

**JSERC amends the computational errors occurred in tariff order passed for TPCL, consolidates gains from O&M expenses of nearly Rs. 2.5 Cr.**

**DATED: 20/12/2024**



On 20th December 2024, the Jharkhand State Electricity Regulatory Commission ("The Commission") issued an order in a review petition filed by Tata Power Company Limited ("TPCL"), making certain corrections to the alleged computational errors and reconsidering specific determinations in its previous ("Impugned Order") true-up Order qua the tariff for FY 2021-22 and the Annual Performance Review ("APR") for Units II and III of TPCL's Jojobera Power Plant. The petition was filed by TPCL under Clause A-41 of the JSERC (Conduct of Business) Regulations, 2016, and Section 94(1)(f) of the Electricity Act, 2003.

Notably, in a previous review order dated 09th January 2024, the Commission had addressed issues raised by TPCL concerning the calculation of Interest on Loan ("IoL") and the methodology for sharing gains from O&M expenses. TPCL had sought a consolidated approach for O&M expense evaluation and rectification of discrepancies in IoL computations, citing operational realities and prior adjustments. The Commission, while acknowledging these submissions, emphasized regulatory compliance and the equitable sharing of financial benefits. Aggrieved by the same, TPCL approached the Commission with a review petition, wherein it raised certain key issues.

### **1. Computational Error for IoL:**

TPCL argued that the Commission did not account for the full impact of corrected IoL for FY 2020-21 as outlined in the Impugned Order. This omission resulted in inaccuracies in IoL computations for FY 2021-22, particularly concerning opening and closing loan balances. TPCL presented recalculated figures and requested rectification of the differential IoL for FY 2020-21.

The Commission reviewed the calculations, found merit in TPCL's submission, and approved revised IoL figures to correct the errors.

### **2. Capital Spare Expenses for FY 2022-23:**

TPCL highlighted an omission of approved capital spare expenses in the computation of the Annual Fixed Cost (AFC) for FY 2022-23. Although these expenses were acknowledged in the impugned order, the final computations reflected zero allocation for Units II and III of the Jojobera Power Plant.

The Commission concluded that this issue had already been addressed in previous orders and found no new evidence to justify revisiting its determination. The petitioner's request on this issue was denied.

### **3. Consolidation of Gains from Operation and Maintenance (O&M) Expenses:**

TPCL raised concerns about the separate evaluation of financial gains from O&M expenses for Units II and III. It argued that this approach did not account for the bi-annual maintenance schedule of the units, leading to inequities. TPCL proposed a consolidated evaluation of O&M gains to reflect operational realities and ensure equitable sharing of benefits with beneficiaries.

The Commission agreed and revised the methodology to consolidate O&M gains for both units, approving a combined gain-sharing figure of Rs. 2.15 crore for FY 2021-22.

### **4. Employee Expenses and Growth Factor:**

TPCL sought a review of the treatment of employee expenses, particularly the growth factor applied for FY 2021-22. It argued that additional manpower requirements justified a revision. However, the Commission noted that TPCL had not provided adequate evidence or justification and maintained its earlier stance, applying a nil growth factor and rejecting the petitioner's claims.

### **Commission's Order:**

The Commission partially granted TPCL's petition, directing modifications to specific components of the earlier tariff calculations related to IoL and O&M expenses. Claims regarding capital spares and employee expenses were dismissed due to insufficient evidence. The revised determinations have been integrated into the applicable true-up and APR orders.

*Tata Power Company Limited (TPCL) was represented before the Jharkhand State Electricity Regulatory Commission by Ashutosh Srivastav, Counsel; and Kartikay Trivedi, Associate of the SKV Law Offices.*