SKV Law Offices Secures Rs. 2,576.71 Crore Relief for Damodar Valley Corporation in JSERC Review Petition

SKV Law Offices successfully represented Damodar Valley Corporation (**DVC**) before the Jharkhand State Electricity Regulatory Commission (**JSERC**) in Case No. 36 of 2024 along with Miscellaneous Petition No. 02 of 2026, filed under Section 94(1)(f) of the Electricity Act, 2003 read with Regulation 41 of the JSERC (Conduct of Business) Regulations, 2016, seeking review of JSERC's Order dated 30.09.2024 passed in Case (T) No. 12 of 2023 and 01 of 2024 on True-up of FY 2022-23, Annual Performance Review for FY 2023-24, and Aggregate Revenue Requirement & Tariff for FY 2024-25.

The Review Petition raised six grounds, ranging from the treatment of Non-Tariff Income and the non-adjustment of past-period Annual Fixed Cost (**AFC**) determined by the Hon'ble CERC, to Interest on Working Capital, Interest on Temporary Financial Accommodation, rebate on sale of power, and the Plant Availability Factor considered for DVC's generating stations. By its Order dated 31.07.2026, JSERC allowed the Review Petition on multiple counts, revising the Aggregate Revenue Requirement (**ARR**) for FY 2022-23 and re-determining the Revenue Gap at Rs. 2,576.71 Crore, a substantial increase over the Rs. 4,960.49 Crore ARR originally approved.

SKV Law Offices secured the following relief on behalf of DVC:

- **Non-Tariff Income:** Relying on APTEL's judgment dated 24.04.2026 in Appeal No. 227 of 2025, the Commission held that only income incidental to the distribution business and derived from distribution assets can qualify as NTI, and restricted NTI to Delayed Payment Surcharge alone reversing the earlier figure of Rs. 1,015.14 Crore down to Rs. 0.30 Crore.
- **Differential AFC:** JSERC allowed DVC's claim for differential Annual Fixed Cost of Rs. 1,205.73 Crore arising from CERC's true-up orders for FY 2014-15 to FY 2019-20, holding that costs approved by CERC for DVC's generation and transmission assets form a legitimate component of power procurement cost.
- **Interest on Working Capital:** IoWC for FY 2022-23 was recomputed in light of the revised power procurement cost and other admissible ARR components, and enhanced from Rs. 5.21 Crore to Rs. 53.16 Crore.
- **Plant Availability Factor:** The Commission accepted DVC's actual PAF figures for RTPS Units 1 & 2, revising the allowable Annual Fixed Charges from Rs. 420.14 Crore to Rs. 423.42 Crore.

The outcome is significant for DVC's Jharkhand distribution business as it reaffirms the binding effect of APTEL's rulings on the scope of Non-Tariff Income, secures recognition of CERC-approved power procurement costs in the State ARR, and aligns the recovery of fixed charges with DVC's actual operating performance translating into a net revenue benefit of Rs. 2,576.71 Crore for FY 2022-23.

Team

The matter was led by Mr. Nihal Bhardwaj (Counsel), and Ms. Surbhi Kapoor (Senior Associate), from SKV Law Offices.

FOR FURTHER INFORMATION PLEASE CONTACT

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