JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

SKV Law Offices Secures Relief for Tata Power: JSERC Allows ₹107.56 Crore Capex for Jojobera Units II and III

SKV Law Offices has secured relief for The Tata Power Company Limited (TPCL) before the Jharkhand State Electricity Regulatory Commission (JSERC). By its order dated 05.11.2026 in Review Case No. 18 of 2026, the Commission allowed TPCL's review petition against the MYT Order dated 23.03.2026 for the Control Period FY 2026-27 to FY 2030-31, relating to Units II and III of TPCL's Jojobera Thermal Power Plant.

Background

Units II and III (2×120 MW) supply power to Tata Steel Limited under a 30-year PPA and have completed 25 years of operation. In the MYT Order, the Commission had disallowed the entire capex proposed for the Control Period, covering critical turbine components, ash-handling systems and safety and statutory compliance works, mainly because the Residual Life Assessment (RLA) of the units was incomplete.

It had also directed completion of the RLA within six months, failing which capitalisation would be withheld or disallowed. Separately, while computing Interest on Working Capital, it had left the approved water charges and security expenses out of receivables.

TPCL sought review of the MYT Order. The case was that RLA is a phased exercise linked to planned shutdowns, that the boiler and turbine RLAs were already on record, and that a rigid six-month deadline would force prolonged outages.

What the Commission Allowed

In review, the Commission allowed TPCL's claims on the following counts:

(a) additional capitalisation of ₹107.56 crore for Units II and III, subject to prudence check and compliance with Regulation 14.5 of the JSERC Generation Tariff Regulations, 2025;

(b) relaxation of the six-month deadline for the RLA. The remaining RLA will be completed as per TPCL's schedule, aligned with planned shutdowns, with periodic compliance reports, and the capex will not be rejected solely because the RLA was not completed within six months;

(c) inclusion of the approved water charges and security expenses in receivables, as they form part of the Annual Fixed Cost, with consequential revision of Interest on Working Capital for both units; and

(d) clarification that capital spares will be considered at true-up on actual consumption under Clause 15.46 of the Regulations, subject to prudence check.

Key Legal Takeaways

The order holds that a pending RLA does not, by itself, defeat essential capex for ageing units. RLA remains an essential prudence-check requirement, but it is a phased exercise that must follow the plant's outage cycle, OEM advice and overhaul requirements. Here, the boiler and turbine RLAs had already been carried out in phases, and the preliminary RLA report for the Unit-III boiler found the unit technically fit for continued operation.

The Commission also refused to penalise TPCL for relying on the Commission's own position. The Commission had fixed the units' useful life at 30 years, in line with the PPA. TPCL therefore did not claim the Special Allowance available after 25 years, which it estimated at about ₹117 crore. Having given that up, TPCL could not be denied the capex as well. The order will guide generators running units beyond their normative useful life.

SKV Team

The SKV team for TPCL comprised Mr. Shri Venkatesh (Founding Partner), Mr. Ashutosh K Srivastava (Partner), Mr. Nihal Bhardwaj (Counsel) and Mr. Adarsh Singh (Associate).

FOR FURTHER INFORMATION PLEASE CONTACT

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