

Submission on AVVNL Petition for Approval of Aggregate Revenue Requirement, Tariff and Investment Plan for FY 2025-26



TABLE OF CONTENTS

1.	INTRODUCTION	1
2.	COMMENTS ON PETITION FOR ARR FOR FY26	1
2.1.	FORMATS OF THE DOCUMENTS.....	1
2.2.	CLAIM OF RETURN ON EQUITY	2
2.3.	PROJECTION OF CATEGORY WISE ENERGY SALES.....	2
2.4.	DETAILS OF FAULTY/DAMAGED METERS	3
2.5.	PENDING AGRICULTURE CONNECTIONS	3
2.6.	RDSS SCHEME.....	4
2.7.	COMPLIANCE TO ARR FORMATS	4
2.8.	CIRCLE-WISE DETAILS OF SMART METERS	4
2.9.	TRANSMISSION LOSSES	5
2.10.	NEW CAPACITY ADDITION	5
2.11.	INCONSISTENT CUF ASSUMPTIONS LEADING TO OVERESTIMATED POWER GENERATION	6
2.12.	ENERGY BALANCE	6
2.13.	DISALLOW O&M EXPENSES FOR DISTRIBUTION FRANCHISES	6
2.14.	CAPITAL INVESTMENT PLAN (INSTITUTIONAL STRENGTHENING)	7
2.15.	O&M EXPENSES FOR SMART METERS	7
2.16.	DISCREPANCY IN POWER PROCUREMENT PLANNING.....	7
2.17.	RURAL ELECTRIFICATION.....	8
2.18.	REFINANCING OF LOANS.....	8
2.19.	NON- TARIFF AND OTHER TARIFF INCOME	8
2.20.	VOLTAGE-WISE LOSS OF SUPPLY	9
2.21.	TO D TARIFF FOR CONSUMERS WITH LOAD ABOVE 10 KW	10
2.22.	MEDIUM TERM BUSINESS PLAN	10
2.23.	COMPENSATION ON SOP VIOLATIONS.....	11
2.24.	PLAN FOR ANNUAL ACCUMULATED LOSSES.....	11
3.	SUBMISSION ON THE TARIFF RATIONALISATION	11
3.1.	ADVERSE IMPACT OF NEW TARIFF STRUCTURE ON LOW INCOME GROUPS	11
3.2.	EFFECTIVE TARIFF AND COMPARISON WITH OTHER STATES	12
4.	SUBMISSION ON THE NON-COMPLIANCE OF THE COMMISSION'S DIRECTIVES.....	13
4.1.	REPORTING OF SUBSIDY	13

4.2.	SMART GRID AND DEMAND SIDE MANAGEMENT CELL	14
4.3.	REPORTING OF RENEWABLE ENERGY CAPACITY ADDITION AND CONTRACTED	14
4.4.	EV CHARGING INFRASTRUCTURE	14
4.5.	FIXED ASSETS REGISTER (FAR).....	15
4.6.	DISTRIBUTION FRANCHISEE	16
4.7.	VOLTAGE WISE LOSSES	16
4.8.	SKILL DEVELOPMENT AND TRAINING	16
4.9.	MONETISATION OF DISCOM'S ASSETS	16
5.	ANNEXURE I	18
6.	ANNEXURE II	19

prescribed formats, including Excel spreadsheets for the current and all subsequent years, to ensure clarity, consistency, and effective stakeholder engagement.

2.2. Claim of Return on Equity

It has been observed that the Petitioner has not submitted a claim for Return on Equity (RoE) as part of its filing. RoE is a fundamental component of the cost-plus framework for the Discoms, as it ensures a fair return on the equity capital invested in the business.

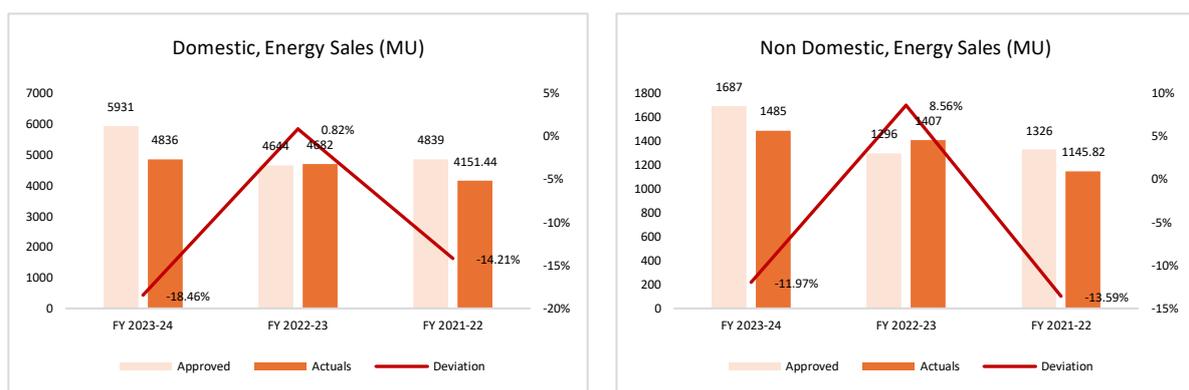
Incorporating RoE is essential for the financial sustainability of Discom operations. It plays a key role in enabling Discoms to fund long-term infrastructure upgrades, adopt new technologies, and enhance service delivery. Furthermore, RoE contributes to a balanced capital structure and incentivises efficient financial management and operational performance.

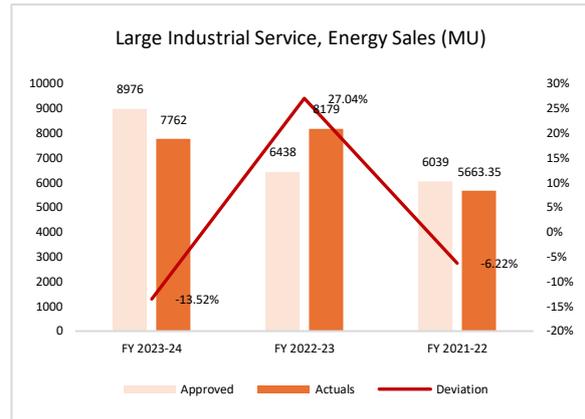
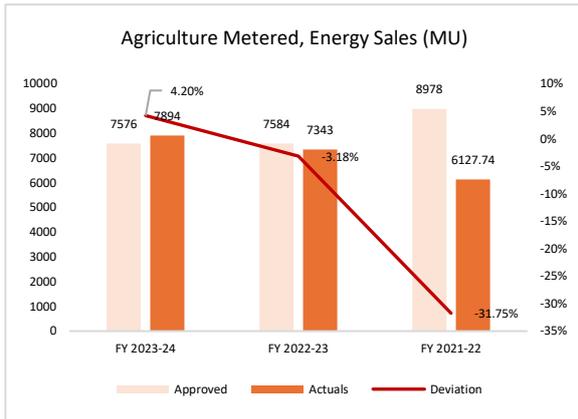
Given its significance, it is recommended that the Petitioner be directed to accurately compute and include a claim for Return on Equity in line with the applicable regulatory guidelines, and to obtain the necessary approvals from the state government as required.

2.3. Projection of Category wise Energy Sales

In Table 11 of the Petition, the Petitioner has projected category-wise energy sales for FY 2025-26 using the Compound Annual Growth Rate (CAGR) derived from historical sales data and trends. However, past True-Up exercises have revealed significant deviations between the approved and actual energy sales figures, indicating that the methodology adopted by the Petitioner is flawed and lacks accuracy (see Figure 2). Such over- or under-estimation of energy sales can adversely impact power procurement planning and compromise the quality of service delivery to consumers.

Figure 2: Category wise energy sales deviation in AVVNL





Moreover, inaccurate sales projections may result in the backing down or surrender of surplus power, incurring fixed charges payable to generating companies, or compel the procurement of high-cost power through bilateral arrangements or electricity exchanges, ultimately imposing an additional financial burden on consumers.

We request the adoption of a more robust methodology for forecasting energy sales. The Petitioner may consider following the Central Electricity Authority’s (CEA)¹ guidelines for medium- and long-term power demand forecasting, or refer to best practices adopted by other states, to minimise the deviation between approved and actual energy sales figures. We also request the Commission to direct the Petitioner to provide month-wise projections of energy sales for each consumer category and sub-category based on such methodologies.

2.4. Details of Faulty/Damaged Meters

In response to the data gaps in the AVVNL Petition for True-up for FY 2023-24, the Petitioner reported that a total of 1,14,094 meters were faulty, with over 90% of these belonging to the agriculture (metered) category. This raises serious concerns about billing accuracy and the overall reliability of the metering infrastructure.

We request the Commission to direct the Petitioner to furnish detailed, circle-wise information on the number of faulty meters identified and replaced during the period from FY23 to FY25. This data is essential to assess the scale of the issue and to ensure that timely corrective actions have been undertaken.

2.5. Pending Agriculture Connections

In the Rajasthan State Budget for FY26, the government announced a provision for 50,000 new electricity connections under the agriculture category. The same is critical to support the agricultural sector and address the increasing demand for reliable power supply among farmers.

¹ [https://cea.nic.in/wp-content/uploads/pslf/2023/07/Guidelines for Medium and Long Term Demand Forecast-1.pdf](https://cea.nic.in/wp-content/uploads/pslf/2023/07/Guidelines%20for%20Medium%20and%20Long%20Term%20Demand%20Forecast-1.pdf)

In light of this, we request the Petitioner to provide a detailed circle-wise status of pending agricultural connections, including exact numbers, current stage of processing, reasons for any delays, and the expected timeline for completion.

2.6. RDSS Scheme

We request the Petitioner to provide a circle-wise audit report on the total number of meters at feeder and Distribution Transformers, along with details of operational and faulty meters. The Petitioner has previously submitted on various occasions that it aims to achieve 100% feeder metering and DT metering by 2023. We request the Petitioner to provide an update on the same and detailed explanation for the delay in achieving the said target, if applicable.

The Petitioner has also provided an activity-wise progress under the Revamped Distribution Sector Scheme (RDSS) in Section 3.54 of the Petition. However, the Petition does not include any details for the completion of the remaining activities.

We request the Petitioner to submit a comprehensive plan outlining the timelines and strategies for completing the remaining RDSS activities.

2.7. Compliance to ARR Formats

We would like to bring to the attention of the Commission that the Petitioner has failed to report technical and commercial losses at the 11 kV voltage level in the prescribed format of Form D 7.2 (see Figure 3) and has not provided any justification or reason for exclusion of the same. This constitutes non-compliance with regulatory requirements, and we respectfully request the Commission to direct the Petitioner to submit a detailed explanation for the same.

Figure 3: Non-reporting of technical and commercial losses at the 11 kV voltage level

F7.2

Form D 7.2											
Distribution Losses											
Name of Distribution Licensee		AVVNL									
Licensed Area of Supply		Ajmer Discom									
FY 2023-24											
Circle	Voltage Level	No of Feeders*	Feeders metered*	Energy Input	Total Output	Total Losses	Total Losses (% of Energy Input)	Total Technical Loss	Total technical Losses (% of Energy Input)	Total Commercial Loss	Total AT&C Losses (% of Energy Input)
1	2	3	4	5	6	7	8	9	10	11	12
Ajmer City	11 kV			933.35	845.24	88.12	9.44%				
Ajmer Dist	11 kV			1,756.84	1,638.99	117.85	6.71%				
Bhulwara	11 kV			4,091.07	3,899.01	192.06	4.69%				
Nagaur	11 kV			4,980.05	3,736.41	1,243.64	24.97%				
Jhunjhunu	11 kV			2,614.03	2,231.36	382.68	14.64%				
Sikar	11 kV			3,330.42	2,931.19	399.23	11.99%				
Udaipur	11 kV			2,788.34	2,597.30	191.04	6.85%				
Chittorgarh	11 kV			2,876.26	2,743.52	132.74	4.61%				
Pratapgarh	11 kV			624.98	575.20	49.78	7.96%				
Rajsamand	11 kV			1,577.94	1,498.82	79.12	5.01%				
Banswara	11 kV			1,020.70	914.98	105.72	10.36%				
Dungarpur	11 kV			598.55	573.10	25.44	4.25%				
DF - TAPDDL				593.67	593.67	-	0.00%				
Ajmer Discom				27,786.21	24,778.81	3,007.40	10.82%				

2.8. Circle-wise details of smart meters

We request the Petitioner to provide detailed information on the total numbers of smart meters installed along with the circle-wise list, with a further breakdown by category. Additionally, we request the Petitioner to specify its plans for smart meter installation over

the next three years, along with details of the necessary tie-ups or arrangements made with the respective vendors.

2.9. Transmission Losses

In Table 18 of the Petition, the Petitioner has provided a figure for inter-state and intra-state transmission losses. However, it is important to note that the Commission, through its Orders dated 24.11.2021, 01.09.2022, 31.03.2023, and 26.07.2024, has repeatedly directed the Discoms to maintain separate accounts for inter-state and intra-state transmission losses and to provide this bifurcation in future true-up petitions. The Commission has also warned that any further failure to comply with these directives would result in adverse action. Despite these clear directives, there has been persistent non-compliance with Commission’s Orders.

In this context, the Petitioner has repeatedly informed the Commission about formation of a Committee to address this issue. We request the Petitioner to provide an update on status of the Committee and the recommendations made by it to comply with Commission’s directives.

Furthermore, we would like to highlight that the transmission losses claimed by the Discom are exceptionally high when compared with losses from states with comparable geography and load profiles (*see Table 1*). We request the Commission to scrutinise this issue, seek clarification on the high transmission losses, and direct the Petitioner to provide details on the measures taken to mitigate them.

Table 1: Transmission Losses in states with comparable geography and load profiles

State	Transmission Loss	FY	Source
Maharashtra	3.27%	2023-24	State Grid Loss Account (<i>see pg. 01</i>)
Gujarat	3.84%	2022-23	GETCO Tariff Order FY25 (<i>see pg. 56</i>)
Madhya Pradesh	2.61%	2023-24	MPERC ARR for FY26 (<i>see pg. 23</i>)

2.10. New Capacity Addition

In Table 19 of the Petition, the Petitioner outlines the planned new capacity additions for Rajasthan Discoms in FY26, totalling 6,439.4 MW. A significant portion of this proposed capacity, around 4,675 MW, is expected to be sourced from solar projects within Rajasthan. However, it is important to note that most of these solar projects are yet to be commissioned.

Based on project update reports on under-construction projects published by the Central Electricity Authority (CEA), it has been consistently observed that power projects often experience delays in execution and commissioning. Therefore, the Petitioner’s assumptions regarding energy availability from these projects appear overly optimistic.

Furthermore, the Petitioner has not provided critical project-level details, such as the names and locations of the specific solar power plants from which energy is proposed to be contracted. Similarly, no project-level information has been submitted for the proposed wind power projects.

In view of the above, the Petitioner is requested to submit the following:

- a) Plant-wise and project-wise details of new capacity contracted, including developer name, location, expected commissioning date, and contracted capacity;
- b) Status reports for each of these projects;
- c) A realistic projection of actual capacity addition within the planning horizon, taking into account known delays and project execution risks.

Furthermore, we respectfully request the Commission to undertake a prudence check of the proposed new capacity additions. This review should assess the actual likelihood of timely availability of power from these sources. Only capacity that is reasonably certain to come online within the projected timeline should be approved for consideration in the energy availability plan for the state.

2.11. Inconsistent CUF Assumptions Leading to Overestimated Power Generation

In Table 23 of the Petition, the Petitioner has projected power generation under the PM-KUSUM Component C scheme (feeder-level solarisation) based on a Capacity Utilisation Factor (CUF) of 19%. However, as stated in point (ii) of paragraph 5.22 on page 49 of the Petition, the contractual CUF target to be achieved by the developer for decentralised renewable energy projects under the HAM framework is only 17% during the agreement period. This discrepancy raises concerns regarding the realism and internal consistency of the generation projections. Overestimating the CUF can result in inflated generation forecasts, which may adversely impact downstream planning, financial projections, and revenue realisation. Accordingly, through the Commission, we request the Petitioner to:

- a) Clarify the rationale behind adopting different CUF projections in the Petition
- b) Recalculate and revise the projected power generation figures, unless a strong justification is provided for the deviation.

2.12. Energy Balance

Petitioner, in Table 27 of Petition, provides Energy Balance for FY25 & FY26. We request that energy balance be revised according to updated sales projections, considering sales to distribution franchisee (DF) at input level and revised distribution loss targets. This will ensure accurate and realistic projections in line with actual conditions and performance targets.

2.13. Disallow O&M expenses for Distribution Franchises

The Petitioner has requested approval for O&M expenses, including sales to the DFs. However, since the Petitioner does not undertake O&M in the DF area, we request the Commission to deny this request and not allow O&M expenses for overall sales that include sales to the DF area.

2.14. Capital Investment Plan (Institutional Strengthening)

As per the RERC (Investment Approval) Regulation, 2006, Distribution Licensees are permitted to allocate up to 1% of their Investment Plan towards institutional strengthening. It can be seen from the submissions by the Petitioner that the expenditure towards this head has been abysmal. The Petitioner can undertake several initiatives to strengthen institutional capacity, including organisational restructuring to support the energy transition, enhancing capabilities for regulatory filings, improving data governance practices, and developing long-term forecasting, resource adequacy planning, and load forecasting frameworks.

We request the Petitioner to undertake a comprehensive exercise to plan institutional strengthening initiatives and identify key priorities. We also request the Petitioner to provide details on action plan for the training and safety of employees along with the amount it is planning to incur for such activities.

2.15. O&M Expenses for Smart Meters

We request the Petitioner to provide monthly O&M expenses being incurred per meter along with the benefits observed in the areas where the smart meters are installed and estimates of O&M expenses for smart meters for FY26. Additionally, we request the Petitioner to assess and provide details of cost reductions due to billing (spot billing charges and the bill collection charges) and collection efficiency gains resulting from implementation of smart metering. This will help in understanding the financial impact and benefits of the smart meter deployment.

2.16. Discrepancy in Power Procurement Planning

In Paragraph 4.4 of the Petition, the Petitioner has stated that it anticipates surplus energy availability from upcoming generation plants and decentralised renewable energy sources, and excluded power procurement from short-term sources. However, monthly reports from the Market Monitoring Cell² indicate that Rajasthan has been consistently procuring power from the short-term market each month, raising questions on the Petitioner's assumption of surplus availability for FY26 (*see Table 2*). It may be noted that Rajasthan purchased a net 2,800 MU of power during FY24 from short term sources while, from September 2024 to January 2025 alone, the state has already procured 3,790 MU from the short-term market.

Table 2: Month wise short term power procurement by Rajasthan

Month	Net Power Procurement (in MU)
Aug-24	-1,087.87
Sep-24	720.74
Oct-24	1,274.01
Nov-24	1,087.59
Dec-24	1,120.55
Jan-25	675.17

² https://www.cercind.gov.in/report_MM-2025.html

Furthermore, the Petitioner has stated that any additional power procurement, if required, would be presented at the time of the true-up process. We respectfully submit that such an approach should not be accepted by the Commission. Given the ongoing reliance on short-term procurement, the Petitioner's use of post-facto justifications appears unwarranted and risks undermining the integrity of the regulatory process. Accurate power procurement planning should be an integral part of the tariff Petition to enable the Commission to carry out a meaningful assessment of power availability, cost implications, and consumer impact.

In light of the above, we urge the Commission to direct the Petitioner to submit a detailed and realistic power procurement plan that includes both long-term and short-term sources. Additionally, directions may be issued to ensure that all relevant power purchase information is submitted upfront, and not deferred to the true-up stage. The Commission may consider any deviations arising from factors beyond the Petitioner's control during the true-up process.

2.17. Rural Electrification

Table 31 of the Petition presents the planned financial outlay allocated for various activities, including the budgeted physical targets associated with Rural Electrification Works for FY25 and FY26. These targets encompass key objectives such as village electrification and the provision of new electricity connections in rural areas.

In this context, the Petitioner is hereby requested to furnish detailed, circle-wise targets for each of the following components under the Rural Electrification Works programme for FY25 and FY26:

- a) Details of works proposed under this head by the petitioner
- b) Village Electrification: specifying the number of villages proposed to be electrified in each circle.
- c) Release of New Electricity Connections: indicating the number of new rural household or consumer connections planned in each circle.

2.18. Refinancing of Loans

We request the Petitioner to provide detailed plans for refinancing high-interest rate loans with lower interest rates aimed at reducing existing debts.

2.19. Non- Tariff and Other Tariff Income

The Commission, through its directive dated 24.11.2021, has instructed Discoms to explore and implement asset monetisation strategies, including setting up EV charging stations, utilising buildings for advertising hoardings and ATMs, leveraging advertisements on portals/apps, and considering sale of unused lands at commercial locations to local bodies.

The Managing Directors of the Discoms were specifically instructed to personally oversee the implementation of asset monetisation initiatives, issue the necessary guidelines, and submit quarterly compliance reports detailing the actions undertaken and the revenue generated,

on a circle-wise basis. The directive emphasised the importance of optimising revenue streams through various means, including pole rentals, monetisation of vacant lands and buildings, and utilisation of advertisement space on electricity bills.

Furthermore, as per the Commission’s directive dated 01.09.2022, Discoms are required to report circle-wise details of poles and cables, along with the corresponding income generated. However, the Petitioner has not provided any details under “Income from Asset Monetisation” in Form D 2.4 (Non-Tariff Income), which constitutes a violation of the Hon’ble Commission’s directives and Order dated 24.02.2025 regarding the prescribed **formats for submission of the Aggregate Revenue Requirement (ARR), tariff proposals, and true-up petitions for Distribution Licensees** (see Figure 4). Hence, Petitioner is requested to provide projections for each asset monetisation avenue in Form D 2.4 for FY24, FY25, and FY26.

Figure 4: Income from Asset Monetisation is not provided in the Format

Form D 2.4					
Non-tariff Income					
S.No	Particulars	Name of Distribution Licensee		AVVNL	
		Licensed Area of Supply		Ajmer Discom	
		Previous Year	Current Year	Ensuing Year	
		FY 2023-24	FY 2024-25	FY 2025-26	
		Audited	Anticipated	Anticipated	
1	2	3	4	5	
					6
1	Interest on loans and advances to employees	-	-	-	
2	Interest on loans and advances to suppliers/contractors	-	-	-	
3	Interest and other income from investments and deposits	9.28	9.74	10.23	
4	Interest income (others)	18.49	18.49	18.49	
5	Income from rent on land/building				
6	Rental From Staff Quarters				
7	Registration fees				
8	Sale Of Tender Forms	0.00	0.00	0.00	
9	Income from Testing Charges				
10	Gain on Exchange Rate Difference	0.00	0.00	0.00	
11	Excess Prov. of Gratuity written back				
12	Income from sale of scrap	85.91	90.21	94.72	
13	Interest on subvention received from govt.				
14	Delayed payment charges from consumers	105.00	-	-	
15	Rebate for early payment	6.31	6.74	6.53	
16	Refund of UI Charges	-	-	-	
17	Deferred Income towards cost of Capital Assets	293.44	308.11	323.52	
18	Other miscellaneous receipts	149.91	157.40	165.27	
19	Total (A)	668.34	590.69	618.75	
B	Other Tariff Income				
	Meter Rent/Service Line Rental/transformer rent	-	-	-	
	Recoveries for theft of Power/ Malpractice	-	-	-	
	Misc. Charges from Consumers	66.31	69.62	73.10	
	Other Income - True up credit of RVPNL	4.91	-	-	
	Other Income - True up credit of RVUNL	24.10	-	-	
	Total (B)	95.32	69.62	73.10	
	Less: Interest on funding DPS amount of Principal				
	Grand Total	763.66	660.32	691.86	

In this regard, we respectfully request the Commission to direct the Petitioner to submit a comprehensive report evaluating the monetisation potential of its assets. The report should include detailed information on land, poles, and other relevant assets, the current income derived from these assets, and a strategic plan to enhance this income.

2.20. Voltage-Wise Loss of Supply

The Commission’s Order dated 31.03.2023 directed the Petitioner to conduct an independent study to calculate voltage-wise losses and voltage-wise cost of supply. Despite the Commission’s directive in its Order dated 01.09.2022, which required Discoms to submit voltage-wise cost of supply based on actual losses and sales rather than the dispensation allowed by APTEL’s judgment, the Petitioner failed to comply.

Despite repeated reminders and opportunities provided by the Commission, the Petitioner still submitted data using the APTEL methodology, which was subsequently rejected by the Commission. We request the Commission to take strict note of the Petitioner’s laxity in fulfilling these obligations and request imposition of penalties, including a reduction in the Annual Revenue Requirement (ARR).

2.21. ToD Tariff for Consumers with Load above 10 kW

Time of Day (ToD) tariff system uses both surcharges and rebates to encourage consumers to shift their electricity usage during off-peak hours. Under point (iii) of the Tariff Rationalisation section, the Petitioner has proposed the implementation of a Time of Day (ToD) tariff for consumers equipped with smart meters and having a connected load exceeding 10 kW. In Annexure 1 of the Petition, the Petitioner has submitted the proposed ToD surcharge and rebate applicable to energy charges (*see Table 3*).

Table 3: ToD Surcharge and Rebate on Energy Charges

SLOTS	6 AM TO 8 AM SURCHARGE ON ENERGY CHARGES	12 PM TO 4 PM REBATE ON ENERGY CHARGES	6 PM TO 10 PM SURCHARGE ON ENERGY CHARGES
Time of Day (ToD)	5%	10%	10%

In this regard, the Petitioner is requested to provide a clear explanation of the methodology adopted in designing the ToD tariff structure. Additionally, the Petitioner is also requested to furnish circle-wise and category-wise data on consumers with connected loads above 10 kW, distinguishing between those with smart meters and those without.

2.22. Medium Term Business Plan

The Commission had directed the Discoms to prepare a ‘Medium-Term Business Plan’ covering likely impact of influx of renewable energy, distributed generation and prosumers, electric vehicles, smart metering and other related trends of power sector. It had also suggested incorporating optimisation of capacity charges where a resource adequacy study would capture all types of sources, including BESS and PSPs.

The Petitioner has submitted a Medium-Term Business Plan that highlights the anticipated influx of new renewable energy sources and distributed generation at the state level. However, no supporting studies or documents have been provided to offer a comprehensive or holistic view of this business plan at the Discom level. Furthermore, the submission lacks any specific plans related to the integration of electric vehicles and the implementation of smart metering within the AVVNL area.

It is also submitted that all three Discoms have provided an identical ‘Medium-Term Business Plan’ for the development of their respective utilities. This uniform approach is not feasible for acceptance, as each Discom operates in distinct geographical regions with different number of consumers in each category, and operational and governance challenges.

Given these variations, a one-size-fits-all strategy cannot effectively address the unique needs of each Discom. Therefore, we respectfully request the Commission to direct the Petitioner to prepare a well-defined and Discom-specific Medium-Term Business Plan with timelines. This revised plan should include a detailed Resource Adequacy Plan tailored to the O&M requirements of the Petitioner's jurisdictional area, taking into account local demand profiles, infrastructure needs, and future growth trajectories.

2.23. Compensation on SoP Violations

The Commission, in its orders dated 31.03.2023 (see Page 268 of the Order dated 31.03.2023) and 26.07.2024 (see Page 276 of the Order dated 26.05.2024), had directed the Petitioner to report all consumer service parameters based on smart meters wherever installed and to immediately pay direct compensation for any violations. Additionally, for other consumers, the Discoms have been mandated to develop a system for the automatic adjustment of compensation in electricity bills and to report this in the formats submitted to the Commission, as well as in the next ARR.

In this regard, we request the Petitioner to provide detailed, circle-wise information on direct compensation disbursed for violations of the standard of performance (SoP). This should include the total number of consumers who have received compensation, and the overall amount disbursed.

2.24. Plan for Annual Accumulated Losses

According to the 24th Annual Report of the Petitioner, the accumulated losses of the Petitioner stood at INR 28,263 Cr. These losses have been steadily increasing over the past several years, despite receiving substantial financial support through central government bailout packages and loss subsidies from the state government. This ongoing financial distress has had several adverse effects on the Petitioner's long-term sustainability and its ability to effectively serve its consumers.

In light of the above, we request the Commission to direct the Petitioner to submit a comprehensive and time-bound action plan aimed at eliminating these accumulated losses. The plan should outline clear strategies for cost optimisation, revenue enhancement, operational efficiency improvements, and financial restructuring to ensure the Discom's future viability.

3. SUBMISSION ON THE TARIFF RATIONALISATION

3.1. Adverse Impact of New Tariff Structure on Low Income Groups

The Petitioner has proposed merging multiple slabs within domestic category of consumers (BPL, Astha Cards and Small Domestic) and restructuring tariffs across other slabs. This restructuring entails a reduction in energy charges coupled with a corresponding increase in fixed charges under the proposed tariff structure. While such simplification may appear administratively efficient, it disproportionately affects low-consumption domestic

consumers, particularly Below Poverty Line (BPL) households, Astha Card holders, and other small domestic users.

The average billing rate (ABR) in proposed tariff structure is of INR 9 which is INR 1.25x higher than from the existing tariff structure as illustrated (see Table 4).

Table 4: Impact of Proposed Tariff on Small Domestic Consumer (up to 50 units/ Month)

PARTICULARS	ENERGY CHARGES (IN INR)	FIXED CHARGES (IN INR)	TOTAL (IN INR)	ABR
Existing tariff structure	4.75 * 50 = 237.5	150	387.50	7.75
Proposed tariff structure	6 * 50 = 300	150	450.00	9.00

Household Consumption Expenditure Survey (HCES 2022) reveals that in Rajasthan, households belonging to the lowest-income decile have spent 3.84% in urban areas and 2.82% in rural areas of their monthly budget on electricity, corresponding to 2.43% for urban and 1.95% for rural households belonging to the top decile. It clearly shows that even a bare minimum of electricity usage by poor households results in a significant burden on their monthly budget compared to the richer households. Protecting low-income consumers from tariff shocks is essential to ensuring universal and inclusive access to electricity, in line with the provisions of the National Tariff Policy, as followed by other states, as further demonstrated. Therefore, the proposed electricity tariffs for domestic consumers require further scrutiny to ensure both equity and financial sustainability of low-income groups.

We respectfully urge the Commission to either reduce energy and fixed charges for low-consumption groups, while retaining the simplified slab structure in line with practices in other states, or maintain the existing tariff slabs for small domestic consumers, particularly those using up to 50 units per month, and reduce their energy and fixed charges.

3.2. Effective Tariff and Comparison with Other States

It is important to highlight that under the proposed tariff, both fixed charges and energy charges for small domestic consumers, particularly those consuming up to 50 units per month, are significantly higher in Rajasthan compared to other states such as Gujarat and Maharashtra.

For instance, fixed charge for BPL and Astha Card holders in Rajasthan is a steep INR 566/kW/month, calculated based on the average connected load for these consumer categories. In contrast, corresponding charges in Gujarat and Maharashtra are significantly lower at INR 5/kW/month and INR 34/kW/month, respectively (see ANNEXURE I).

Moreover, this imbalance becomes even more concerning when considering that higher-consumption slabs within the domestic category are subject to comparatively lower fixed charges on a per-kW basis. Such a structure disproportionately penalises low-usage, low-income households and effectively results in the most economically vulnerable consumers in Rajasthan subsidising higher consumption categories.

Similarly, the proposed energy charge for BPL consumers in Rajasthan under the new tariff structure is INR 6.00/unit, which is substantially higher when compared to other comparable states. For example, in Gujarat, BPL consumers are charged only INR 1.50/unit, and in Maharashtra, the charge is INR 1.56/unit (see ANNEXURE II).

We request the Commission to take cognizance of this disparity and direct the Petitioner to revise the proposed energy charges for BPL consumers and rationalise the fixed charge structure, particularly for small domestic consumers and BPL beneficiaries, to ensure a just and affordable tariff regime.

4. SUBMISSION ON THE NON-COMPLIANCE OF THE COMMISSION'S DIRECTIVES

The Commission has consistently emphasised the need for performance improvement by the Discoms and has issued specific directives in various past orders, including the most recent Tariff Order dated 26.07.2024. In that Order, the Commission had clearly directed the Managing Directors of the Discoms to personally monitor the implementation of each directive and to submit a detailed and pinpointed compliance report outlining the status of compliance with each instruction.

However, the Petitioner has submitted the compliance report with the information of three directives compliances along with the current Petition. We request the Commission to take serious note of this and direct the Petitioner to immediately submit a comprehensive compliance report, detailing the actions taken and progress achieved against each of the Commission's earlier directives. The Petitioner's true-up petition includes the status of compliance with the Commission's directives, as outlined below:

4.1. Reporting of Subsidy

The Ministry of Power's (Second Amendment) Electricity Rules, 2023 require the Commission to take action against concerned officers of a licensee for non-compliance if 'subsidy accounting and raising bills for subsidy is not found in accordance with the Act or Rules or Regulations'. The Commission therefore, vide its Tariff Order dated 26.07.2024, had directed the Discoms to furnish a quarterly report indicating demand for subsidy raised by them, energy consumed by the subsidised category, consumer category-wise per unit subsidy declared by the state government, actual subsidy received in accordance with Section 65 of the Electricity Act, gap in subsidy due and paid as well as other relevant details. The Commission had also directed the Discoms to appoint a nodal officer, who on their behalf are to send a quarterly report within 30 days from the end date of the quarter, detailing reasons for non-receipt of subsidy and action taken accordingly.

However, the compliance status submitted by the Petitioner does not clarify whether the timelines prescribed in the above-mentioned report have been met. We therefore request the Petitioner to provide:

- a) Details of each quarterly submission of these reports; and
- b) Information on any punitive action taken against Discom officials for non-compliance, if applicable.

4.2. Smart Grid and Demand Side Management Cell

In their submissions in the Tariff Petition filed in the previous year, the Discoms submitted that they have participated in Smart Grid Projects under Integrated Power Development Scheme (IDPS) and National Smart Grid Mission (NSGM) schemes, and that they request the Commission to frame smart grid regulations with focus on smart metering works. Therefore, the Commission, vide its Order dated 26.07.2024, had directed the Discoms to constitute Smart Grid and Demand Side Management Cell(s) with well-defined roles and responsibilities. The Commission had also directed them to conduct baseline study and develop data to formulate Demand Side Management and Smart Grid Plan/Programme. With the approval of the Commission, the Discoms were to act upon said plans. The Commission had also directed them to develop cost recovery mechanism.

However, the Petitioner has failed to comply with the said directive. While it has created an RE-DSM Cell, the specific roles and responsibilities of the Cell have not been provided in the compliance report. It has also not reported undertaking any baseline study or developed data which would help in formulating Demand Side Management Plan and Smart Grid Plan. Additionally, there is no disclosure of the development of a cost recovery mechanism. The Petitioner has also not provided any details regarding the implementation of energy efficiency programs or Demand Response programs as part of its DSM planning. If a baseline study has been conducted or a cost recovery mechanism been developed by the Petitioner, it is requested that Petitioner may be directed to submit the same. The Petitioner should also be directed to provide details of DSM Cell, if established, along with information on its activities.

4.3. Reporting of Renewable Energy Capacity Addition and Contracted

In the Tariff Order dated 26.07.2024, the Commission had directed the Discoms to regularly monitor and report the progress of renewable energy capacity addition and the capacity contracted by the Rajasthan Discoms. The Commission also specified that this information be submitted on a quarterly basis in the prescribed format (pg. 293 of RERC tariff order dated 26.07.2024).

However, the Petitioner has failed to comply with this directive and has not submitted the required details regarding the renewable energy capacity addition and the capacity contracted.

4.4. EV Charging Infrastructure

The Commission had directed, vide its order dated 21.12.2020, that the Discoms must create an EV Cell for monitoring EV charging stations and defined various crucial functions for the Cell. Subsequently, the Commission, in the Tariff Order passed on 26.07.2024, had directed

the Discoms to expedite the setting up of EV charging stations and also propose necessary investment for upgrading their network for seamless integration of EV infrastructure.

The Petitioner has not provided any details regarding setting up of an EV Cell for overseeing the installation of charging infrastructure. In FY24 true-up petition, it has submitted that only 69 charging stations have been installed in its jurisdiction, with 25 charging stations installed in 12 of its 17 circles as part of its loss reduction strategy under RDSS. However, the Discom has not provided any explanation for excluding five circles from installation of charging stations under RDSS.

Additionally, the Petitioner has projected very low revenue from the sale of electricity to EV charging stations, INR 2 Cr. in FY25 and INR 3 Cr. in FY26. These modest figures indicate slow progress in the adoption and development of EV infrastructure within the Petitioner's O&M area.

It is therefore submitted that the Petitioner may be directed to submit the status of constitution of EV Cell. If such a cell has been constituted, the Commission may direct the Petitioner to disclose the roles and responsibilities of the Cell and the steps taken by it to expedite the process of installing EV charging stations. Additionally, the Petitioner should also be directed to update the status of EV charging stations installed in all of its circles.

4.5. Fixed Assets Register (FAR)

In the Tariff Order dated 26.07.2024, the Commission had directed the Discoms to go through the Report submitted by M/s. RFSDL and take necessary actions '*including those materials in the report to update their process and make asset register as per the requirement of the Regulations*'. The report recommends that the Discoms develop a comprehensive financial management and accounting manual. Additionally, the report recommends capacity building exercises for the staff of Discoms, gather their feedback and refine the manual. The report also recommends appointing a third-party for physical verification and also appoint a field-team for cross-verification.

The Petitioner has submitted in its Petition that it has only submitted FAR till FY23 and that it is yet to submit the FAR of FY24. It, however, does not clarify the status of compliance of report submitted by M/s. RFSDL. If the manual for management and accounting has been prepared by the Petitioner, it must be directed to submit the same before the Commission. Additionally, it should also clarify if it has undertaken any capacity building exercises for its staff towards the same and if it has received any feedback from them. Furthermore, it should give the details of third-party appointed for the purpose of physical verification.

The Commission should also direct the discom to disclose steps it has taken towards implementing IT/ERP system for streamlining tasks, improving efficiency and enhancing data accuracy.

4.6. Distribution Franchisee

The Commission in previous ARR & Tariff orders directed Discoms to finalise the report on the performance of the franchisees by independent auditor within three months from the date of the issuance of that Order and also place the same on the website. In Tariff Order dated 26.07.2024 the Commission again directed the Discoms to furnish report up to last financial year and submit a copy along with next ARR Petition and be placed on the website also. The Petitioner had also submitted that it will shortly submit the report for FY23 on its website but has failed to do so.

The Petitioner has failed to comply with this directive, as the current ARR Petition does not include the required performance report from an independent auditor, nor has the report been uploaded to the website.

4.7. Voltage Wise Losses

The Commission had directed vide its Orders dated 01.09.2022, 31.03.2023 and 26.07.2024 that the Discoms to undertake sample study of voltage-wise losses for at least two Nos. 33/11KV urban and two Nos. 33/11 KV rural substations by an independent third-party and associated lines representing proper sample for each circle. It had further directed that the losses of entire circle should be extrapolated based on the sample study and final report be submitted before the Commission within four months of the Order.

However, in the compliance report submitted along with the FY24 True-Up Petition, the petitioner stated that it has not yet appointed a third party to carry out voltage-wise loss assessments. As a result, the corresponding report has not been submitted to the Commission. It is therefore requested that as envisaged in the direction passed in the Tariff Order dated 26.07.2024, the concerned officer may be held responsible and necessary action may be taken against the same for non-compliance of the Commission's directions.

4.8. Skill Development and Training

The Commission had previously directed the Discoms to establish their own skill development and training centres. Additionally, Discoms were mandated to allocate at least 1% of their total capital expenditure (capex) towards staff skill development and training, including safety training, and to report the same to the Commission along with the subsequent tariff Petition.

However, the Petitioner has failed to provide any information regarding the utilisation of this 1% capex for the intended purpose, thereby not complying with the Commission's directive.

4.9. Monetisation of Discom's Assets

In its Order dated 24.11.2021, the Commission had directed the Discoms to explore and implement asset monetisation strategies. The Managing Directors of the discoms were personally directed to oversee the implementation of asset monetisation concepts, issue necessary guidelines, and submit quarterly compliance reports detailing actions taken and

revenue realised on a circle-wise basis. The directive stressed optimising pole rents, monetising vacant lands, buildings, and other assets, including advertisement space on bills. Furthermore, in its Order dated 01.09.2022, the Commission directed the Discoms to submit circle-wise number of poles and cables recorded along-with their income. Additionally, where the income from poles is shown as zero, the Commission directed the concerned Assistant Engineer to furnish an affidavit within three months of the Order before the concerned Superintending Engineer attesting that there is no pole or any other asset of discom being used for third-parties for commercial purposes. In the Tariff Order dated 26.07.2024, the Commission noted that the Discoms have not only continuously shown a casual attitude towards the orders but have also resorted to manipulation of data (such as reducing number of electric poles). Therefore, it issued fresh It also directed the CMD/MD of each Discom to report the Commission, within 30 days of the order stating that why the Discoms had not complied with the Commission's order and the details action taken against erring employee. Additionally, it issued fresh directions for complying with previous order of reporting the number of poles and cables along with their respective income.

However, the Petitioner has not provided any details under "Income from Asset Monetisation" in Form D 2.4 (Non-Tariff Income), which constitutes a violation of the Hon'ble Commission's order dated 24.02.2025 regarding the prescribed ***formats for submission of the Aggregate Revenue Requirement (ARR), tariff proposals, and truing-up petitions for Distribution Licensees.*** Therefore, we request the Petitioner to submit a detailed response on the compliance status of all directives issued by the Commission concerning this matter.

5. ANNEXURE I

Table 5: Comparison of Rajasthan Fixed Energy Charges (as per Proposed Tariff) with Gujarat and Maharashtra Fixed Energy Charges

S. NO	CATEGORY	SUB-CATEGORY	LOAD SLABS	CONSUMPTION SLABS (UNITS/MONTH)	RAJASTHAN (INR/KW/MONTH)	GUJARAT (INR/KW/MONTH)	MAHARASHTRA (INR/KW/MONTH)
1	Domestic	BPL & Astha Card			566	05	34
		Small Domestic		upto 50	126		
		General Domestic		0-50	113		Single phase: INR 128 Three phase: INR 424
				50-150	108		
				150-300	137		
				300-500	137		
				500 and above	126		
			> 50 kVA		300		
			<= 2 kW			15	
			2-4 kW			25	
			4-6 kW			45	
			> 6 kW			70	

Source: Author's analysis

6. ANNEXURE II

Table 6: Comparison of Rajasthan Proposed Energy Charges with Gujarat and Maharashtra Energy Charges

S. NO	CATEGORY	SUB- CATEGORY	LOAD SLABS	CONSUMPTION SLABS (UNITS/MONTH)	PROPOSED RAJASTHAN (INR/UNIT)	GUJURAT (INR/UNIT)	MAHARASHTRA (INR/UNIT)
1	Domestic	BPL & Astha Card			6	1.5	1.56
		Small Domestic		upto 50	6		
		General Domestic		0-50	6	3.05	4.71
				50-150	6	3.5	4.71 - 10.29
				150-300	7	4.15 - 5.2	10.29
				300-500	7	5.2	14.55
				500 and above	7.5	5.2	16.64
			> 50 kVA		6.5	5.2	16.64

Source: Author's analysis