Submission on JSW Energy (Barmer) Limited's Petition for Determination of ARR & Tariff for FY 2026-27

CENTRE FOR ENERGY, ENVIRONMENT & PEOPLE

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1. INTRODUCTION

JSW Energy (Barmer) Limited has filed a petition for the determination of tariff for FY 2026-27 for its 1,080 MW (8 × 135 MW) lignite-based thermal power generating station located in Barmer district, Rajasthan, under the provisions of the RERC (Terms and Conditions for Determination of Tariff) Regulations, 2025.

This submission is made in response to the petition as published on the Commission's website. We respectfully request the Commission to take this submission on record while examining the prudence and admissibility of the tariff proposed by the petitioner.

2. GENERAL COMMENTS

2.1. Quality and Accessibility of Petition Documents

The petition documents and annexures submitted by the Petitioner are of poor quality, illegible, and non-machine-readable. The Petition and several key annexures, including those containing financial computations, cost break-ups, generation data, and performance parameters, continue to be submitted in scanned PDF formats rather than in machine-readable and editable formats. Some annexure sheets, like Form G 5.3, are barely readable at all. Notably, documents that are inherently spreadsheet-based in nature are still not provided in Excel (xlsx) format.

This materially constrains the ability of stakeholders to undertake independent verification, perform calculations, test assumptions, and meaningfully engage with the Petition on technical and financial aspects. The continued reliance on scanned and non-editable documents undermines transparency and dilutes the effectiveness of the consultative regulatory process, particularly in proceedings involving detailed scrutiny of ARR, APR, and tariff-related computations. Mere improvements in legibility, without ensuring machine readability, do not address the substantive concerns previously flagged.

In view of the above, it is submitted that the Commission may direct Petitioner to file all future Petitions and annexures in machine-readable formats, including Microsoft Word (docx) for narrative submissions and Microsoft Excel (xlsx) for all tabular data, calculations, and financial statements, wherever applicable. Such a direction is necessary to ensure effective stakeholder participation, analytical rigour, and procedural transparency in regulatory proceedings.

2.2. Approach and Process: Approval of ARR

We submit that the current approach of ARR approval, that is treating the Petition as a standard mechanical exercise focused solely on adherence to normative benchmarks, is both inadequate and flawed. This narrow focus overlooks vital operational and strategic factors affecting the Petitioner's efficiency, reliability, and long-term sustainability. Given the Petitioner's regulated nature, the ARR approval process must evolve into a more holistic assessment, beyond ensuring alignment to normative metrics, to include operational performance, environmental compliance, safety, workforce development, maintenance, and

strategic initiatives such as diversification and business growth. Notably, the ARR process for Public Utilities such as RVUNL and Discoms is more comprehensive, requiring detailed plans to meet targets like distribution losses, collection efficiency and other parameters.

We therefore strongly urge the Commission to require the Petitioner to submit detailed action plans for meeting normative benchmarks, along with justifications for any shortfalls.

2.3. Selective Usage of Actual Data and Normative Benchmarks

While the petitioner has placed certain audited, provisional, and anticipated operational parameters on record, the tariff determination for FY27 relies on selective snapshots of data, at many places, rather than a comprehensive assessment of actual data and performance trends. In several places, the petition relies on audited data for a single year, anticipated values for the ensuing year, or operational data limited to the immediately preceding one to three months.

Tariff determination, particularly for a mature generating station, requires evaluation of performance over a reasonable historical period in order to assess stability, variability, and underlying efficiency. The reliance on only 1-year or partial data windows does not allow meaningful assessment of whether the assumptions adopted for FY27 reflect sustained operational performance or temporary operating conditions. For a cost-plus tariff framework, such assumptions require careful scrutiny, as optimistic projections directly translate into higher tariff recovery without corresponding assurance of deliverability.

In the absence of a consolidated presentation of actual data and parameters over the last three to five years, the Commission may be constrained in assessing the realism and prudence of the projected parameters forming the basis of the proposed tariff.

2.4. Future Planning and Expansion

It is hereby submitted that Rajasthan Rajya Vidyut Utpadan Nigam Limited (RVUNL) recently filed a petition before the Rajasthan Electricity Regulatory Commission (RERC; the Commission), seeking approval to initiate a competitive bidding process for the transfer and revival of the 250 MW Giral Lignite Thermal Power Plant (GLTPP), as well as for setting up an additional 1,100 MW lignite based thermal power station on a Design, Build, Finance, Own and Operate (DBFOO) basis. In the petition, it was submitted that there is a surplus of 230 million metric tonnes of lignite at the Jalipa and Kapurdi mines, with sulphur content reportedly below 1% (one per cent).

It would be an interesting proposition for JBEL to consider the possibility of expanding the existing JSW Barmer facility, as it would likely be a more efficient, economical, and technically viable op on. Such an approach would reduce risk, shorten lead times, and result in lower tariffs for consumers by leveraging existing infrastructure. It is noteworthy that the existing 1,080 MW capacity at JBEL already benefits from established infrastructure for coal linkage and transport, power evacuation, and a supportive local ecosystem which must be made functional after a lot of efforts by JBEL.

In this context, while competitive bidding is the more market-favourable and mandated route, Clause 5.2 of the Tariff Policy, 2016, explicitly permits private developers to undertake a one-time expansion of up to 100 percent of the existing capacity under regulated tariff (Section 62), provided such expansion results in efficiency gains and optimisation of infrastructure, as reproduced below:

"…expansion of generating capacity by private developers… would be restricted to one-me addition of not more than 100% of the existing capacity... the benefit of sharing of infrastructure of existing project and efficiency of new technology is passed on to consumers through tariff." Clause 5.2 of Tariff Policy, 2016

Therefore, we request petitioner to consider future planning in line of expanding the plant under Tariff Policy while the Commission may take a prudent view considering the consumer benefits from such expansion while strictly adhering to regulatory procedures and approvals.

2.5. Inadequate linkage between fuel quality data and operational performance assumptions

Fuel quality parameters, such as Gross Calorific Value, moisture content, and sulphur content, have a direct bearing on key operational outcomes, including station heat rate, auxiliary consumption, reagent consumption, and ultimately, the energy charge. While the petition places on record fuel-related data for the immediately preceding one to three months in certain forms, it does not provide year-wise trends in lignite quality over a longer period.

Short-period fuel data is not adequate to establish representative operating conditions, particularly in the case of captive or integrated lignite mines where quality variations may be seasonal, mine-specific, and progressive over time. The petition does not demonstrate how the assumed fuel quality parameters adopted for FY27 align with historical trends or how observed variability in lignite quality has been factored into the projection of station heat rate and energy charges.

In the absence of year-wise, third-party certified fuel quality data covering a reasonable historical period, and without a clear linkage between fuel quality trends and operational assumptions, the basis for the projected energy charge cannot be independently verified. The Commission may therefore consider seeking consolidated fuel quality data, along with an explanation of how such data has been used to determine proposed operational parameters.

2.6. Disclosure of environmental compliance

The petition does not place on record a clear and consolidated disclosure of environmental compliance parameters or a comprehensive environmental performance report. The reagent-related costs are included in the computation of energy charges, but the petition does not adequately establish the linkage between reagent consumption norms, actual generation levels, and environmental compliance requirements. Details such as year-wise actual reagent consumption, the basis for adopted consumption norms, and evidence of compliance with applicable environmental standards have not been recorded in a coherent manner.

Given that environmental compliance costs form a recurring and pass-through component of tariffs, transparency regarding both physical consumption and regulatory compliance is essential. The Commission may therefore consider directing the petitioner to place on record a comprehensive environmental compliance report, along with year-wise data on reagent consumption.

2.7. Non-Submission of Contractual/Legal/Payment Documents Regarding INGP

The petitioner has referred to the INGP dispute and related agreements in the tariff petition. However, the petition does not place on record the relevant agreement(s), payment details, or financial implications arising from the dispute that may have a bearing on tariff determination.

Given that tariff recovery is sought from consumers, transparency regarding the contractual basis, quantum, and certainty of INGP-related costs is essential. In the absence of disclosure of the contractual terms, actual payments made, and their treatment in accounts, it is not possible to assess whether the claimed costs are legitimately attributable to the generating station and admissible for tariff recovery.

The Commission may therefore consider directing the petitioner to place on record the relevant agreements, payment details, and status of disputes, and to justify the admissibility of such costs for tariff pass-through.

2.8. Disproportionate increase in assumed secondary fuel (LDO) consumption

The data placed on record with respect to secondary fuel consumption, specifically Light Diesel Oil, reflects a significant and unexplained escalation between historical actuals and the projections adopted for FY27.

As per Form G 5.3, the actual or audited secondary fuel consumption for FY24 was approximately 822.51 kL, corresponding to a specific fuel consumption of 0.12 ml per kWh. In contrast, for FY27, the petitioner has assumed secondary fuel consumption of approximately 7,379.42 kL, with a specific fuel consumption of 1.00 ml per kWh, which increased its cost to 10 times the actual cost in FY24. This represents a significant increase in both specific consumption and total quantity.

The petition does not provide any explanation or operational justification for this sharp escalation that would warrant such an assumption. In the absence of such justification, the basis for the projected secondary fuel consumption and the resulting increase in secondary fuel cost cannot be independently assessed for prudence or reasonableness.

Given that secondary fuel costs are recoverable through tariff and directly impact fuel charges, the Commission may consider directing the petitioner to provide a detailed justification for the assumed escalation in LDO consumption, along with historical trends, operational rationale, and supporting data.