Submitted to Rajasthan Electricity Regulatory Commission January 2026

Submission on RVUNL's Petition for True-Up of FY 2024-25 and ARR & Tariff for FY 2026-27

CENTRE FOR ENERGY, ENVIRONMENT & PEOPLE

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1. INTRODUCTION

Rajasthan Rajya Vidyut Utpadan Nigam Limited (the Petitioner) has filed a Petition seeking True-Up of its Aggregate Revenue Requirement for FY 2024-25 and Aggregate Revenue Requirement and Tariff for FY 2026-27 before the Rajasthan Electricity Regulatory Commission (the Commission), in accordance with the provisions of the applicable Tariff Regulations, 2025. The Petition has been made available on the website of the Commission for inviting objections and suggestions from stakeholders.

This submission from Centre for Energy, Environment and People, Jaipur is in response to the Commission's invitation for comments. We request the Commission to take note of our written submission.

2. GENERAL COMMENTS

2.1. Quality and Accessibility of Petition Documents

In the earlier proceedings, concerns were raised regarding the poor quality, legibility, and non-machine-readable nature of the Petition and its annexures as submitted by the Petitioner. In the present filing, it is acknowledged that the Petitioner has made some improvements in terms of visual legibility of the documents. However, notwithstanding these improvements, the core issue persists.

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. 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.

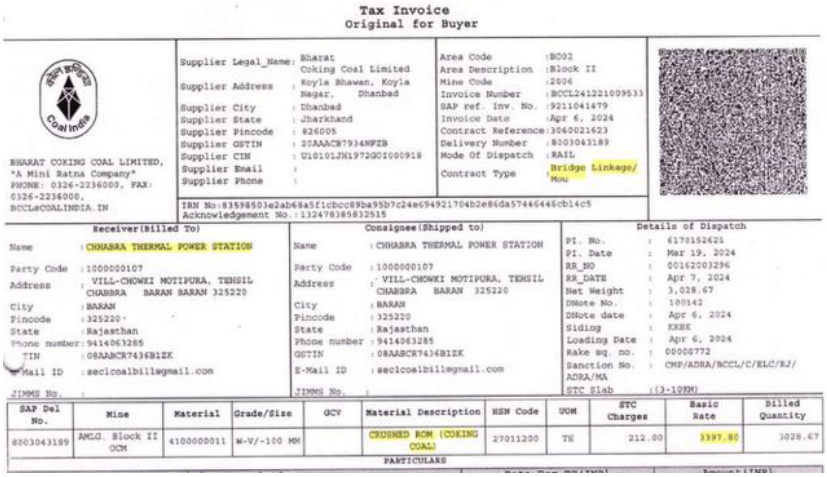
The continued reliance on scanned and non-editable documents undermines transparency and dilutes the effectiveness of the consultative regulatory process, particularly in proceedings involving detailed scrutiny of ARR, APR, and tariff-related computations. Mere improvements in legibility, without ensuring machine readability, do not address the substantive concerns previously flagged.

In view of the above, it is submitted that the Commission may direct the 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.

3. COMMENTS ON APR OF ARR FOR FY 2024-25

3.1.1. Use of Coking Coal: Technical Unsuitability and Cost Implications

The Petitioner has, during their proceedings of Petition for determining ARR for FY26, admitted to procurement and receipt of coking coal from Bharat Coking Coal Limited (BCCL) at its thermal generating stations during FY25. Invoices placed on record by the Petitioner during those proceedings clearly establishes that the coal supplied by BCCL was "*Crushed ROM (Coking Coal)*", supplied under bridge linkage arrangements (*see Figure 1*). Their submissions in the current Petition (*Format 5.1*) reveal that they were also billed at rates materially higher than the Petitioner's regular coal sources such as PKCL. This raises serious technical and prudence-related concerns.



Tax Invoice
Original for Buyer

BHARAT COKING COAL LIMITED, "A Mini Ratna Company" PHONE: 0326-2236000, FAX: 0326-2236000, BCCL@COALINDIA.IN

Supplier Legal_Name	Bharat Coking Coal Limited
Supplier Address	Koyla Bhawan, Koyla Nagar, Dhanbad
Supplier City	Dhanbad
Supplier State	Jharkhand
Supplier Pincode	826005
Supplier GSTIN	20AAACB7934MFZB
Supplier CIN	U10101JH1972GOI000918
Supplier Email	
Supplier Phone	
Area Code	:B002
Area Description	:Block II
Mine Code	:2006
Invoice Number	:BCCL241221009533
SAP ref. Inv. No.	:9211041479
Invoice Date	:Apr 6, 2024
Contract Reference	:3060021623
Delivery Number	:8303043189
Mode Of Dispatch	:RAIL
Contract Type	:Bridge Linkage/ MoU

IRN No:83598503e2ab69a5f1cbcc89ba95b7c24e694921704b2e86da57446446cb14c5
Acknowledgement No. : 132478385832515

Receiver(Billed To)		Consignee(Shipped to)		Details of Dispatch	
Name	:CHHABRA THERMAL POWER STATION	Name	:CHHABRA THERMAL POWER STATION	PI. No.	: 6170152621
Party Code	:1000000107	Party Code	:1000000107	PI. Date	: Mar 19, 2024
Address	: VILL-CHOWKI MOTIPURA, TEHSIL CHABBRA BARAN BARAN 325220	Address	: VILL-CHOWKI MOTIPURA, TEHSIL CHABBRA BARAN 325220	RR_NO	: 00162003296
City	:BARAN	City	:BARAN	RR_DATE	: Apr 7, 2024
Pincode	:325220	Pincode	:325220	Net Weight	: 3,028.67
State	:Rajasthan	State	:Rajasthan	DNote No.	: 100142
Phone number	:9414063285	Phone number	:9414063285	DNote date	: Apr 6, 2024
TIN	:08AABCR7436B1ZK	GSTIN	:08AABCR7436B1ZK	Siding	: KKBK
E-Mail ID	:seclcoalbill@gmail.com	E-Mail ID	:seclcoalbill@gmail.com	Loading Date	: Apr 6, 2024
JIMMS No.	:	JIMMS No.	:	Rake sq. no.	: 00000772
				Sanction No. ADRA/MA	: CMP/ADRA/BCCL/C/ELC/RJ/
				STC Slab	:(3-10YM)

SAP Del No.	Mine	Material	Grade/Size	GCV	Material Description	HSN Code	UOM	STC Charges	Basic Rate	Billed Quantity
8303043189	AMLG. Block II OCM	4100000011	M-V/-100 MM		CRUSHED ROM (COKING COAL)	27011290	TN	212.00	3397.80	3028.67

PARTICULARS

Figure 1: Sample receipt of coking coal received from BCCL

Thermal power stations such as KaTPP, CTPP and STPP are designed, engineered, and approved to operate on non-coking (thermal) coal. Coking coal, by contrast, is a metallurgical fuel intended for steel-making processes and exhibits fundamentally different properties. Its use as a primary fuel in pulverised coal-based thermal boilers can lead to multiple operational problems that affects boiler efficiency, heat rate and long-term plant reliability.

From a cost perspective, the Petitioner's own fuel consumption data demonstrates that coal procured from BCCL is materially more expensive on a landed basis (*see Table 1*). In effect, the Petitioner has incurred higher fuel cost for a technically inferior and operationally unsuitable fuel, with the burden sought to be passed through to consumers.

Table 1: Comparison of total and per ton cost of coal received at KaTPP in FY25

	PKCL	SECL	NCL	BCCL	MCL	Total Wt. Avg.
Total Coal received by source (in MT)	45,88,417	1,17,885	73,571	**40,350**	4,017	48,24,241
Total Cost of Coal (in Cr.)	1,520.22	34.59	30.03	**20.88**	0.97	1,606.69
Cost of Coal (in Rs./ton)	3,313.18	2,934.17	4,081.17	**5,174.56**	2,411.57	3,330.44
Total Transport Cost (in Cr.)	959.01	24.59	15.29	**11.54**	1.09	1,011.51
Cost of Transport (in Rs./ton)	2,090.07	2,085.81	2,077.90	**2,859.07**	2,706.21	2,096.72

Furthermore, the Petition also does not disclose any technical justification, risk assessment, or regulatory approval for use of coking coal. The fuel consumption formats (*Format 5.1*) aggregate BCCL coal under the generic head of "coal", without segregation or disclosure of its coking nature, thereby masking its impact on operational parameters and cost averages. This lack of transparency prevents any meaningful regulatory scrutiny of prudence, necessity, or avoidability of such procurement.

In light of the above, the Commission may consider directing the Petitioner to place on record the following clarifications and documents:

a) Whether any objections, reservations, or technical notes were raised by plant-level officials, O&M personnel, or station heads regarding the use of coking coal as a primary or blended fuel in its thermal generating stations, and if so, copies of such communications.
b) Whether any prior technical study, pilot assessment, or expert evaluation was conducted by the Petitioner assessing the suitability and risks of using coking coal as a primary fuel in its coal-based thermal power plants, including impacts on boiler performance, efficiency, maintenance, and safety.
c) Whether the Petitioner has undertaken any post-facto assessment or study of the actual operational and cost impact of using coking coal at its generating stations, including effects on heat rate, auxiliary consumption, plant availability, and O&M expenditure, and if so, the detailed findings thereof.

In absence of evidence of technical necessity, informed decision-making, and regulatory transparency, the procurement and use of coking coal in thermal power stations appears prima facie imprudent, technically unjustified, and economically inefficient. It is therefore requested that the Commission closely scrutinise this matter before any associated costs are considered for tariff pass-through.

3.1.2. Datagaps

A. Query on Prudence and Allowability of Safety-Related Expenditure

During the true-up proceedings for FY24, the Petitioner had asserted that it incurred expenditure towards multiple safety-related activities, including external safety audits, internal safety committees, safety training, and emergency preparedness. In the absence of detailed financial disclosures, the prudence, necessity, and correct booking of such expenditure cannot be independently verified. The Commission may therefore direct the Petitioner to furnish itemised financial evidence to substantiate the safety-related expenses borne in FY24 and FY25.

Accordingly, the Petitioner may be directed to submit the following:

a) Year-wise break-up of expenditure incurred on safety audits and governance mechanisms, training & emergency drills connected to approved budget provisions.
b) Details and copies of contracts, invoices and vouchers of actual expenditure.

c) Accounting heads under which the said expenses have been booked, with reconciliation to audited accounts.
d) Details of any capitalisation of safety-related costs, along with justification and depreciation treatment, if applicable.

B. Details of Interest on Working Capital (Para 2.15 of Main Petition & Annexure J)

The table on actual interest on working capital placed at Annexure J is incomplete and lacks basic identifiers, as neither row-wise nor column-wise headings have been provided. In the absence of clearly defined titles, the table is incomprehensible and does not permit meaningful regulatory scrutiny. Consequently, the basis for computation of the claimed interest on working capital remains unverifiable. The Commission may direct the Petitioner to submit a revised Annexure J with clearly specified row and column headings along with a transparent and auditable computation framework.

C. Details of Term Loans (Para 2.15 of Main Petition, Annexure I & Annexure Z2)

The Petitioner has disclosed State Government loan of Rs. 138 crore for STPS and REC loans of Rs. 58.92 crore for KTPS carrying interest rates of 13.75 per cent and 13.79 per cent respectively, without furnishing any justification for such abnormally high rates. While Annexure Z2 states that the STPS loan of Rs. 138 crore has been repaid, the Petitioner has not clarified whether any effort was made to seek a reduction in the interest rate prior to repayment. Further, no explanation has been provided for the continued servicing of the KTPS loan at an interest rate of 13.79 per cent, nor is there any evidence of engagement with the lender for reduction of the rate.

In respect of other lenders, although the Petitioner claims to have written to creditors seeking a reduction in interest rates, no responses or outcomes of such correspondence have been placed on record. In the absence of evidence demonstrating reasonable efforts to refinance or renegotiate these loans, the prudence of the interest costs claimed remains unsubstantiated. The Commission may therefore consider directing the Petitioner to furnish lender-wise responses and, in the absence thereof, examine the allowability of interest expenses at such elevated rates.

D. Details of Bond Charges at KaTPP (Para 2.16 of Main Petition & Annexure K)

The Petitioner has reported bond charges of Rs. 7.47 crore for KaTPP, whereas all other generating stations reflect nil bond charges. The Petition is silent on the nature, origin, tenure, purpose, or financing rationale of these bonds, as well as on why such charges are unique to KaTPP. In the absence of any supporting disclosure, it is not possible to ascertain whether these costs are plant-specific, legacy-related, or avoidable. The Commission may direct the Petitioner to furnish a detailed justification and supporting documentation for the bond charges claimed for KaTPP.

E. Insurance on Fixed Assets (Para 2.17 of Main Petition & Annexure L)

The Petitioner has claimed an overall increase of nearly 32 per cent in insurance expenses, with most plants witnessing an increase of around 40 per cent, except SSCTPP, for which higher insurance charges were already approved at the time of ARR. No explanation has been provided regarding changes in the insured asset base, premium rates, policy terms, or risk reassessment that could justify such a sharp increase.

In the absence of plant-wise comparative details of insured value and premiums, the reasonableness and prudence of the claimed insurance expenditure cannot be assessed. The Commission may direct the Petitioner to furnish plant-wise comparative insurance details and a reasoned justification for the increase.

F. Safety Audits and Related Progress Reports of the Audits

In its compliance submission in the *True-Up Petition*, the Petitioner has stated that the progress report on safety audit was submitted vide letter dated 18.09.2025. In this context, the Commission may direct the Petitioner to place on record:

a) plant-wise details of the safety auditors engaged, along with the process and criteria adopted for selection of such auditors
b) full and complete copies of the safety audit reports conducted for each generating station
c) detailed progress report on implementation of safety audit observations, as required under the Commission's Order dated 19.06.2025.

G. Format GT 3.1: Discom-wise Energy Sale Reporting

The Petitioner has submitted plant-wise GT-3.1 formats wherein, despite total energy sold appearing broadly consistent with scheduled generation, the discom-wise break-up is uniformly capped at 100 MU for each generating station. An example of Format GT 3.1 of KTPS has been attached as *Figure 2*. This is prima facie inconsistent with the magnitude of actual energy sent out and renders the discom-wise allocation patently inaccurate.

Revenue from Sale of Power

Name of the Petitioner: Rajasthan Rajya Vidhyu Utpadan Nigam Ltd.
Name of the Power Station : Kota Thermal Power Station

Year 2024-25 (Rs Crore)

S.No.	Particulars	Unit Sold (MU) (SG)	Fixed Charges	Energy Charges	Fuel cost adjustment charges	Total (4+5+6)
1	2	3	4	5	6	7
A)	Revenue from sale of Electricity (Claimed as per audited accounts)	8052.00	492.08	3050.10	47.11	3589.28
1	Dist. Licensee / trader/ consumers					
(a)	JVVNL	38.11	187.53	1162.39	17.95	1367.88
(b)	AVVNL	27.47	135.17	837.86	12.94	985.98
(c)	JdVVNL	34.42	169.37	1049.84	16.21	1235.43
2	Gross Revenue From Sale of Power	100.00	492.08	3050.10	47.11	3589.28
3	Other recoveries					
5	Less. : revenue during trial runs (capitalised)					
6	Net revenue	100.00	492.08	3050.10	47.11	3589.28

Figure 2: Format GT 3.1 submitted by KTPS

The Commission may therefore direct the Petitioner to re-submit GT 3.1 formats with correct, plant-wise and discom-wise energy sold (in MU), duly reconciled with SLDC-certified energy sent out and corresponding billing records.

H. Unexplained Increase in Non-Tariff Income

The Petitioner has reported non-tariff income of approximately Rs. 66 crore for FY25, as against an approved amount of around Rs. 20 crore, reflecting a nearly 300 per cent increase. Such substantial deviation has material implications for net fixed charges and tariff outcomes. However, the Petition does not provide a clear explanation or plant-wise justification for this sharp escalation. The Commission may therefore direct the Petitioner to submit a detailed break-up of non-tariff income, source-wise and plant-wise, along with reasons for the abnormal increase vis-à-vis approved levels, supported by documentary evidence.

3.2. Section-Wise Comments

3.2.1. Low Plant Availability

As per the data submitted by the Petitioner for FY25, plant availability across a majority of generating stations continues to remain materially below the levels approved by the Commission. Except for KTPS and CTPP, all other stations have failed to achieve their respective approved availability targets (*see Figure 3*). STPS, CSCTPP and SSCTPP have recorded availability levels lower than approved norms by 17.28 per cent, 12.41 per cent and 21.36 per cent respectively. KaTPP has also underperformed, with availability lower than the approved level by 3.58 per cent.

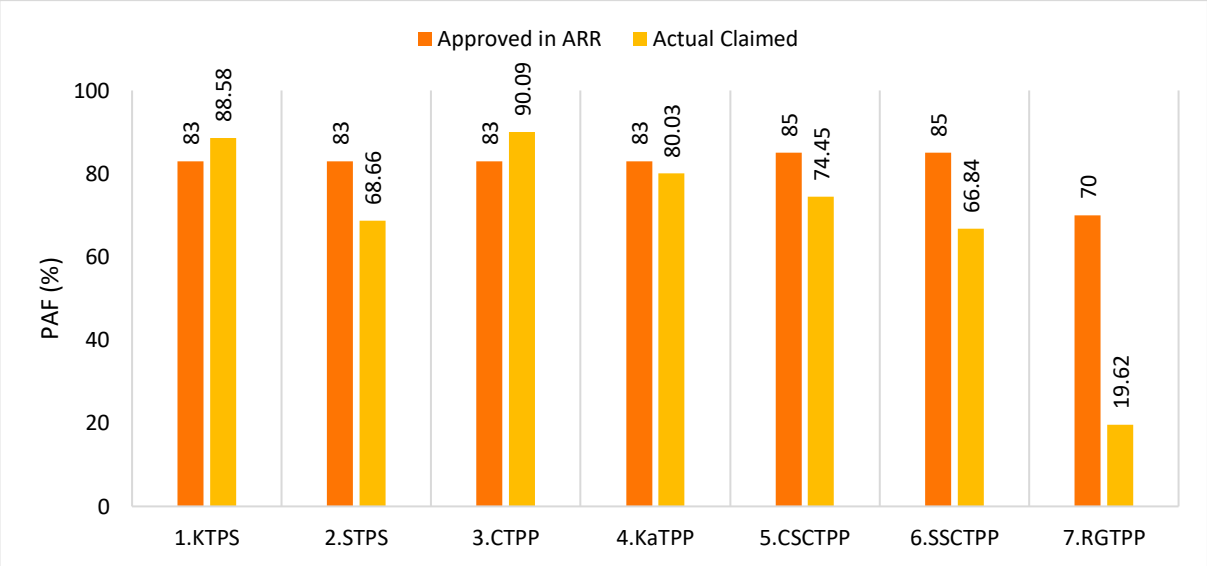


Figure 3: Plant-wise deviation in availability

The persistence of such deviations, especially at stations with relatively newer assets such as CSCTPP and SSCTPP, points to continuing operational and maintenance deficiencies rather than isolated or uncontrollable events. Despite these recurring shortfalls, the Petitioner continues to project normative availability while seeking recovery of full fixed charges, without demonstrating any commensurate improvement in operational performance or placing on record a credible corrective roadmap.

It is submitted that sustained underachievement of approved availability directly undermines system reliability and compels the distribution licensees to rely on short-term market

purchases to meet demand, thereby exposing consumers to higher and volatile power procurement costs.

In view of the above, it is respectfully submitted that the Commission may direct the Petitioner to furnish plant-wise explanations for failure to meet approved availability targets during FY25, along with time-bound, station-specific measures proposed to address these deficiencies. Further, consistent with the applicable tariff framework, recovery of fixed charges ought to be restricted to a pro-rata basis in proportion to actual availability achieved, and full fixed charges should not be allowed for stations that have failed to meet the approved availability norms during the year.

3.2.2. Auxiliary Consumption vis-à-vis PLF, Availability, and Dispatch

The Petitioner has contended, across stations, that auxiliary consumption increases primarily due to operation at lower plant load factors, which in turn results from backing down by the Load Dispatch Centre. It is further implied that achievement of normative auxiliary consumption levels would have been possible had the plants been scheduled at higher PLFs.

At the outset, it is acknowledged that PLF is not entirely within the control of the generating station and is dependent on scheduling decisions of the Load Dispatch Centre, which are driven by system demand, merit order considerations, and grid conditions. It is also noted that the availability levels declared by the Petitioner indicate that, from a purely technical standpoint, the plants were capable of operating at higher PLFs during the year.

However, a quantitative assessment of the Petitioner's own data indicates that achievement of approved normative auxiliary consumption levels would have required operation at PLFs that were not only not achievable but also contingent upon favourable dispatch outcomes. For instance, in the case of KTPS, based on the actual auxiliary energy draw, the normative auxiliary consumption of 9.65 per cent would have been achieved only at an annual PLF of approximately 98.20 per cent. When the plant's declared availability was around 90 per cent, it would have been implausible for KTPS to achieve normative auxiliary consumption. A similar pattern emerges at the plant level (*see Table 2*). KaTPP and CSCTPP would have required a PLF higher than their availability to achieve normative auxiliary consumption.

Table 2: Plant-wise required PLF for achieving normative auxiliary consumption against their declared availability

Plant	Declared Availability	Actual PLF	Required PLF
STPS	68%	58.16%	59.20%
CTPP	90%	79.77%	81.20%
KaTPP	80%	70.98%	88.70%
CSCTPP	75%	68.83%	77.80%
SSCTPP	67%	59.80%	65.60%

Even when the PLFs required to meet normative auxiliary consumption are technically achievable, they are not assured outcomes and remain dependent on dispatch decisions which is outside the control of the Petitioner. Consequently, compliance with auxiliary consumption norms, as implied by the Petitioner, becomes conditional upon the plant being

scheduled at or above a specific PLF threshold. Such an assumption effectively renders the auxiliary consumption norm dispatch-contingent rather than plant-intrinsic.

From a regulatory perspective, approved normative auxiliary consumption levels are intended to represent reasonable and achievable performance benchmarks across plausible dispatch scenarios, and not only under favourable or near-baseload scheduling conditions. If compliance with such norms is structurally dependent on higher PLFs that are neither guaranteed nor within the control of the Petitioner, this constitutes a design or configuration issue rather than a year-specific operational deviation.

Accordingly, while the Commission may recognise that auxiliary consumption as a percentage of gross generation tends to increase at lower PLFs, deviations from the approved norms cannot be justified retrospectively solely on the basis that higher PLFs were technically possible given availability. In the absence of any ex-ante approval of higher normative auxiliary consumption supported by plant-specific technical evidence the Petitioner's prayer for allowing actual auxiliary consumption on this ground does not merit acceptance.

3.2.3. Increased Generation Cost due to Elevated SHR and SCC

The Commission, while approving tariff for FY25, specified normative Station Heat Rate (SHR) and Specific Coal Consumption (SCC) for the Petitioner. The Petitioner's submissions reveal significant deviation from these parameters at multiple stations. Elevated SHR and SCC indicate that, for every unit of electricity generated, these stations consumed more coal than permitted under the approved norms, thereby increasing the cost of generation.

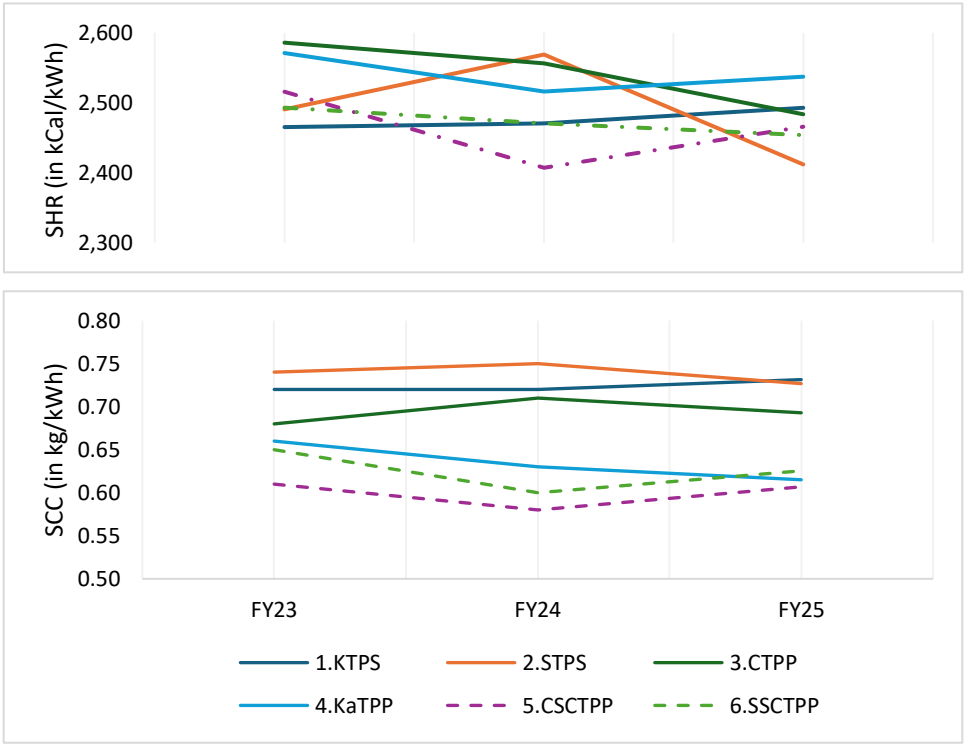


Figure 4: Increase in SHR and SCC of the all coal-based plants of the Petitioner

Notably, the SHR and SCC of the supercritical stations of the Petitioner have reported a significant increase this year from their approved value. They have also shown an increase when compared to their actual numbers of previous year as well (*see Figure 4*).

A. Cost impact analysis of increase in SHR and SCC

This increase in SHR and SCC has led to notable increase in cost of generation. For example, if the Petitioner's plants had consumed coal as per the approved SHR and SCC to generate the actual quantum of electricity they would have saved nearly Rs. 700 Cr. on cost of generation and equal reduction in aggregate energy charges (*The plant-wise impact of such inefficiency is summarised below at Table 3*)

Table 3: Impact of Inefficiency (Coal Cost Deviation)

Plant	Excess / (Saving) Coal Consumed (MT)	Financial Impact (Rs. crore)
SSCTPP	5,52,319	342.55
CSCTPP	5,58,093	274.09
KaTPP	2,25,172	122.37
CTPP	1,40,593	68.85
STPS	(76,219)	(45.86)
KTPS	(88,138)	(39.88)
Total	**13,11,820**	**722.12**

The above analysis establishes that the Petitioner's newer and supercritical stations (*KaTPP, SSCTPP, and CSCTPP*) imposed an avoidable burden exceeding Rs. 700 crore on consumers during FY25. While aggregate fuel expenditure at these stations appears lower than approved due to reduced generation, the cost incurred per unit of electricity actually generated was materially higher than the normative benchmark. In the case of CTPP, inefficiency-driven excess coal consumption coincided with a sharp increase in coal prices, exposing consumers simultaneously to higher fuel costs and declining operational efficiency.

In contrast, KTPS and STPS marginally outperformed their approved SCC benchmarks, yielding efficiency gains aggregating to Rs. 85.74 crore at the achieved generation levels. These gains demonstrate that adherence to approved efficiency norms is feasible under the same regulatory and system conditions, and reinforce the conclusion that the losses at other stations arise from controllable operational inefficiencies rather than exogenous constraints.

However, the Petitioner's submissions do not provide any station-specific explanation for the persistent elevation of SHR and SCC at SSCTPP, CSCTPP, KaTPP, or CTPP. Generic references to lower PLF, auxiliary consumption behaviour, or system constraints do not explain why coal consumption per unit of generation exceeded approved norms. No technical audit, root-cause analysis, or corrective action plan has been placed on record. The Petitioner has failed to attribute the observed deviations in SHR and SCC to controllable or uncontrollable factors, despite such attribution being mandatory under the Tariff Regulations, 2025 and determinative of tariff treatment, particularly where deviations in these explicitly controllable performance parameters have direct implications for consumer tariff.

In the absence of any credible explanation or evidence of remedial action, the excess coal cost arising from deviation in SHR and SCC remains unsubstantiated and cannot be presumed to be prudently incurred. The burden of such inefficiency ought not to be passed through to consumers merely because aggregate fuel expenditure appears lower due to under-generation. The Commission may therefore direct the Petitioner to furnish plant-wise technical justification for deviation from approved SCC, along with details of corrective measures undertaken, and subject the resultant excess coal cost to strict prudence scrutiny before allowing any pass-through to consumers.

3.2.4. Capitalisation of Electrostatic Precipitator (ESP) Expenditure at CTPP

The Petitioner has claimed capitalisation of expenditure incurred on Electrostatic Precipitators (ESPs) at CTPP on the ground that the damage was accidental. This claim requires scrutiny in light of the Commission's findings in the true-up order for FY24 dated 24.07.2024, wherein capitalisation of ESP-related expenditure was expressly disallowed on the basis of CEA's observation that the damage was attributable to fault on the part of the Petitioner.

In this context, it is unclear whether the expenditure presently claimed relates to routine inspection, maintenance, or planned replacement identified through regular operational check-ups, or whether it arises from damage to the ESPs similar in nature to that previously examined and disallowed by the Commission. In the absence of clear segregation and supporting evidence, the claim risks reintroducing costs that have already been held to be non-prudent and non-allowable.

Accordingly, the Commission may direct RVUN to place on record detailed documentation, including routine inspection reports, maintenance logs, condition assessment records, and any other contemporaneous technical evidence, to establish that the replacement or capitalisation of the ESPs was necessitated through normal operational assessment and not due to damage caused by operational lapses or negligence. In the absence of such evidence, the prudence and allowability of the claimed capitalisation remain unsubstantiated.

3.3. Compliance Status

3.3.1. Deficient and Unverified Compliance with Safety Audit Observations

In the present Petition, the Petitioner has placed on record a voluminous status report in *Annexure Z4 of the Petition* purporting to demonstrate compliance with safety and statutory audit observations across its generating stations. However, a review of the submission indicates that a substantial number of observations have been closed merely by stating "*complied*", "*shall be complied*", "*case under process*", or by attributing responsibility to another wing, without furnishing documentary evidence or post-implementation verification.

		etc. should be prepared.	
g.	CONTRACTORS SAFETY SYSTEM		
	Contractors form an power supply are selected depending on the nature of work. However, Safety performance	Generally, accident rate is quite higher with contractor workers. Therefore, Safety Performance of the contractor should be taken into Consideration while selecting contractor	Not agreed

Figure 5: Portion of KaTPP's compliance status report

In one specific instance where the auditor has commented on Contractor Safety System at KaTPP, the plant officials have decided to '*not agreed*' with the assessment and recommendation of the auditor (*see Figure 5*).

Safety-critical observations relating to pressure vessels, chemical handling infrastructure, earthing and lightning protection systems, mechanical guarding, and emergency response facilities continue to reflect deferred or fragmented compliance. In the absence of verifiable closure, the Commission cannot reasonably satisfy itself that the underlying safety risks have been mitigated or that the Petitioner is operating in conformity with applicable safety and statutory norms.

Further, the compliance approach reflected in the report reveals systemic governance concerns. Procedural actions such as issuance of SOPs, instructions, or signage are repeatedly treated as sufficient compliance, even where the audit observations required physical measures, civil works, statutory testing, or third-party certification. This weakens the credibility of the compliance claims. Accordingly, RVUNL may be directed to submit the following:

a) A plant-wise and observation-wise compliance matrix clearly distinguishing between procedural actions and physical/engineering closures, along with current status.
b) Documentary evidence for substantiating closure of each observation marked as "complied".
c) Defined timelines and accountable officers for all observations marked as "shall be complied", "case under process", or "pertains to another wing".
d) Details of statutory inspections, approvals, and certifications pending or obtained, with dates and issuing authorities.
e) A statement reconciling safety-related expenditure claimed in the true-up with the actual status of compliance and risk mitigation achieved.
f) An undertaking confirming that no safety-critical observation remains unresolved without interim risk control measures.

In the absence of the above, the Commission may consider that the Petitioner has failed to discharge its burden of demonstrating effective compliance, warranting regulatory directions and consequential treatment.

3.3.2. Availability of Mahi

The Commission, in its Order dated 19.06.2025, had directed the State Load Despatch Centre (SLDC) to verify the Declared Capacity of Mahi Hydel Power Station, after having found the earlier explanation for non-verification to be unsatisfactory, and had required the Petitioner to coordinate with SLDC to ensure such verification.

Regulation 2(21) of the Tariff Regulations, 2025 defines Declared Capacity as the capability of a generating station to deliver ex-bus electricity in MW for a given time block or day, duly taking into account the availability of fuel or water. Further, Regulation 52(2)(b) mandates, in the case of hydro generating stations, that the declaration of available capacity shall explicitly

reflect limitations on generation arising from restrictions on water use due to irrigation, drinking water, environmental or other considerations. Availability is thereafter computed on basis of Declared Capacity over time blocks and certified by SLDC in terms of Regulation 2(10).

In this regulatory context, mechanical readiness of turbines and generators, including a "*ready-to-start*" condition (as submitted by the Petitioner), is not sufficient to treat a hydro generating station as available for the purpose of declaring Declared Capacity. Where water is unavailable in the reservoir or is not permitted to be released for generation, irrespective of whether such decision is within the control of the Petitioner or SLDC, the station itself is unavailable, and Declared Capacity cannot be computed on a notional basis.

SLDC's certification provided in *Annexure Y of the Petition* does not address this requirement. While Annexure Y indicates certain figures as Declared Capacity, it simultaneously states that scheduling and utilisation of such capacity are contingent upon water releases determined by the irrigation department. In view of the applicable regulations, the Petitioner and SLDC must clarify whether the Declared Capacity so submitted has been computed after duly accounting for actual availability of water and legally permissible use thereof.

If the answer is in the negative, the submissions of both the Petitioner are inconsistent with the Tariff Regulations, 2025. In such circumstances, the Petitioner has failed to comply with the Commission's earlier directions, issued repeatedly over time, to get Declared Capacity duly verified and certified.

As such, we request the Commission that the Petitioner be directed to get Declared Capacity of Mahi Hydel duly certified by SLDC. Furthermore, strict and necessary action be taken against the Petitioner for consistently failing to comply with the Commission's directions.

3.3.3. On Specific Approval of Fuel Pricing Mechanism under CMDA

The Commission, vide Orders dated 23.07.2024, 19.06.2025 and 17.09.2025 had categorically directed the Petitioner to submit specific approval of the Government of Rajasthan (GoR) in respect of the price mechanism for determination of coal price under the Coal Mining and Delivery Agreements (CMDAs) executed with PKCL and RCL. After repeated directions, the Petitioner has finally submitted its response in form of *Annexure Z of the True-up Petition*.

A. Incomplete and Unsubstantiated Submissions

It is submitted that the Petitioner has referred to multiple letters, communications, and extracts of Board minutes without placing any of these documents on record. In the absence of the actual documents relied upon, the submissions remain unsubstantiated and incapable of regulatory scrutiny. The Petitioner must first be directed to place on record all documents cited by it, failing which its compliance claim is incomplete.

B. Approval of Pricing Mechanism under CMDA with PKCL and RCL

The Petitioner has contended that since the CMDA executed with PKCL was approved by the State Government, the pricing mechanism forming part of the CMDA also stands approved. This interpretation is untenable. With respect to the CMDA executed with RCL, the Petitioner's

own submissions reveal that the only approval received from the GoR was in 2009 for inviting wide-publicity tenders. This approval was for the tender only, and procedural in nature. It did not extend to approval of the CMDA itself, much less to the pricing mechanism embedded therein. The Commission had sought 'specific approval' of the pricing mechanism, not a general, omnibus or implicit approval of the CMDA as a contract. An implicit or assumed approval of one component embedded within a broader agreement cannot be equated with a conscious, specific administrative approval of the pricing formula governing fuel costs with direct tariff implications.

Additionally, the Petitioner has further admitted that its 2013 communication to the GoR containing details of the terms and conditions of the CMDA including the price mechanism was submitted merely for appraisal, and not for approval. No approval letter or even acknowledgement from the State Government has been referred in the *Annexure* or placed on record. Similarly, the 2016 letter forwarding the executed CMDA with RCL was only an intimation, without any demonstrated approval or response from the GoR.

C. Irrelevance of Board Composition Argument

The Petitioner's submission that its Board of Directors includes members from the Finance Department and Energy Department of the State Government is wholly irrelevant. The Petitioner has not clarified the capacity in which such members were present, whether they participated in or approved the minutes relied upon, or whether any such participation can be construed as governmental approval. Membership of departmental officials on the Board of a corporation does not amount to approval of GoR itself, either expressly or impliedly. Nor can it substitute for a formal administrative decision of the GoR.

D. Non-compliance of orders and directions sought

In light of the above, it is evident that the Petitioner has neither complied with the Commission's repeated directions nor demonstrated that the pricing mechanism under the CMDAs with PKCL and RCL has received specific approval of the Government of Rajasthan. Accordingly, the Petitioner continues to remain in non-compliance with the Commission's directions. In light of the above, the Commission may direct the Petitioner to:

a) Submit copies of all letters, communications, and certified minutes of Board meetings referred to in its annexures, relied upon to claim approval of the CMDAs and the pricing mechanisms;
b) Clarify the capacity of Finance and Energy Department representatives on the Board, and whether they participated in the meetings approving the CMDAs, pricing mechanisms, and selection of bidders, supported by documentary evidence.
c) Provide evidence of 'specific approval' of the pricing mechanism under the CMDA with PKCL and RCL;

The Commission is also requested to take appropriate action under Section 142 of the Electricity Act to take appropriate action against the Petitioner if it again fails to comply with the Commission's directions.

3.3.4. Dedicated Utilisation of Fly Ash Fund

The Commission, vide Order dated 19.06.2025, categorically directed the Petitioner to utilise the fly ash fund strictly for dedicated purposes, including infrastructure development for fly ash storage, transportation and processing, as well as promotion and facilitation of fly ash utilisation, in line with the guidelines issued by the Government of India. In response to the direction, the Petitioner has submitted *Annexure Z5 in the True-up Petition*. A review of the Petitioner's submissions reveals material deficiencies in both disclosure and substance.

SSCTPP has provided only status of total funds, with no details of any expenditure thereunder. In case of KTPS, there is no clarity on net funds left in the fly ash utilisation funds. In the case of KTPS, STPS and CSCTPP, the compliance status merely reflects revenue collected from sale of fly ash and/or aggregate utilisation figures, without furnishing any break-up of expenditure. There is no disclosure of the nature of works undertaken, heads under which the fly ash fund has been utilised, or linkage of expenditure to the dedicated purposes specified by the Commission. Such submissions do not permit any verification of whether the fly ash fund has been deployed in accordance with regulatory directions.

Further, CTPP and KaTPP, while indicating certain heads of expenditure, disclose utilisation almost entirely towards transportation of fly ash and substantial consultancy charges paid to M/s. MSTC. The submissions do not reflect any expenditure towards development or augmentation of infrastructure for fly ash storage, handling, or on-site processing facilities.

Furthermore, the submissions provide no evidence of systematic investment in fly ash storage or processing infrastructure. The absence of adequate fly ash storage systems has direct environmental consequences, as improper handling and open storage result in dispersion of fly ash into the surrounding atmosphere, leading to severe air, soil, and vegetation pollution. Overall, the Petitioner's submissions also show that it has significant amount (nearly Rs. 800 crores in FY24 with information for FY25 subject to confirmation from KTPS as to net amount in its fly ash utilisation funds) left unutilised in its funds. This amount could well be utilised for a addressing the pollution due to spillage of fly ash in the plant vicinities.

Such disclosures by the power plants of the Petitioner severely fall short of the Commission's directions and do not establish compliance with the requirement of purpose-specific utilisation of the fly ash fund. As such, the Commission must direct the Petitioner to submit the following:

a) Details of year-wise revenue from ash, expenditure from fund in past five years;
b) Plans for systematic investment in fly ash storage or processing infrastructure.

Upon failure of Petitioner to comply with the same, the Commission may consider taking stringent action under Section 142 of the Electricity Act, 2003.

3.3.5. Auxiliary Consumption: Supply to Housing Colonies and Other Facilities

In its Order dated 19.06.2025, the Commission had noted that CTPP, CSCTPP and KaTPP were supplying electricity to housing colonies and other facilities from auxiliary consumption. The

Commission had further clarified, with reference to Regulation 2(a)(6) of the RERC Tariff Regulations, 2019, that energy consumed for such purposes shall not form part of auxiliary consumption and must be metered separately, and had directed the Petitioner to exclude such consumption while computing auxiliary energy and to disclose corresponding cost and revenue details.

While the Petitioner has submitted information *in Annexure-Z6 of the Petition* regarding electricity supplied for non-generation end-uses, the submissions are incomplete and do not establish compliance with the Commission's directions.

A. Exclusion of non-plant consumption from reported auxiliary energy

From the material submitted in the present true-up, it is not evident whether the energy supplied to housing colonies and other facilities has actually been excluded from the auxiliary consumption reported by the plants for the purpose of true-up. For instance, KaTPP has disclosed supply of 17.39 lakh units (1.739 MU) to housing colony, WRD and FGD during FY25. However, it is unclear whether this quantum has been excluded from the auxiliary consumption of 496.32 MU claimed in the true-up.

No plant-wise reconciliation has been provided to demonstrate such exclusion. In the absence of a clear reconciliation between gross auxiliary draw, non-plant consumption, and net auxiliary energy claimed for tariff purposes, compliance with Commission's directions Regulation 2(a)(6) cannot be verified.

B. Treatment of revenue from sale of power to colonies and other facilities

The Petitioner has also furnished partial billing details for electricity supplied to housing colonies and other facilities. However, it has not clarified whether the revenue realised from such supply has been duly accounted for in the true-up. In particular, the Petition does not disclose whether such revenue has been booked at the plant or corporate level, the specific accounting heads under which it has been recognised in the audited accounts, or where it has been reflected in the true-up computation.

In absence of such disclosure, there is a risk of asymmetric treatment, wherein energy is excluded from auxiliary consumption without corresponding adjustment on the revenue side. Furthermore, the Petitioner has not submitted any approval of the Commission for determination of tariffs at which it has supplied the electricity.

In view of the above, the Commission may consider directing the Petitioner to:

a) Submit a plant-wise reconciliation statement clearly showing gross auxiliary energy draw, energy supplied to housing colonies and other facilities, and net auxiliary consumption claimed for tariff purposes for the past three financial years.
b) Clarify whether the auxiliary consumption figures reported in the true-up petitions are inclusive or exclusive of such non-plant consumption, with supporting metering data.

c) Submit plant-wise details of revenue realised from such supply, along with the specific accounting heads under which the same has been booked in the audited accounts and reflected in the true-up.
d) Submit details of the tariff applied, the methodology adopted for its determination, and whether prior approval of the Commission was obtained.
e) Disclose whether similar arrangements exist at other generating stations of the Petitioner and, if so, provide equivalent disclosures for all such stations.

3.3.6. Persistent Non-Compliance in Depositing Approved Terminal Benefits

The Commission, in its Tariff Order dated 19.06.2025, had recorded that the Petitioner deposited only Rs. 40.00 crore against Rs. 232.02 crore allowed towards terminal liabilities in FY23 and deposited no amount against Rs. 171.61 crore allowed in FY24. Even for this period, the Petitioner has deposited Rs. 105 crore towards terminal benefits, which is approximately 50 per cent of the amount approved by the Commission at the time of ARR. This clearly reflects a continuing disconnect between approved and actual funding of terminal liabilities.

Further, the Petitioner has admitted *in Annexure-Z3 of the Petition* that deposits towards terminal benefits are being made subject to the availability of funds after meeting day-to-day O&M expenses and other urgent payments, citing financial constraints arising from the issuance of credit notes to the Discoms. Irrespective of the veracity or justification of these reasons, the Petitioner's own admission confirms that funding of terminal liabilities is being treated as residual and discretionary, rather than as a mandatory regulatory obligation.

Additionally, as per the Petitioner's own submissions and actuarial reports submitted along with the instant Petition, terminal benefits amounting to approximately Rs. 495.06 crore were required to be deposited during FY25, which is substantially higher than the amount actually deposited. Continued under-depositing of terminal benefits exposes the Petitioner to increasing unfunded liabilities, escalating interest costs, and material risks to its ability to meet statutory obligations towards employees, potentially leading to payment delays, labour disputes, and legal exposure, with consequential operational and financial instability.

Notwithstanding these persistent shortfalls, admitted financial constraints, and rising risks, the Petitioner has continued to seek tariff recovery of terminal benefit costs, thereby effectively passing through unfunded employee liabilities to consumers. Such an approach directly undermines the prudence framework governing tariff determination and defeats the Commission's explicit linkage between allowability of terminal benefits and actual deposits.

In order to address this persistent non-compliance, the Commission, in its ARR Order for FY26, provided for a disallowance of 10 per cent of the shortfall amount from total fixed charges at the time of true-up. The Commission may adopt and apply the same disallowance for truing-up the as well. Accordingly, the Commission is requested to strictly limit tariff recovery to the amounts actually deposited, enforce the disallowance provisions proposed in previous tariff order, and decline any further relaxation in the absence of demonstrable and timely compliance by the Petitioner.

3.3.7. Third-Party Certified Coal GCV Data

Despite the specific direction issued by the Commission in its Order dated 17.09.2025 requiring submission of third-party certified "as received" and "as fired" GCV of primary fuel for each generating station separately, the Petitioner has not complied with the same. While the Petitioner has merely furnished details of third-party agencies, it has failed to submit the actual third-party certified GCV reports, station-wise, along with supporting documents. This constitutes partial and inadequate compliance with the Commission's direction and prevents any independent verification of fuel parameters used for tariff determination. In view of such continued non-compliance with a binding regulatory direction, the Commission may consider initiating appropriate action under Section 143 of the Electricity Act, 2003 for failure to comply with its order.

4. COMMENTS ON ARR AND TARIFF FOR FY 2026-27

4.1. Business Diversification Plans

The Petitioner has, in the Annual Report annexed as *Annexure B of the True-up Petition*, indicated plans for addition and diversification of generation capacity through thermal, renewable energy, energy storage, and other emerging technologies. However, the Petitioner has not placed on record any consolidated statement clarifying the current status of such capacity addition plans, their stage of development (conceptual, approved, under execution, or commissioned), or their relevance for the control period under consideration.

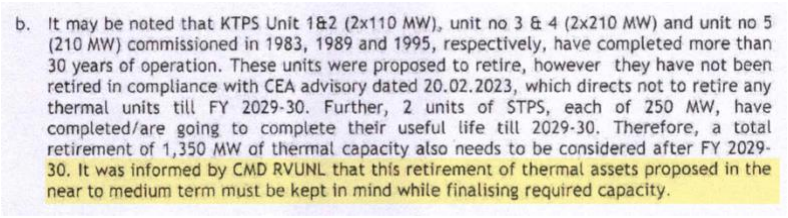
More importantly, the Petitioner has not demonstrated whether these proposed or ongoing capacity additions are anchored in, or aligned with, the Resource Adequacy (RA) framework notified by the CEA. The Petition is silent on whether the capacity planning exercise undertaken by the Petitioner is based on an assessment of system-level resource adequacy, including demand projections, reserve margin requirements, capacity credit of variable renewable energy, and the role of flexible resources such as storage. Additionally, it is also unclear if the long-term fixed cost implications of such capacity additions have been prudently assessed in a least-cost, technology-neutral manner. We therefore request the Commission to direct Petitioner to explicitly clarify:

a) status of proposed and ongoing capacity addition and diversification initiatives;
b) whether such initiatives are in conformity with the CEA's Resource Adequacy Plan or any other similar plan. If so, place on record the relevant studies, approvals, or correspondence evidencing such conformity; and
c) if no such alignment exists, the reasons for planning capacity addition outside resource adequacy plans, and the manner in which consumer interest would be safeguarded against risks of over-capacity or sub-optimal resource mix.

4.2. Proposed Retirement of Ageing Thermal Units

In the minutes of the 35th meeting of the Energy Assessment Committee held on 21.08.2025 (*see Figure 7*), the CMD of the Petitioner stated that certain units of KTPS and STPS are proposed to be retired in the near to medium term.

It remains unclear whether the proposed retirement of these units is based on any structured assessment of their operational status, including residual life analysis, technical and economic feasibility of continued operation, environmental compliance requirements, or safety and reliability considerations.



b. It may be noted that KTPS Unit 1&2 (2x110 MW), unit no 3 & 4 (2x210 MW) and unit no 5 (210 MW) commissioned in 1983, 1989 and 1995, respectively, have completed more than 30 years of operation. These units were proposed to retire, however they have not been retired in compliance with CEA advisory dated 20.02.2023, which directs not to retire any thermal units till FY 2029-30. Further, 2 units of STPS, each of 250 MW, have completed/are going to complete their useful life till 2029-30. Therefore, a total retirement of 1,350 MW of thermal capacity also needs to be considered after FY 2029-30. It was informed by CMD RVUNL that this retirement of thermal assets proposed in the near to medium term must be kept in mind while finalising required capacity.

Figure 6: Extract of minutes of 35th meeting of the Energy Assessment Committee held on 21.08.2025

The Commission is requested to direct the Petitioner to clarify whether the statement of its CMD quoted in the minutes of 35th EAC meeting is supported by any internal approval, board resolution, or formally adopted planning document of the Petitioner.

The Commission may also direct the Petitioner to clarify whether any studies or evaluations have been undertaken to assess residual life analysis, technical and economic feasibility of continued operation, and if so, to place the relevant reports or internal analyses on record. The Petitioner may also be directed to clarify whether, in parallel with retirement planning, it has examined options such as repurposing, repowering, phased decommissioning, or alternative end-use of the retiring assets.

In the absence of any disclosure on this aspect, it is not evident whether the Petitioner's planning for ageing thermal assets adequately considers potential long-term system and resource adequacy implications.

4.3. ARR Approval: Approach and Process

We submit that the current approach of ARR approval, that is treating RVUNL's ARR 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 central role in Rajasthan's power sector, 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 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.

4.4. Return on Equity (RoE) and Reversal of LPS

In the ARR Petition for FY27, the Petitioner has not clearly disclosed the status of approval from the Government of Rajasthan (GoR) with respect to restoration and charging of Return on Equity (RoE).

In this context, it is noted from the Petitioner's Annual Report that proposals seeking reversal of credit notes issued towards LPS and RoE, provision of additional budgetary support to meet debt servicing obligations, reduction in government guarantee commission, and permission to charge RoE prospectively have been submitted to the GoR. However, the ARR Petition for FY27 is silent on whether any of these proposals have since been approved or rejected by the GoR, and whether any formal orders or communications have been issued in this regard.

Return on Equity is a core component of the cost-plus regulatory framework, intended to compensate equity holders for capital deployed and risks assumed in operating generation assets. Continued denial or deferment of RoE effectively renders equity return-less, weakens internal accruals, and increases reliance on debt even for routine expenditure, thereby undermining financial viability and elevating systemic risk. In this backdrop, regulatory scrutiny of the status of GoR approval on RoE assumes critical importance, as non-recovery of RoE is inconsistent with prudent cost recovery and the long-term financial sustainability of the Petitioner.

4.5. Plant Availability Targets for FY27

The Petitioner has proposed normative Plant Availability Factors (PAF) for FY27 in line with the RERC Tariff Regulations, 2025. It has set targets of 83 per cent for all generating stations, except SSCTPP and CSCTPP at 85 per cent, and RGTPP at 70 per cent. While these targets are consistent with the regulatory framework, their achievability must be assessed against the Petitioner's own historical operational performance.

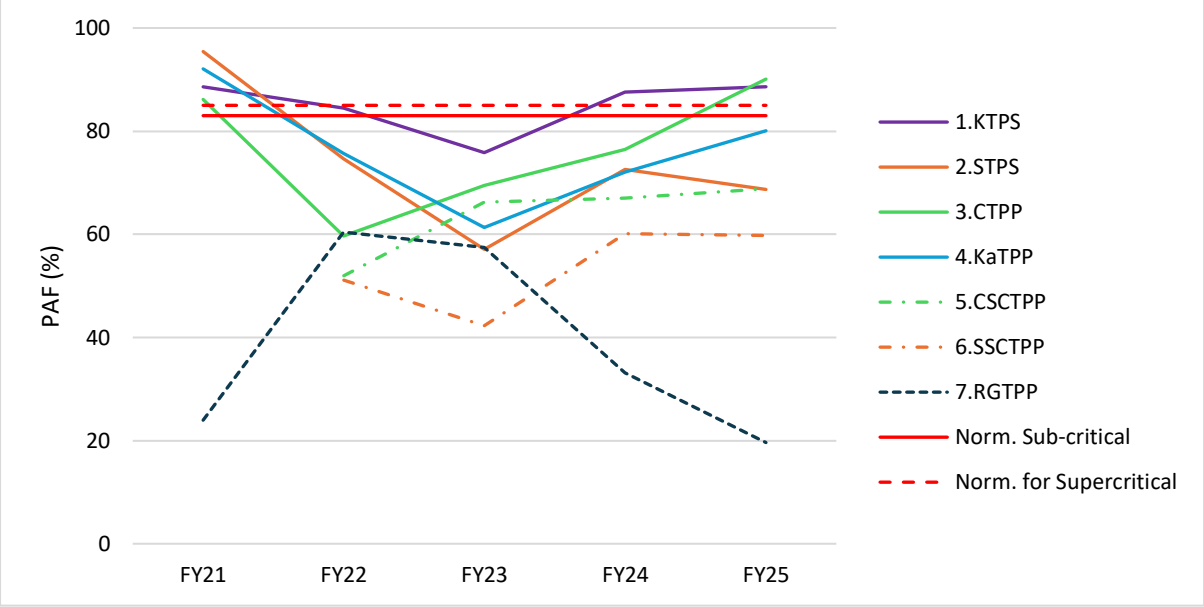


Figure 7: Actual year-wise PAF of Petitioner's coal-based thermal power plants

A review of actual PAF over the preceding financial years indicates that majority of generating stations have failed to meet the applicable normative benchmarks (*see Figure 8*). The continued underperformance of Petitioner's plants with availability substantially below the normative level, remains particularly concerning.

In the absence of any demonstrable and structural shift in operational reliability, maintenance practices, the proposal to meet normative targets appears optimistic and unsupported by evidence. Merely reiterating regulatory norms, without addressing underlying causes of historical underachievement, does not provide a sound basis for tariff determination. Acceptance of such targets risks inflating fixed cost recovery assumptions, which may not materialise in practice and subsequently lead to tariff distortions or true-up adjustments.

In this context, it is respectfully submitted that the Commission may direct the Petitioner to justify the proposed normative PAF targets for FY27 with reference to concrete, station-wise evidence of operational improvements achieved or firmly underway. The Petitioner may further be directed to place on record a detailed, plant-specific action plan, including timelines and measurable milestones, demonstrating how the proposed PAF levels will be realistically achieved during FY27. In the absence of such substantiation, the Commission may consider approving availability targets aligned with recent actual performance, rather than purely normative assumptions, for the purpose of tariff determination.

4.6. Plant Load Factor (PLF) Targets for FY27

In its Petition seeking approval of ARR and tariff for FY27, the Petitioner has proposed normative PLF targets of 83 per cent for all generating stations, except SSCTPP and CSCTPP at 85 per cent and RGTPP at 70 per cent, in line with the RERC Tariff Regulations, 2025.

However, an examination of actual PLF performance over the last five financial years (*see Figure 9*) indicates that none of the generating stations have achieved their respective normative PLF levels up to FY24. This sustained underperformance calls into question the

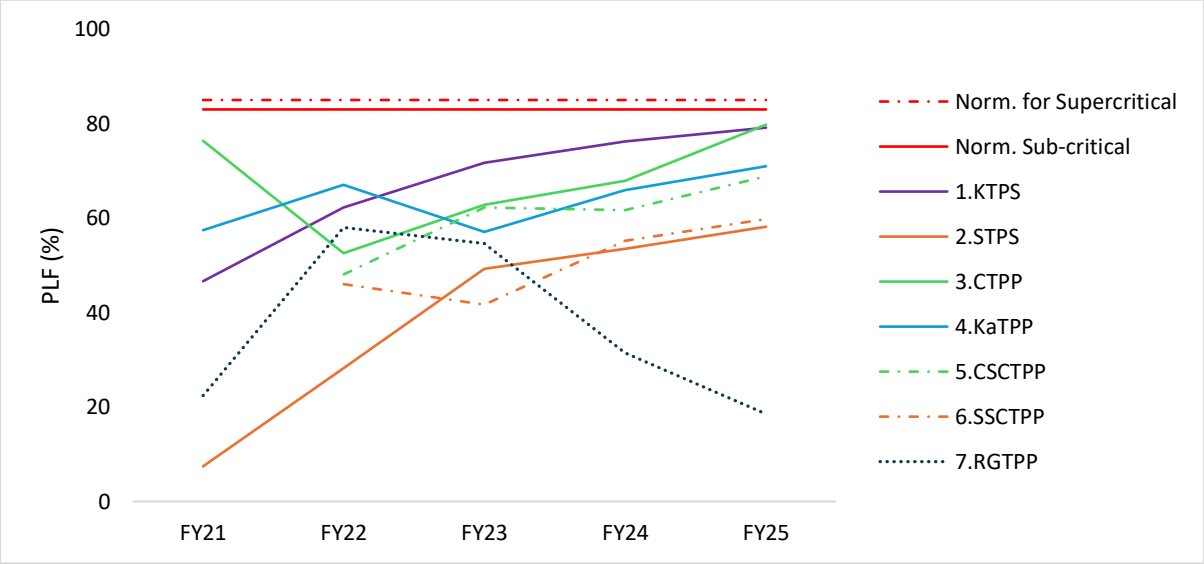


Figure 8: Actual year-wise PLF of Petitioner's coal-based thermal power plants

realism and achievability of the proposed PLF targets, particularly in the absence of any demonstrated improvement in operational reliability or identifiable systemic interventions to address plant-specific constraints.

In these circumstances, it is submitted that the Petitioner should be directed to seek approval of PLF levels aligned with its actual performance. Such an approach would also not adversely affect the power planning of the Discoms, who may otherwise rely on the Petitioner's projections while determining procurement from alternative sources.