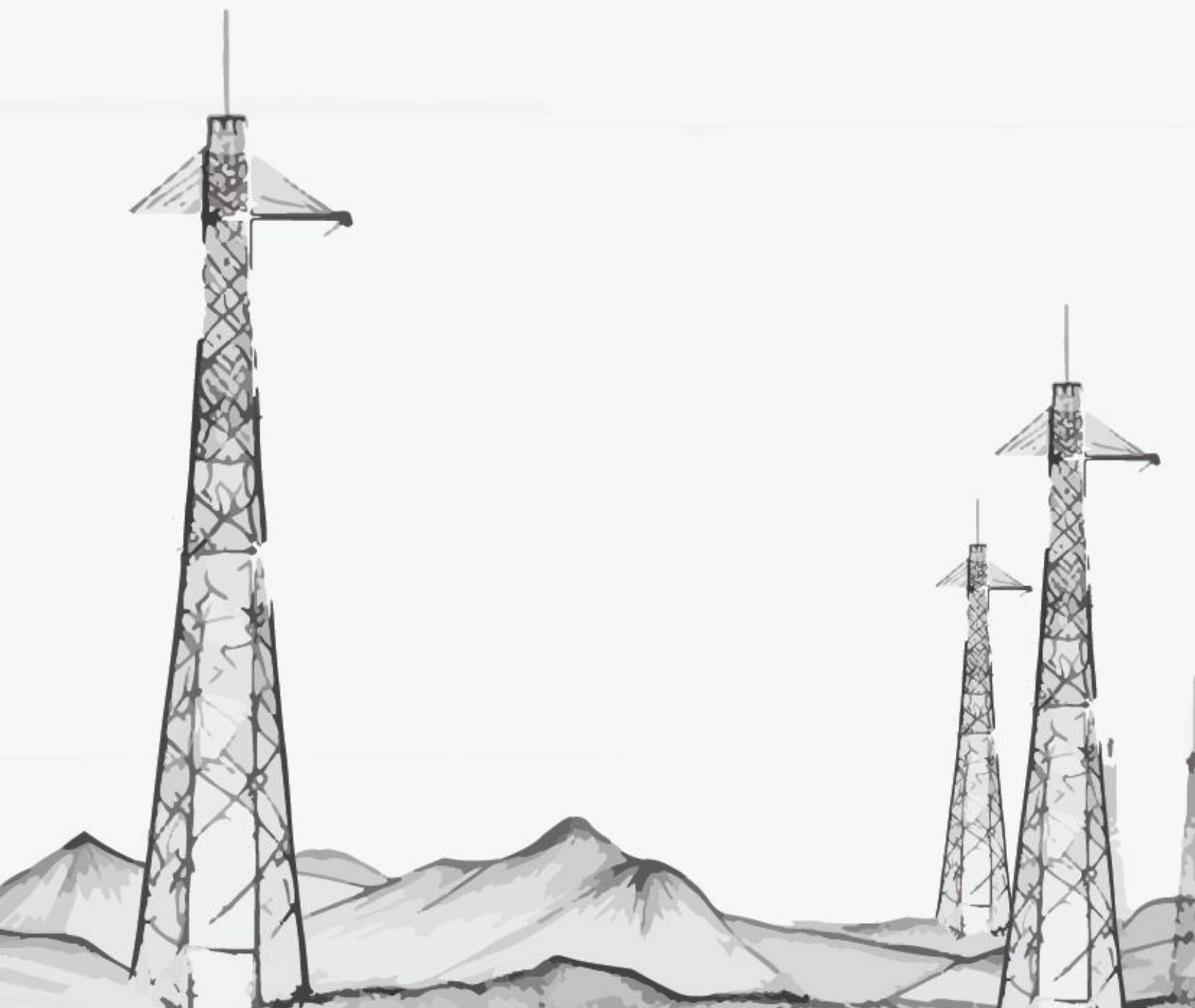


Submitted to Rajasthan Electricity Regulatory Commission

Dec. 2024

Submission on Draft RERC (Terms and Conditions for Determination of Tariff) Regulations, 2025



CENTRE FOR ENERGY, ENVIRONMENT & PEOPLE

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1. INTRODUCTION

The Rajasthan Electricity Regulatory Commission – RERC (hereafter commission) has issued the Draft Rajasthan Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2025, in exercise of its powers under Section 61 and Section 181 of the Electricity Act, 2003. A public notice inviting objections and suggestions on the draft “RERC (Terms and Conditions for Determination of Tariff) Regulations, 2025” has been published.

This submission is in response to the public notice available on the commission’s website. We request the commission to accept this submission on record. The comments and suggestions are categorised in the following sections:

- i. General Comments
- ii. General Principles of Tariff Determination
- iii. Financial Principles for computing costs and return
- iv. Revenues
- v. Norms and Principles for determination of ARR and tariff for Generation Business
- vi. Tariff for Transmission and recovery of SLDC charges
- vii. Norms and Principles for determination of ARR and Tariff for Distribution Business
- viii. Miscellaneous

2. GENERAL COMMENTS

2.1 Compliance with Ministry of Power (MoP) Rules and Central Electricity Regulatory Commission (CERC) Regulations

Under Section 61 of the Electricity Act, state electricity regulatory commissions (SERCs) are guided by the regulations formulated by the Central Electricity Regulatory Commission (CERC). However, it is important to recognize that these central regulations are advisory in nature and not binding on state commissions.

In the proposed Draft Regulations, several provisions appear to have been directly adopted from CERC regulations¹ without adequately considering Rajasthan's unique state-specific requirements and operational contexts. For instance, CERC in its 2024 tariff regulations has factored in the average actual availability of the thermal generating stations regulated by it for determining the target availability and load while the Draft Regulations have simply adopted the targets arrived at by CERC without any rationale for the same. Similarly, while the directives issued by the Ministry of Power (MoP) under Section 176 of the Act provide a framework for uniformity, their implementation must account for local conditions to ensure relevance and effectiveness.

¹ Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024

While certain provisions aligned with MoP and CERC frameworks can improve transparency and accountability in the power sector, others—such as those concerning fuel blending mandates, ash transportation for infrastructure projects, and the application of fuel surcharge mechanisms—may impose significant financial burdens on state-owned generation companies (Gencos) and distribution companies (Discoms). These additional costs risk being passed on to end consumers, burdening them, undermining affordability and equity in electricity tariffs.

We, therefore, submit the Commission to conduct a detailed evaluation of these provisions in light of Rajasthan's specific economic, technical, and social contexts. Provisions should be incorporated only after appropriate modifications are made to the CERC provisions to address local needs, ensuring a balanced approach that aligns with the state's priorities and minimises adverse impacts on stakeholders.

2.2 Treatment of New Capacity

In the context of the ongoing and rapid energy transition, new coal-based capacity additions tied to 25-year fixed-cost power purchase agreements (PPAs) present significant risks of long-term lock-in, particularly given the evolving energy mix and market dynamics. To mitigate these risks, it is imperative that all new capacity proposals undergo rigorous scrutiny by beneficiaries and regulators.

We recommend prioritizing the competitive bidding route under Section 63² of the Electricity Act over the traditional Section 62 approach. Competitive bidding ensures transparent tariff discovery, simplifies regulatory oversight, and reduces the risk of cost inefficiencies. Therefore, all new projects should be mandated to follow the Section 63 route, subject to the Commission's approval.

For exceptions of capacity additions under Section 62 by Rajasthan Vidyut Utpadan Nigam Ltd. (RVUNL) stricter oversight is essential. RVUNL should submit a comprehensive business plan for each control period, outlining capital investments with clear justifications aligned with Rajasthan's energy needs. These plans must undergo public consultation and Commission approval after prudence checks.

Given the long gestation periods and risks of stranded assets in the evolving energy sector, such investments could strain the RVUNL's finances and burden consumers.

2.3 Compliance and Enforcement Mechanism

A review of past Tariff Regulations and orders reveals persistent non-compliance by state utilities, particularly Discoms, on several directives. Notably, certain directives outlined in tariff orders have remained unaddressed for over four years, as summarised in Annexure I. While

² Determination of tariff by bidding process

Section 142³ of the act empowers the Commission to impose fines for non-compliance, this measure has proven insufficient to deter repeated violations.

The Draft Regulations introduce new provisions related to subsidy releases, reporting, Fuel and Power Purchase Adjustment Charges, Regulatory Assets, and more. However, without effective enforcement mechanisms, these requirements are likely to face similar non-compliance, exacerbating the financial challenges faced by Discoms.

To strengthen adherence and accountability, we propose the following measures:

- i. **Compliance Reporting:** Mandate Discoms and Gencos to publish quarterly or semi-annual compliance reports detailing timelines, progress, responsible officials, and any cost or time overruns.
- ii. **Default Actions for Non-Compliance:** Establish automatic measures for non-compliance, such as mandatory appearances by senior management (e.g., Managing Director and Directors) and fines or disciplinary actions against responsible officials.
- iii. **Automatic Adjustments:** Allow automatic revisions (within appropriate limits) of specific cost parameters if Discoms fail to submit required data within stipulated timelines.
- iv. **Strict Timeframes for Submissions:** Define clear deadlines for submitting data required to the ARR and tariff accurately such as voltage-wise and division-wise distribution loss data.

2.4 Tariff for Energy Storage Systems

The Draft Regulations provide a robust framework for optimizing hydro and thermal resources but lack provisions for tariff structures and incentives for resources that enable effective grid integration of renewables. As the share of renewable energy in the fuel mix increases, Energy Storage Systems (ESS) will play a critical role in meeting peaking power needs cost-effectively. To address this gap, we recommend:

- i. Including a tariff structure for Battery Energy Storage Systems (BESS) and other storage solutions that support peak power requirements.
- ii. Allowing the sale of electricity from ESS or the sale/lease of storage space through competitive bidding under Section 63 or under a cost-plus mechanism under Section 62.

These provisions will facilitate the deployment of ESS, ensure grid stability, and enhance the overall efficiency of renewable energy integration.

2.5 Provision on Decommissioning

The Draft Regulations overlooks the critical issue of asset decommissioning, leaving a significant gap in the regulatory framework. Decommissioning involves more than halting operations—it involves managing residual assets, finding the decommissioning, monetising the remaining assets, determining the utilisation of funds generated through

³ Punishment for non-compliance of directions by Appropriate Commission

decommissioning, and addressing financial considerations like regulatory treatment of excess recovery.

With the energy sector transitioning towards cleaner alternatives, the closure of coal-based assets is expected to become more frequent. It is imperative to establish clear regulatory guidelines to manage these transitions effectively.

We recommend the following:

- i. **Comprehensive Decommissioning Guidelines:** Develop and incorporate detailed guidelines on asset decommissioning, including regulatory oversight mechanisms. These guidelines should address fund utilisation and establish processes for handling excess recovery from decommissioned assets.
- ii. **Staff Paper on Decommissioning Costs:** Release a staff paper exploring approaches for managing decommissioning costs for thermal capacity of varying ages under the Commission's jurisdiction. This paper should undergo a public consultation process to incorporate stakeholder feedback, as decommissioning costs will have a direct impact on consumer tariffs. Regulations on cost recovery should be informed by the outcomes of these consultations.

These measures will provide much-needed clarity, improve regulatory preparedness, and ensure that decommissioning processes are equitable and transparent.

2.6 Inclusion of Provisions

a) Blending of Fuel:

The Draft Regulations lack provisions addressing the blending of fuel (coal with biomass pellets and with imported coal) in generating stations. This omission creates uncertainties, especially where blending practices impact energy charge rates or adversely affect plant equipment.

We recommend that the Commission introduce specific provisions in the Draft Regulations governing fuel blending, including:

- i. Assessing the impact of blending on plant equipment,
- ii. Defining permissible limits for blending, and
- iii. Specifying allowable variations in energy charge rates due to blending practices.

These measures will provide clarity, safeguard equipment, and ensure cost-effectiveness in operations.

b) Rebate for Prompt Payment:

Regulation 37 currently provides rebates for prompt payment of generation tariff, transmission charges, SLDC operation charges, and wheeling charges, but excludes consumers. We recommend that the Commission extend this provision to include rebates for consumers who make prompt payment of retail tariff bills. For instance, in Maharashtra, the

Commission allows a 1% rebate on the billed amount (excluding taxes, cess, and duties) for payments made within seven days of bill issuance.

Such a provision would encourage timely payments, improve cash flow for utilities, and benefit consumers directly.

3. GENERAL PRINCIPLES FOR TARIFF DETERMINATION

3.1 Filing under MYT Control Period

The Draft Regulations specify that applications for approval of ARR and tariff determination for the first year of the Control Period (FY 2025-26) by each Generating Company, Licensee, and SLDC must be filed within four weeks of the notification of these Regulations in the official gazette. However, it is suggested that the filing timeline be made more pragmatic, as petitioners often submit multiple revisions and supplementary documents to their initial petition. To ensure the integrity of the process, it is crucial that the petitioner is provided with a firm, mutually agreed-upon timeline that is realistic and feasible.

3.2 True-up Petition and Formats

The Draft Regulations propose that the Commission issue separate orders for the release of forms for submitting True-up petitions. It is recommended that these forms be made available within 15 days of the notification of the tariff regulations.

Additionally, the regulations should mandate the public release of these True-up forms along with the petition, ensuring data accuracy through thorough verification. The petitioner must also make all related information and annexures publicly accessible on both their website and the Commission's website. Furthermore, the True-up forms should be provided in machine-readable formats with their formulae intact.

In recent years, petitioners—such as Generating Companies, Licensees, and SLDCs—have not shared machine-readable documents, particularly Excel files, which are public documents and crucial for transparency. Limited public engagement, combined with this lack of accessible documentation, reduces stakeholders' ability to review the tariff and True-up petitions, depriving the sector of transparency and accountability.

We recommend that the tariff regulations should consider non-submission of tariff documents and forms in user-friendly, machine-readable formats as incomplete submissions.

3.3 Petition for approval of ARR and determination of tariff

Petitions for ARR approval and tariff determination, when made public, often lack essential attachments, documents, reports, and annexures referenced within them. These petitions typically do not include machine-readable formats, contain unclear or inconsistent data, and compromise the integrity of the process. Often time the formats are provided in poor quality scans with many sections unclear or undecipherable data, and the same data points are quoted inconsistently across different sections. The regulations also mandate the issuance of

formats for revenue and expenditure calculations through separate orders from the Commission. We recommend the regulations shall

- i. Mandate the public sharing of all related information and annexures with the petition documents.
- ii. Ensure formats for revenue and expenditure calculations are provided in machine-readable formats with formulae intact.
- iii. Require the publication of the key features of the tariff petition in the top five daily newspapers by readership in the state or the top two newspapers by readership in each district.
- iv. Ensure all tariff petition documents are accessible on both the petitioner's and Commission's websites.
- v. Mandate distribution licensees to conduct detailed presentations on the petition at their headquarters and each of the sub-division with public participation in both hybrid and in-person formats.

3.4 Subsidy by State Government

Regulation 13(1) of the Draft Regulations mandates advance payment of the subsidy by the state government to compensate the Licensee or other affected entities. However, Regulation 13(4) requires only the distribution licensee to submit a quarterly report to the Commission, without holding the state government accountable for delays in subsidy payment. Delayed subsidy payments to Discoms are common, and the provision for advance payment is rarely followed. This negatively impacts the financial health of Discoms and undermines the regulatory process. Hence, we recommend the commission to include the following in the draft regulations

- i. Mandating that Discoms forecast category-wise subsidy requirements by January 31 of the preceding year and submit them in advance to both the State Government and the Commission.
- ii. The State Government should provide a letter of credit equal to the average monthly subsidy amount for two months or make an advance payment of 110% of the estimated monthly subsidy requirement. Any deviations from the projections should be adjusted in the second month following the period.
- iii. Consumer bills should reflect the subsidy status, and bills should be issued without the subsidy if it has not been received. Any subsequent subsidy payments can be adjusted in future bills.

3.5 Publication of Tariff

Regulation 14(1) mandates that Discoms publish the salient features of the tariff in two daily newspapers (one in Hindi and one in English) with wide circulation in their area of supply. To enhance dissemination and reach a broader audience, particularly in larger states like Rajasthan, we recommend the following:

- i. Mandate the publication of the salient features of the tariff in the top five daily newspapers by readership in the state, or the top two daily newspapers in each district by readership. For example, states such as Maharashtra and Karnataka have adopted the practice of publishing in four newspapers—two in English and two in vernacular languages—to maximize audience reach.
- ii. Ensure that the salient features of the tariff order are published within five days of the Commission’s order. Additionally, Discoms should submit details regarding the publication of these salient features as part of the true-up process.
- iii. Notify consumers of tariff changes via electricity bills, SMS, email or mobile applications, within or before the next billing cycle.

4. FINANCIAL PRINCIPLES FOR COMPUTING COSTS AND RETURN

4.1 Return on Equity

The government of India has recognised that competitive market for power will develop gradually, hence it was necessary to continue “cost-plus” regime to achieve economic efficiency, protect the interest of consumers and investors, attract investment, and ensure regulatory certainty. Based in the recommendations of KP Rao Committee CERC has adopted two-part tariff to improve grid operations and reflect true cost of operations for generation companies.

CERC has appointed a consultant to determine the mechanism to decide return on capital employed (ROCE) or return of equity (ROE) to balance the need for investment in the sector while protecting interests of consumer. While the consultant has suggested to shift to cost to capital method, determined through capital asst pricing model to reflect the balanced risk-return profile (CERC, 2003). CERC recommend that it will shift ROCE once interest rate will get stabilised and bench marking of debt/equity is perfected. Therefore, CERC decided that ROE should be 16% for all power projects in the absence of precise benchmark for risk-return profile and other complications based on prevailing prime lending rates, which is based on the recommendations of KP Rao committee in 19924. The ROE of power projects has remained around 16% since then, with a little variation. CERC has continued the 16% ROE based on prime lending rates, uncertainties arising from power sector operations, and nascent market for power trading in 2003. RERC should revisit the cap on ROE and peg it with the standard benchmarks due to following reasons.

⁴ See <https://powermin.gov.in/hi/content/tariff-notification-generating-companies>

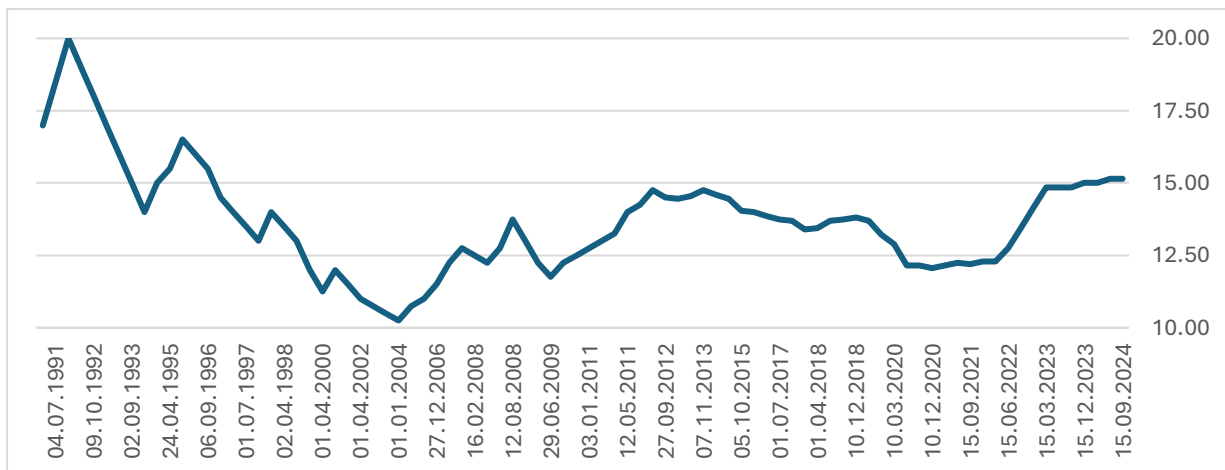


Figure 1: Prime Lending Rate

Source: State Bank of India

- i. In the last 20 years, the lending rates in India has varied significantly between 20% to 10.25%, which is an indicator of risk-free returns. Despite it, ROE has remained fixed around 16%, which is not in the interest of either investor or consumer. At times, consumer must pay high tariff despite low interest rates, while at other times developer has to sale cheaper power despite high interest rates.
- ii. The power markets have matured, and uncertain risk have come down significantly. Therefore, the risk premium should also come down significantly.
- iii. The ROE in power sector in comparable markets like China is in the range of 8-10% yearly, therefore ROE of 16% seems to be too high in Indian case. Further, Germany have reduced ROE to 5.07% for new assets and 3.55 for old assets from 6.91% and 5.12% respectively, due to macro-economic stability⁵.
- iv. CERC has recognised the need for rationalisation of ROE and linking it to standard benchmarks to reflect the market realities and ask for comments from all stakeholders on this issue (CERC, 2013). In the recent comments invited by CERC on ROE, state governments, like Punjab, have argued that ROE should be reduced in a cost-plus regime, as all the cost are covered by CERC, hence generation and transmission companies do not carry any risk virtually. Similar voices have been raised by state electricity boards in 2003 at the time of first approach paper authored by CERC (CERC, 2003).

5

https://www.bundesnetzagentur.de/SharedDocs/Pressemitteilungen/EN/2021/20211020_EKZins.html#:~:text=The%20Bundesnetzagentur%20has%20set%20out,corporate%20tax%20has%20been%20determined.

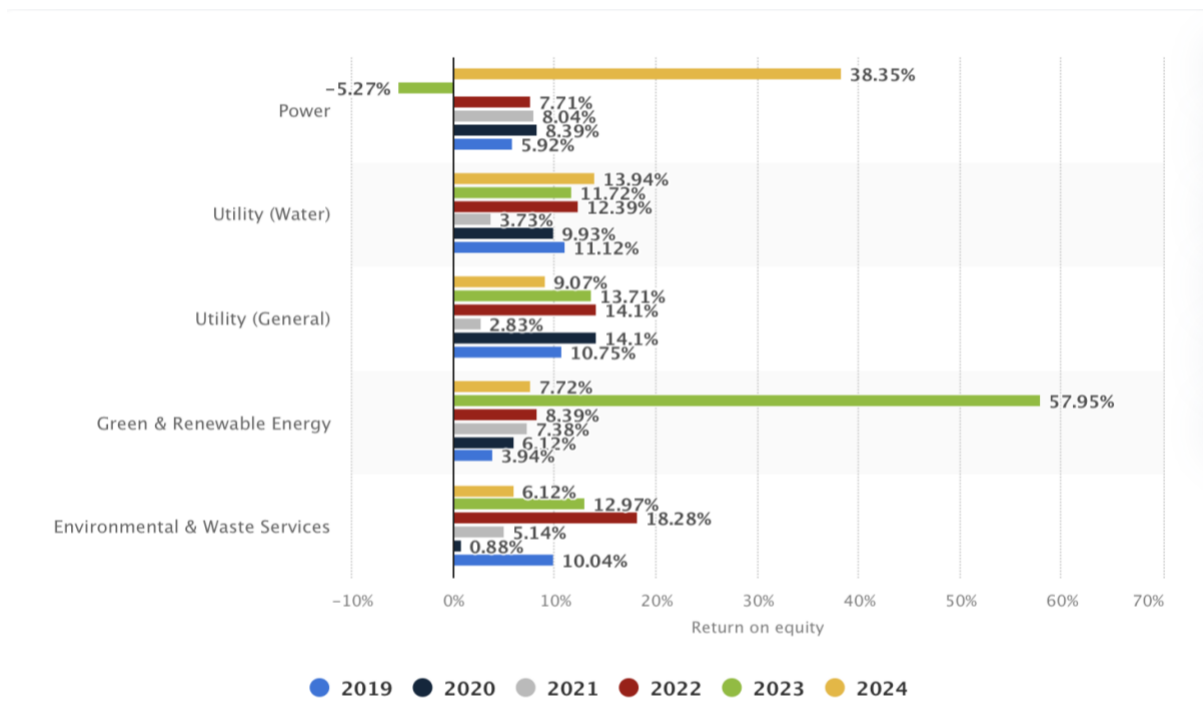


Figure 2: Return of Equity of Various Utilities in Western Europe

Source: Statista

In the view of above, RERC should conduct a study to rationalize ROE and benchmark it to the standard debt/equity indices to reflect market conditions and real risk-return profile. It will help in designing tariff, reflective of true cost, that will be in interest of both investor and the consumer. Until the study is completed, it is suggested to adopt a two-part ROE structure: a base ROE aligned with regulatory provisions, reflecting the low-risk nature of these investments, and a performance-based ROE linked to improvements in actual performance and operations, such as reduced losses, improved SHR, and other relevant performance metrics.

4.2 Return on Equity Claims by State Utilities

In Rajasthan, state power utilities have not claimed Return on Equity (RoE) in their Annual Revenue Requirement petitions over the past four years, contributing to the deteriorating financial health of Discoms and worsening issues with distribution services and infrastructure. The current cost-plus regime inadequately supports Distribution Companies, which bear the full burden of charges and losses from Gencos and Transcos. It is essential to ensure Discoms are granted a fair RoE. This issue extends even to State Generation and Transmission Companies, which have also been denied RoE, while Central and Private Companies continue to claim it.

Moreover, RoE claims by state utilities are often subject to State Government approval, with the government sometimes requesting reductions or waivers. These decisions should solely be part of the Discom's petition, without direct involvement from the State Government. If the State Government mandates reductions or waivers, it should compensate the utilities by

transferring equivalent funds from its own budget. The current practice of denying state utilities RoE funding undermines their sustainability, particularly for Discoms, and risks poor performance, potentially justifying privatisation efforts.

4.3 Additional-Capitalisation

The Commission has introduced a new proviso to Regulation 17(3) and 17(5) stating that any expenditure on acquiring minor assets shall not be considered for additional capitalisation in tariff determination. It is recommended that the term "minor assets" be clearly defined in the regulations, specifying the type of assets, their intended purpose, and a reasonable expenditure threshold. This will ensure greater clarity, transparency, and consistency in the determination of additional capitalisation and prevent ambiguity or misinterpretation.

4.4 Late Payment Surcharge

The Commission has proposed changes to the Late Payment Surcharge Rules in line with the MOP's Electricity (Late Payment Surcharge and Related Matters) Rules, 2022. It is suggested that the regulations also mandate a monthly/quarterly publication of detailed information regarding the payment of late payment surcharges and be submitted to the commission. This should include the total amount of surcharges, details of delays, schedules for arrears liquidation, and any delays in this process, along with the resultant financial impact. Such transparency will enhance accountability and provide stakeholders with critical information for better decision-making and scrutiny.

5. REVENUES

5.1 Non-Tariff Income

In Regulation 35, the Commission has removed 'sale of ash' from non-tariff income without specifying how this income should be managed. It is recommended to establish an 'Environment Remediation Fund' to address environmental issues arising from plant operations, with income from the 'sale of ash' directed towards this fund. This would be a crucial addition to the environmental remediation obligations of Generating Companies, ensuring that funds are allocated for addressing the environmental impact of power generation.

Furthermore, while the Draft Regulations include 'ecotourism' under non-tariff income, they lack clear definitions or guidelines on what qualifies as ecotourism and what should be considered income under this category. Considering the growing number of pumped hydro storage projects in Rajasthan, it is requested that the Commission define ecotourism and specify the acceptable sources of income under this head, providing clarity for stakeholders and avoiding ambiguity in income categorisation.

6. NORMS AND PRINCIPLES FOR ARR AND TARIFF FOR GENERATION BUSINESS

6.1 Plant Availability Factor

Regulation 44(1)(a) of the Draft Regulations proposes a target availability of 85% for the recovery of full Annual Fixed Charges (AFC) for all thermal generating stations, with exceptions provided under Regulations 44(1)(b) and 44(1)(c). Regulation 44(1)(b) mandates reduced availability norms for lignite-fired thermal power stations using CBFC technology — 75% for the first three years of operation and 78% thereafter. It also sets a target availability of 83% for KTPS, STPS, CTPS, and KaTPS. Similarly, Regulation 44(1)(c) stipulates a 70% target availability for Ramgarh Gas TPS (Stages 01–03) and Dholpur CCPP (Units 01–03) for full AFC recovery.

The prescribed availability norms, particularly for coal-fired thermal power plants, are significantly lower than their potential performance capabilities. While this approach aims to standardize performance expectations, we believe the targets should better reflect the technical capabilities and operational realities of different plants.

- i. **Customised Availability Targets:** The proposed uniform 85% target for all thermal plants does not account for factors such as plant age, technology, station heat rate (SHR), and equipment efficiency. A more tailored approach, considering these parameters along with global best practices, would provide a more realistic and equitable benchmark for AFC recovery. For example, applying the same target availability of 83% to all units of Kota TPS, despite varying operational ages, is inconsistent and should be adjusted based on unit-specific characteristics.
- ii. **Consideration of Plant Age, Technology, and Demand Variations:** The draft regulations do not sufficiently address the differences in plant performance due to age and technology. Additionally, the annual availability norms fail to account for diurnal, seasonal, and monthly demand variations, which are critical for grid stability. We recommend setting availability targets that are more flexible, aligned with the actual operational conditions and demand patterns, including a Residual Life Assessment (RLA) for older units (typically exceeding 25 years).
- iii. **Incentivisation for Peak Hour Performance:** To better align with grid requirements, we propose an incentivisation framework that rewards generators for ensuring availability during peak demand hours, while maintaining overall availability targets. This would improve grid reliability and ensure the recovery of AFC based on actual performance during critical periods.

6.2 Plant Load Factor (PLF)

Regulation 44(2) of the Draft Regulations proposes that the target Plant Load Factor (PLF) for incentives be the same as the target Plant Availability Factor (PAF). However, the Commission has not provided a rationale for using the target PAF as the benchmark for PLF. We would like

to highlight that PLF is influenced by external factors such as grid demand and system requirements, which are beyond the control of generating plants. In contrast, PAF more accurately reflects a plant's ability to generate power, irrespective of external demand. Equating the two fails to account for these externalities and does not adequately reflect the operational realities of generating stations.

We recommend that the Commission adopt a methodology for determining the target PLF that incorporates key factors such as plant age, technology, operational efficiency, and grid demand. This would ensure fair and realistic performance benchmarks that align PLF targets with both the plant's operational capabilities and the system's needs.

6.3 Consumption of Reagent

Regulation 44(5)(i) proposes mechanisms for calculating normative consumption of specific reagents for treatment of sulphur dioxide by generating station based on CFBC Technology (furnace injection). It also proposes sea water-based Flue Gas Desulphurisation (FGD) system. However, the proposed regulation fails to include various other technologies such as:

- i. Wet Limestone based Flue Gas De-sulphurisation (FGD) system
- ii. Lime Spray Dryer or Semi-dry Flue Gas Desulphurisation (FGD) system
- iii. Dry Sorbent Injection System (using sodium bicarbonate)

We propose that the Commission consider incorporating mechanisms for normative reagent consumption for all the major desulphurisation technologies, including those mentioned above.

6.4 Normative O&M Expenses

Regulation 46 of the Draft Regulations proposes normative O&M expenses for generating stations. The Explanatory Memorandum notes that in the past three financial years, actual O&M expenses have been lower than the normative expenses. While the inclusion of insurance and security expenses under O&M is cited as the reason for not revising the normative O&M expenses, the Draft Regulations lack clarity on the following:

- i. The extent to which actual O&M expenses have fallen short of the normative expenses.
- ii. Whether the inclusion of insurance and security expenses adequately addresses this shortfall.
- iii. The specific nature of 'insurance' and 'security expenses,' permissible types of expenses under these categories, and the methodology for their computation.

We would like to highlight that normative O&M expenses are generally based on global standards and studies. However, if generating stations incur less than the normative expenses, it raises concerns about whether adequate maintenance is being carried out as recommended by the Original Equipment Manufacturer. We also object to the Commission's proposal to

combine insurance and security expenses with O&M expenditure. Insurance costs, which are linked to gross fixed assets, are not related to O&M expenses.

To ensure fairness and clarity, we request that the Commission:

- i. Clarify the difference between actual and normative O&M expenses in the past three financial years.
- ii. Provide the methodology for determining insurance and security expenses and how they address the shortfall in O&M expenses.
- iii. Define 'insurance' and 'security expenses,' specifying allowable costs under these categories.
- iv. Develop and disclose a transparent methodology for calculating insurance and security expenses, ensuring uniform application across generating companies.
- v. If insurance and security expenses do not cover the gap, revise the normative O&M expense based on actual O&M expenses from the previous control period and approved insurance and security expenses.

6.5 O&M Expenses – Ash Transport as per MoP Guidelines

Regulation 46 of the Draft Regulations addresses Ash Transportation Expenses in line with the Ministry of Power (MoP) guidelines for transporting ash from thermal power plants (TPPs) to user agencies. While these expenses are to be allowed separately, subject to a prudence check, we believe that imposing such costs may further strain the already struggling power plants in Rajasthan. It is crucial to consider local conditions and operational challenges when assessing these expenses. The MoP guidelines should only be implemented after a thorough legal prudence review, acknowledging that some generating companies may face difficulties in complying with these regulations. Additionally, these guidelines should be challenged through appropriate channels to ensure fairness and viability for local power plants.

6.6 Incentive Mechanism

Regulation 51(1) of the Draft Regulations proposes a flat incentive rate of 37 paise/kWh for thermal power stations, payable by the beneficiary for actual ex-bus energy exceeding the energy corresponding to the target Plant Load Factor (PLF). However, the Draft Regulations and Explanatory Memorandum do not provide a clear justification for this flat incentive rate.

As highlighted in earlier submissions, linking incentives solely to annual PLF fails to address dynamic grid requirements, particularly during peak and off-peak load hours. We request that the Commission provide a rationale for the flat rate of 37 paise/kWh. Furthermore, the Commission should consider revising the incentive mechanism to align with grid demands by linking incentives to the availability and performance of generating stations during peak and off-peak periods. This approach would ensure optimal resource utilisation and better align incentives with grid needs.

7. TARIFF FOR TRANSMISSION AND RECOVERY OF SLDC CHARGES

7.1 Applicability

Clause (3) of Regulation 57 proposes that all new intra-State transmission projects costing INR 250 Crore or more shall be developed through Tariff-Based Competitive Bidding (TBCB), in line with the guidelines under Section 63 of the Act. However, the Draft Regulations and Explanatory Memorandum do not provide any rationale for setting INR 250 Crore as the threshold for TBCB.

We request that the Commission clarify the methodology or rationale behind determining the INR 250 Crore threshold. Additionally, we suggest that the Commission specify the circumstances or criteria under which exemptions to this threshold may be granted, ensuring transparency and consistency in its application.

8. NORMS AND PRINCIPLES FOR DETERMINATION OF ARR AND TARIFF FOR DISTRIBUTION BUSINESS

8.1 Resource Adequacy Plan

The Commission has recommended the adoption of Resource Adequacy Guidelines by Distribution Licensees (Discoms) in the Draft Regulations. However, it has been observed that Discoms lack comprehensive data for long-term forecasting and have shown reluctance and limited capacity to conduct these exercises internally.

We recommend that Discoms be required to prepare resource adequacy plans based on capacity expansion and least-cost modelling for both short and long terms and submit them to the Commission for approval. It is crucial that the preparation of these plans remains the sole responsibility of Discoms and is not delegated to RUVNL or the Energy Assessment Committee, as outlined in the Commission's power procurement regulations.

Additionally, these plans should include detailed demand forecasts, procurement strategies, and approved power sources, and be made publicly available for stakeholder comments before finalisation. This will ensure transparency and accountability in the process. We further suggest that the Commission introduce specific regulations for resource adequacy, addressing responsibilities, timelines, methodologies, and data collection practices

8.2 Constitution of DSM Cell

Regulation 72(7) proposes the constitution of a DSM Cell by the Discoms, but the Draft Regulations do not clarify the composition, powers, roles, responsibilities, or the accountability mechanisms for the DSM Cell.

We recommend that the Commission provide detailed guidelines on the constitution and functioning of the DSM Cell, including its composition, powers, roles, frequency of meetings, and an accountability framework. Additionally, the Commission may consider involving Civil

Society Organisations in the DSM Cell's activities. The DSM Cell should be mandated to submit an annual report to the Principal Secretary of Energy and the Chairman of RERC.

8.3 Petition for determination of Wheeling Charges and Retail Supply Tariff

Regulation 71 of the draft regulations proposes “where the Licensee requires to fix multiyear tariff, it may also propose a formula based on Consumer’s price Index (or) a quantum (percentage/ value) required to meet the Aggregate Revenue Requirement of the licensee in the tariff petition considering the year preceding the first year of the control period as the base year.”

We suggest that the formulation of such a tariff formula should fall under the purview of the Commission, ensuring neutrality and transparency. This would prevent undue influence, such as political pressure, and align the process with regulatory principles.

8.4 Distribution Losses & Collection Efficiency

Regulations 74(1) and (2) of the draft regulations require Discoms to provide information on voltage-wise distribution losses and category-wise efficiency losses, but there has been consistent non-compliance with these directives. To improve transparency and accountability, we recommend that the Commission mandate the submission of division-wise data on distribution losses and efficiency. We would also like to highlight that discoms in their tariff and true up petitions submit data on T&D losses and AT&C losses in addition to the distribution losses & collection efficiency. These parameters are now considered industry standards and widely accepted benchmarks for assessing performance across all State Electricity Regulatory Commissions (SERCs). We urge the Commission to include these metrics in the regulations and require Discoms to provide data on these as part of their reporting.

Additionally, we suggest implementing a penalty mechanism similar to the one in Maharashtra, where a reduction in Return on Equity (RoE) is applied for poor performance in collection efficiency and assessed billing. Given the history of non-compliance, stringent enforcement measures should be adopted to ensure adherence to these regulations.

Table 1: Reduction in ROE based on performance of Collection Efficiency

| S.No. | Collection Efficiency | Penalise on ROE |
|-------|-----------------------|-----------------|
| 1 | >99% | 0% |
| 2 | =<99% to >95% | 0.5% |
| 3 | =<95% | 1% |

Table 2: Reduction in ROE based on performance of Assessed Bill

| S.No. | Assessed Bill | Penalise on ROE |
|-------|---------------|-----------------|
| 1 | <1.5% | 0% |
| 2 | =>1.5% to <5% | 0.5% |
| 3 | =>5% | 1% |

8.5 Power Purchase Requirement & Power Procurement Cost

Regulations 76 and 77 of the draft regulations require Discoms to submit an annual power procurement plan for approval, but Regulation 77(6) allows short-term power procurement agreements without prior Commission approval. This creates a potential lack of oversight and transparency in the procurement process.

We recommend that the Commission require Discoms to notify and seek prior approval before entering any short-term power procurement arrangements. Furthermore, the Commission should consider imposing penalties for additional costs incurred due to inadequate procurement planning, ensuring accountability and more efficient procurement practices.

8.6 Wheeling Charges

Regulation 85(1) of the draft regulations requires Distribution Licensees to maintain separate accounting records for the Distribution Wires and Retail Supply Businesses and prepare an Allocation Statement. However, the formula for determining wheeling charges under Regulation 85(2) does not clarify whether 'energy wheeled during the year' refers to net energy or gross energy wheeled.

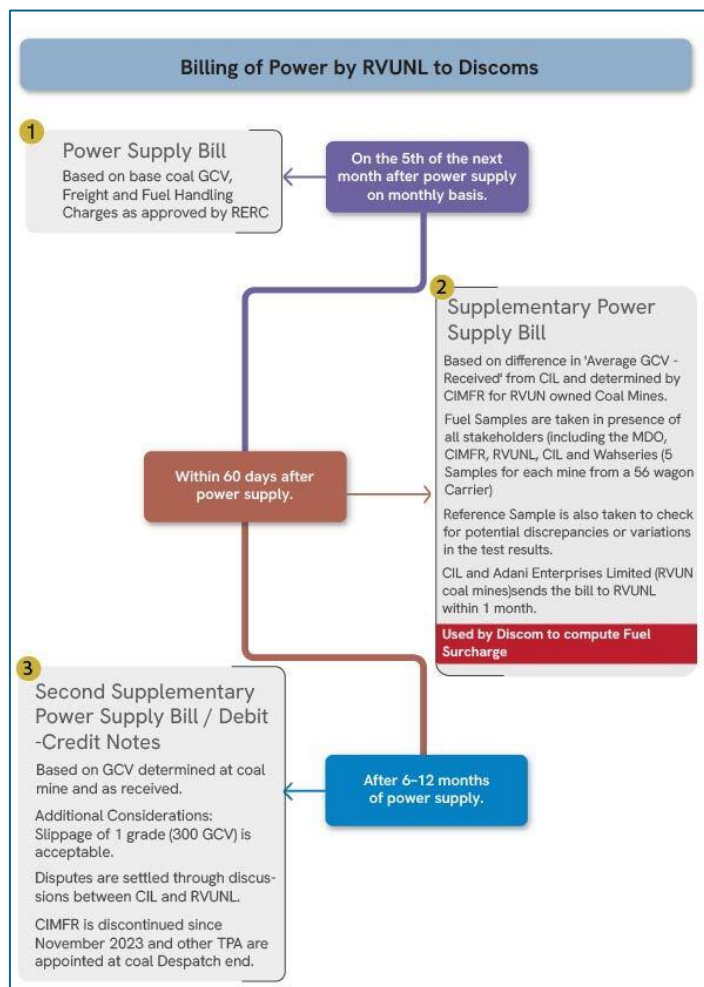
We request the Commission to provide clarification on whether this energy refers to net energy or gross energy wheeled by the distribution licensee in the formula.

8.7 Fuel and Power Purchase Adjustment Surcharge (FPPAS)

Regulation 87 mandates the strict recovery of the Fuel and Power Purchase Adjustment Surcharge (FPPAS) within two months of power supply, facilitated by automatic monthly computations without requiring regulatory approval. It further stipulates that if the Distribution Licensee fails to calculate and levy the FPPAS within this timeframe—except in cases of force majeure—it will forfeit the right to recover these costs. Additionally, any entitlement to recover FPPAS determined during the true-up process will also be forfeited.

Timely imposition of the FPPAS promotes cost-reflective tariffs, minimises carrying costs, and enhances the cash flow of distribution companies (DISCOMs). However, distribution licensees face challenges in obtaining the data needed to compute FPPAS within the mandated timeline. RVUNL (Rajasthan Vidyut Utpadan Nigam Limited) typically takes 2-3 months to issue supplementary bills to distribution licensees for fuel price adjustments based on the actual Gross Calorific Value (GCV) (as shown in the figure). Distribution licensees then require an additional 15-20 days to calculate FPPAS. Moreover, RVUNL makes adjustments for 'Grade Slippage' of coal, which can take 6-12 months, or even longer, to reconcile. These adjustments, issued as Second Supplementary Bills or Debit/Credit Notes, are not currently included in the FPPAS calculation process and are not addressed in the draft regulations, further complicating the overall FPPAS computation.

It is recommended to mandate regulatory approval for these charges, supported by extensive stakeholder consultations and the regular publication of relevant information. The regulations should require generation companies to adhere to strict timelines for sharing requisite data with distribution licensees, with non-compliance resulting in the forfeiture of their right to claim variations from the distribution licensees. To ensure transparency and regulatory compliance, generation companies must include all Fuel Price Variation claims, including those arising from grade slippage, within the prescribed timelines.



8.8 Regulatory Assets

Regulation 91 of the draft regulations outlines the creation and liquidation of regulatory assets. However, Clauses (1) and (2) of the section appear contradictory. Clause (1) permits the creation of regulatory assets under "exceptional circumstances," while Clause (2) allows for their creation in "natural calamity conditions." We highlight that if Clause (1) is invoked, Clause (2) becomes redundant. We recommend that the Commission retain only one of these clauses and provide a clear definition of "exceptional circumstances" in Regulation 91(1).

We strongly commend the Commission's initiative to address the impending issue of the regulatory assets. The timelines prescribed for liquidating legacy and current regulatory assets are much needed. However, we draw attention to the significant regulatory asset/revenue gap facing Rajasthan's Discoms, which stands at approximately INR 50,000 crore. The associated carrying costs alone amount to INR 5,500 crore per year. To liquidate these assets, Discoms would need to levy an additional tariff of around INR 1.30 per unit over the next seven years. While this would result in unaffordable tariffs, the liquidation of these assets is critical for the sector's viability and cannot be delayed.

Given the scale of this challenge, we strongly urge the Commission to implement these timelines and liquidation plans strictly. It is essential that the liquidation of regulatory assets be pursued rigorously, even if Discoms fail to file the necessary petitions or do not comply with regulatory requirements. The Commission must ensure that this process is completed within the prescribed timelines, without exception, to safeguard the financial health of the sector and protect long-term consumer interests.

9. MISCELLANEOUS

Regulation 93 of the Draft Regulations empowers the Commission to relax any of the provisions of the tariff regulations either on its own motion or upon an application from an affected person, to address hardship arising from the operation of any of the provisions.

However, the Explanatory Memorandum does not provide any rationale for adding this new provision, especially given that the existing regulations (Regulations 94 and 95) already empower the Commission to vary, modify, or amend the regulations, and to remove difficulties. These existing provisions adequately address exceptional situations or unforeseen challenges. As a result, the addition of Regulation 93 appears redundant, and its necessity is unclear.

Furthermore, Regulation 93 grants the Commission very broad powers without clear limitations or procedural safeguards, unlike Regulation 94, which is bound by the provisions of the Act. Additionally, the Draft Regulations do not specify key procedural aspects of Regulation 93, such as who qualifies as an affected person, the process for submitting applications, or the definition of hardship.

We recommend that the Commission clearly explain the purpose and necessity of Regulation 93 considering existing provisions. It is important to ensure that Regulation 93 does not conflict with the principle of ultra vires, and that its scope aligns with the statutory framework. Moreover, the Commission should consider implementing checks and balances to govern the exercise of powers under this regulation. If no compelling justification for Regulation 93 is provided, it should be removed from the tariff regulations altogether.

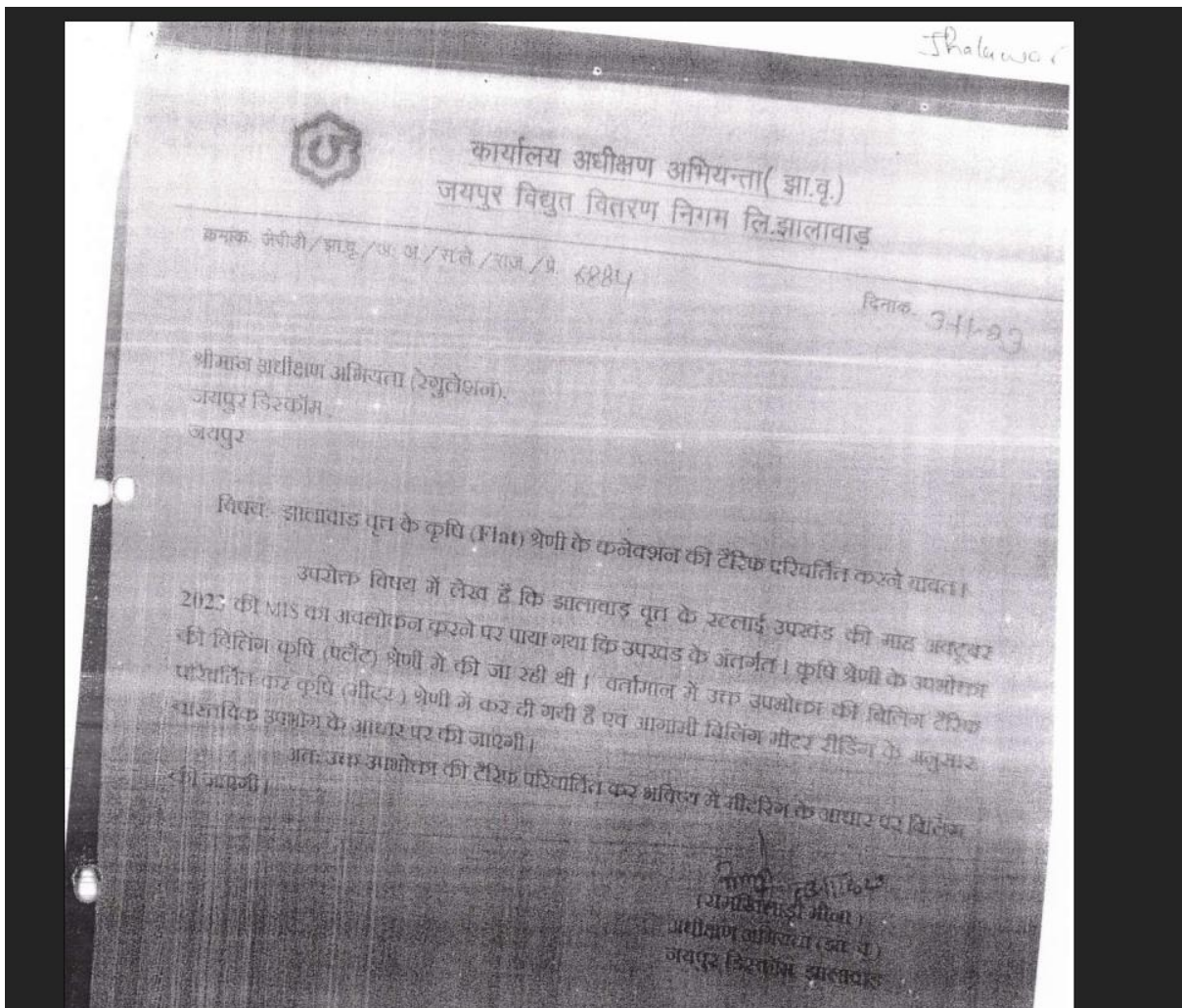
ANNEXURE – I

Details of Non-compliance with the Commission’s Directives by JVVNL in Tariff Orders from 2020-21 to 2023-24

1. Format of documents for placing on website

The Commission directed Discoms in its orders dated 14.07.2022 and 01.09.2022 to improve the accessibility and format of petition documents on their websites. Specifically, Discoms were instructed to upload readable PDF and Excel formats along with signed copies of petitions and ensure that files are in searchable formats such as Word, Excel, or PDF. In compliance, JVVNL acknowledged the directives and confirmed adherence to these requirements as noted in the Commission's order dated 31.03.2023.

Despite this, it has been observed that documents in the current petition are of poor quality scans, which are not machine readable. This is in violation of the Commission’s directives, as observed below. We submit that the Commission takes serious cognizance of this issue, as it limits meaningful stakeholder engagement in the due process.



Name of State : Rajasthan
Year : 2023-24-upto Sep. (Prov.)

| Month | Total Energy Consumption (MU) | Hydro Energy Consumption (MU) | Total Energy Consumption minus Hydro Energy Consumption (MU) | RPO prescribed as per RERC (%) | | | | | Actual RE consumption (MU)-Excluding REC | | | | | Actual RE consumption | | | | |
|--------|-------------------------------|-------------------------------|--|--------------------------------|------|---------|------|-------|--|---------|---------|------|---------|-----------------------|-------|---------|------|-------|
| | | | | Non-Solar | | | | | Non-Solar | | | | | Non-Solar | | | | |
| | | | | Solar | Wind | Biomass | HPO | Total | Solar | Wind | Biomass | HPO | Total | Solar | Wind | Biomass | HPO | Total |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| Apr-23 | 7530.07 | 344.51 | 7185.56 | 10.50 | 9.40 | 1.10 | 0.66 | 21.66 | 636.68 | 402.00 | 31.31 | 0.00 | 1069.99 | 8.86 | 5.56 | 6.44 | 0.00 | 14.86 |
| May-23 | 8361.61 | 504.29 | 7857.31 | 10.50 | 9.40 | 1.10 | 0.66 | 21.66 | 674.31 | 645.18 | 30.84 | 0.00 | 1350.33 | 8.58 | 8.21 | 0.39 | 0.00 | 17.19 |
| Jun-23 | 8282.50 | 732.32 | 7550.18 | 10.50 | 9.40 | 1.10 | 0.66 | 21.66 | 634.39 | 763.70 | 27.44 | 0.00 | 1425.54 | 8.40 | 10.12 | 0.36 | 0.00 | 18.88 |
| Jul-23 | 8542.03 | 1003.24 | 7538.79 | 10.50 | 9.40 | 1.10 | 0.66 | 21.66 | 625.44 | 538.93 | 24.30 | 0.00 | 1188.67 | 8.30 | 7.15 | 0.32 | 0.00 | 15.77 |
| Aug-23 | 10251.77 | 1161.60 | 9090.17 | 10.50 | 9.40 | 1.10 | 0.66 | 21.66 | 640.28 | 985.16 | 27.69 | 0.00 | 1661.13 | 7.13 | 10.24 | 0.30 | 0.00 | 18.27 |
| Sep-23 | 9542.58 | 856.29 | 8686.29 | 10.50 | 9.40 | 1.10 | 0.66 | 21.66 | 668.11 | 376.98 | 32.01 | 0.00 | 1077.10 | 7.69 | 4.34 | 0.37 | 0.00 | 12.40 |
| Total | 52510.56 | 4602.26 | 47908.30 | 10.50 | 9.40 | 1.10 | 0.66 | 21.66 | 3887.22 | 3711.95 | 173.60 | 0.00 | 7772.77 | 8.11 | 7.75 | 0.36 | 0.00 | 16.22 |

D. K. S. S. S. S.
Sr. Accounts Officer
RUVIL, Jaipur

2. Voltage wise Losses & Sales

RERC directed JVVNL on 24.11.2021, to furnish voltage-wise sales and losses data in their next petition. However, JVVNL repeatedly delayed compliance, requesting extensions and citing the need for enhanced metering infrastructure. In their submission on 01.09.2022, JVVNL acknowledged the necessity of 100% feeder metering by December 2022 under the RDSS scheme but again asked for more time, demonstrating a lack of timely progress.

Subsequently, the Commission directed JVVNL on 01.09.2022 to conduct a sample study of voltage-wise losses through an independent third party. Despite this, JVVNL continued to delay, stating they were in the process of finalizing sample sub-stations and appointing an independent third party, as per their submission on 31.03.2023. Even with repeated directives, including one on 31.03.2023, JVVNL has not completed the required studies.

In this current petition, it submitted that it is still preparing an RFP for the appointment of an independent agency.

JVVNL's persistent non-compliance and delays in addressing the Commission's directives on voltage-wise losses are unacceptable, shows its lack of urgency in addressing critical regulatory mandates. JVVNL has repeatedly failed to provide the required data, instead seeking extensions and citing inadequate infrastructure. JVVNL has continued to delay, offering vague assurances of progress. These delays hinder efforts to reduce losses, improve efficiency, and maintain consumer trust.

The Commission should impose a substantial financial penalty on JVVNL for continued non-compliance and set a strict deadline for the completion of the voltage-wise losses study.

Failure to meet this deadline should result in further penalties and possible regulatory actions, including a mandated review and oversight by an independent body to ensure timely compliance.

We further recommend the Commission should also consider appointing an independent agency to oversee and expedite the completion of this study to ensure timely and accurate compliance with its directives.

3. Inter-state and Intra-state Transmission losses

The 24.11.2021 order directed Discoms to keep separate accounts for interstate and intrastate losses. JVVNL formed a committee to address this. The 01.09.2022 order reiterated the need for detailed reports on these losses. The 31.03.2023 order noted the lack of compliance and emphasized the seriousness of the directive, instructing the committee to finalize and submit their findings.

Despite the initial directive being issued in 2021, and subsequent reminders in 2022 and 2023, JVVNL has yet to comply fully with the Commission's requirements. This nearly three-year delay in addressing a critical regulatory mandate is unacceptable and undermines efforts to improve operational transparency and efficiency. We urge the Commission to take stringent measures to expedite the completion of this directive and consider imposing penalties for the prolonged non-compliance.

4. Defective meters

In the order dated 01.09.2022, the Commission directed Discoms to ensure all meters are in working condition and to reduce defective agricultural meters to below 10% within one year. JVVNL reported ongoing efforts to comply with this directive. The 31.03.2023 order reiterated the directive for timely meter replacement, emphasizing that no leeway would be granted for non-compliance.

Despite this, the petitioner continues to have a substantial number of defective meters and was disallowed payments by the GoR. The Commission should take a strict view of this issue and order the petitioner to take disciplinary actions against the respective officers.

5. Study on Parallel Operation Charges

The order dated 24.11.2021 directed Discoms to conduct a scientific study on parallel operation charges. JVVNL stated they are in the process of appointing a third-party agency. The 01.09.2022 order highlighted revenue losses from parallel operation charges and directed immediate study and proposal submission. By 31.03.2023, JVVNL had floated a tender for the third-party study, expected to produce a draft report within six months.

This indicates a significant delay of nearly three years in addressing a critical directive. Such prolonged inaction not only reflects a lack of urgency but also results in continued revenue losses. We urge the Commission to take stringent action to expedite this study and ensure

timely compliance. Additionally, we recommend imposing penalties for the undue delay and mandating regular progress updates to prevent further delays.

6. Asset Monetization

The 24.11.2021 order instructed Discoms to identify assets for monetization and submit quarterly compliance reports. JVVNL issued orders for recovery of pole rental charges and verifying pole usage. The order dated 01.09.2022 reiterated that mere orders are insufficient and emphasized the need for thorough monitoring and reporting of asset usage and income. The 31.03.2023 order reinforced the directive for detailed verification and monetization of assets, with continuous monitoring by senior engineers and field officers.

We highlight that the petitioner submitted copies of the orders issued to the circle offices, but no replies were received from the respective offices. We submit that the Commission take an adverse view of JVVNL's lack of seriousness and initiate disciplinary actions, including imposing penalties on the respective officers.

7. Training for employees

In the order dated 24.11.2021, the Commission directed Discoms to run programs for skill development and training for employees within three months. JVVNL indicated that safety-related training is conducted at circle headquarters, and a draft training policy is under consideration. By the order dated 01.09.2022, the Commission noted the lack of expenditure on training and directed Discoms to spend at least 1% of total capex on skill development, with updates to be provided in the True Up for FY 2022-23. The 31.03.2023 order reiterated this directive, noting that Discoms should spend 1% of capex on training and provide updates with the True Up of ARR.

8. Report on the performance of the franchisees by independent auditor

In the order dated 24.11.2021, the Commission directed Discoms to furnish a performance report of franchisees by an independent auditor for FY 2019-20 and FY 2020-21. JVVNL responded that the reports were provisional as the auditor had not finalized the ABR figures.

The order dated 01.09.2022 further directed Discoms to finalize and submit the performance report within three months. JVVNL indicated that the ABR figures were finalized and the report for FY 2019-20 and FY 2020-21 was submitted. The draft report for April 2021 onwards was in preparation. The 31.03.2023 order noted incomplete compliance and reiterated the need for the finalized report within three months, which JVVNL submitted in CD format.

We bring to the Commission's notice that the petitioner did not upload the report on its website. We request the Commission to direct the petitioner to immediately upload the report. Additionally, we recommend that a yearly audit be mandated to review the performance of the Distribution Franchisees, with the audit report submitted during the truing up of the accounts.

9. Adoption of two circles where losses are highest

The Commission's order dated 06.02.2020 directed JVVNL to adopt circles with the highest distribution losses for special interventions. The 24.11.2021 order reiterated the need for detailed reports on actions taken and achievements in loss reduction. JVVNL adopted Bharatpur and Dholpur circles for this purpose. In the order dated 01.09.2022, the Commission noted the need for quarterly reports on losses and revenue from these circles, and JVVNL indicated ongoing efforts to motivate field engineers and staff, with plans to replicate successful models in other areas, as outlined in the order dated 31.03.2023.

As highlighted by the Commission in previous orders, there is a lack of seriousness by the petitioner on this issue, and no quantified improvements are visible. We submit that the petitioner provide actual details of the reduction in losses in the circles adopted by the MD.

10. Scheme of appreciation and reward

In the order dated 24.11.2021, the Commission directed Discoms to initiate a reward scheme for individuals reporting theft cases. In the subsequent petition, the JVVNL reported that this scheme is under consideration by the senior management of the Jaipur Discom.

We submit the petitioner provide the current status of implementation

11. Re-assess wheeling losses

The commission in the order dated 24.11.2021, directed Discoms to re-assess wheeling losses and furnish a detailed report. JVVNL responded by stating that achieving accurate voltage-wise losses requires complete metering infrastructure, aiming for 100% feeder metering by December 2022 and 100% DT metering by December 2023 under the RDSS scheme, as noted in the order dated 01.09.2022.

12. Tariff Design to incentivize the consumer to keep the meter in healthy condition

In the order dated 24.11.2021, the Commission directed Discoms to design a tariff that incentivizes consumers to maintain healthy meters and to submit a suitable proposal along with the next tariff petition. JVVNL responded that officials have been engaging with various stakeholders, including individual farmers and influential village members, to persuade them to convert to the metered category, as noted in the order dated 01.09.2022.

The faulty meters issue is a serious concern plaguing the discom. We submit the petitioner to provide what actions have been taken to specifically ensure the consumer to keep the meter in healthy condition.

13. Impact of bi-monthly reading

The order dated 24.11.2021 directed Discoms to claim interest on additional working capital from the Government of Rajasthan due to bi-monthly billing for certain consumers. JVVNL noted the directive and pursued it accordingly. The 01.09.2022 order reiterated the need to compute the impact of additional working capital and claim interest. By 31.03.2023, JVVNL

reported that bi-monthly billing interest is covered by subsidies, indicating no loss on working capital interest.

We submit the commission to take view of inaction by the petitioner, impacting the financial health of the discoms. Accordingly the commission should take strict action against the petitioner

14. Audit of Investment made by Discoms in all circles

The Commission directed Discoms on 24.11.2021 to conduct a special audit of investments in Jaipur, Ajmer, and Jodhpur circles, submitting a cost-benefit analysis within three months. JVVNL stated the directive is under consideration and a letter was issued for Jaipur's investments. By 01.09.2022, JVVNL had not made significant progress, leading to a reiterated directive. A committee was formed, and the audit began. On 31.03.2023, the Commission noted the lack of concrete action and again directed Discoms to complete the audit and submit a detailed report with the next ARR and Tariff petition.

15. Energy Audit

The order dated 01.09.2022 directed Discoms to maintain feeder meters properly and take action if meters remain defective for more than one billing cycle. JVVNL reported ongoing efforts to replace defective meters and submitted an energy audit report to the Bureau of Energy Efficiency (BEE). The 31.03.2023 order reiterated the need for accountability and analysis of circle-wise energy audit data, with JVVNL noting the status of feeder meter replacements and energy audit report finalization.

Despite multiple directives by the commission, the petitioner failed to provide the complete data on the energy audit. As highlighted in the previous sections, the BEE data format, submitted by the petitioner are also incomplete. We submit the petitioner provide explanation for the same.

16. Agriculture connections in urban area

In the order dated 01.09.2022, the Commission directed Discoms to initiate a drive to check the usage of agricultural connections in urban areas and ensure they are not used for non-domestic or commercial purposes. If misuse is found, the connections should be reclassified, and necessary action taken for malpractice. The drive was to be completed by 30th November 2022, with compliance reported in the next ARR/Tariff petition. JVVNL reported that officials from the O&M and vigilance wing conduct such drives periodically to curb misuse of agricultural connections in urban areas, as noted in the order dated 31.03.2023.

We submit the petitioner to provide the current status on number of the agriculture connections in the urban area and number of vigilance drives undertaken to curtail the same.

17. 2 Block Supply

In the order dated 01.09.2022, the Commission directed Discoms to approach the Government of Rajasthan for a grant to fund works related to the two block supply scheme.

JVVNL reported that they approached the government for this grant. By 31.03.2023, they had approached the Principal Secretary (Energy) and were informed that providing the desired 100% equity/grant would be inconvenient.

We submit, the petitioner to provide the current status of the implementation of the directive.

18. Medium-term business plan

The order dated 24.11.2021 directed Discoms to prepare a medium-term business plan to address trends like electric vehicles and renewable energy. JVVNL began preparing the plan and requested more time. The 01.09.2022 order reiterated the directive for submission along with the next tariff petition. By 31.03.2023, the Commission directed a comprehensive plan covering loss reduction and efficiency improvements, with JVVNL continuing detailed analysis and requesting additional time.

These ongoing delays are unacceptable and hinder progress in addressing critical industry trends. We urge the Commission to enforce strict deadlines and impose penalties for non-compliance to ensure timely submission of the comprehensive business plan.

19. Review the working of contractors to whom certain substations have been outsourced

The order dated 24.11.2021 directed a review of the working of contractors to whom substations have been outsourced, with a focus on skilled manpower and safety. JVVNL formed a committee to address this, and the performance of contractors is being regularly monitored by field officers, with any deficiencies being reported to the contractor, as detailed in the order dated 01.09.2022.

We submit the Commission to mandate that JVVNL publish a detailed report on the corrective actions taken and the performance review of these contractors on their website to ensure transparency and public scrutiny. Furthermore, we request that the Commission require JVVNL to conduct and publish a comprehensive review annually. This will provide regular updates on the performance and safety standards of outsourced contractors and ensure continuous improvement and accountability.

20. Technical & financial internal audit for each subdivision

The order dated 24.11.2021 instructed Discoms to conduct technical and financial internal audits for each subdivision. JVVNL reported ongoing revenue audits for various subdivisions. The 01.09.2022 order reiterated this directive and asked for a manual of observed errors and procedures to avoid them. By 31.03.2023, JVVNL confirmed regular audits and issued directions to avoid errors, with an audit manual in place.

21. Bifurcation of Cross Subsidy Surcharge and Additional Surcharge

The Commission directed the Discoms to file the voltage-wise and category-wise breakup of the number of units billed under open access and the corresponding revenue collected under each head (i.e., wheeling, CSS, and additional surcharge) with the next true-up petition for FY 2022-23, including reasons for any deviations, if any.

We submit that the petitioner has not complied with the directive of the commission. Accordingly we submit, the commission impose appropriate penalty on petitioner.

22. Consumer Awareness

In the order dated 31.03.2023, the Commission directed Discoms to conduct workshops regularly, with at least one workshop per year at each Division level, and update the 'consumer corner' information regularly. JVVNL reported that smart meters are being installed according to the targets set in the RDSS scheme. Smart meters have also been installed under IDS and NSGM Smart Metering schemes, with efforts ongoing to adhere to the specified timelines for smart meter installation.

We submit the petitioner to provide the circle detailed list of the activities undertake under the consumer awareness.

23. Automatic compensation

The commission's 31.03.2023 order included directives for handling consumer complaints, automatic compensation for specific issues, and publishing a manual of practices for complaint handling. The Discoms were instructed to report on these measures in their compliance reports.

We bring to the commission's notice that the compliance filed by the petitioner is vague and doesn't address the issue. We submit the commission to take adverse view of this issue and order a strict action against the petitioner.

24. Detailed break up in consumer bills

In the order dated 24.11.2021, the Commission directed Discoms to clearly indicate the detailed breakup of other debits, fuel surcharge, and other miscellaneous charges in consumer electricity bills. JVVNL responded that due to space constraints in the spot billing practice, these details are not currently indicated. However, they are exploring the option of including this breakup in the hard copy of the bill generated under spot billing, as noted in the order dated 01.09.2022.