

No. PFI/Prog/JERC/2025-26/316

Dated: 9/04/2026

To,

**The Secretary**

Joint Electricity Regulatory Commission  
(For State of Goa & UTs)  
3<sup>rd</sup> and 4<sup>th</sup> floor, Plot No. 55-56, Pathkind Lab Building  
Sector-18, Udyog Vihar, Phase IV  
Gurugram, Haryana - 1220158

**Subject: PFI Comments: DNHDDPDCL True Up Petition for FY 2024-25**

**Reference:** JERC (Goa & UTs) inviting Comments on True Up of FY 2024-25

Dear Sir,

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.

With reference to above, PFI has analyzed the True Up Petition for FY 2024-25 by Dadra & Nagar Haveli and Diu & Daman Power Distribution Corporation Limited before JERC (Goa & UTs). Our comments/ suggestions on the said Petition of are enclosed herewith for your consideration as *Annexure- I* respectively. We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

The comments have also been emailed to [secy.jercuts@gov.in](mailto:secy.jercuts@gov.in).

Warm Regards,

**Encl:** Annexure – I

**Copy to:**

- 1. The Hon'ble Chairperson**  
Joint Electricity Regulatory Commission (State of Goa & UTs)
- 2. The Hon'ble Member**  
Joint Electricity Regulatory Commission (State of Goa & UTs)

Yours Sincerely,



Anshuman Srivastava  
(Executive Director, PFI)

## Annexure – I

### PFI Comments/Suggestions: DNHDDPDCL True-up Petition FY 2024-25

#### **A. DELAY IN PUBLIC CONSULTATION PROCESS**

- 1) Section 64 of the Electricity Act, 2003 mandates the procedure of Tariff Order wherein in sub-section (3) it has been inter-alia mentioned that the appropriate Commission, within 120 days from receipt of an application shall issue the Tariff Order after considering all suggestions and objections received from the public.
- 2) The need for timely issuance of Tariff Orders and True-up Orders has been decided by Hon'ble APTEL in its judgement dtd. 11/11/2011 in OP No. 1 of 2011, as follows:

*"57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since:*

*(a) No projection can be so accurate as to equal the real situation.*

*(b) The burden/benefits of the past years must not be passed on to the consumers of the future.*

*(c) Delays in timely determination of tariff and truing-up entails:*

*(i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.*

*(ii) Cash flow problems for the licensees.*

.....

65. *In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:*

***(i) Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.***

***(ii) It should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year...***

***(iii) In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate Suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.***

.....

***(v) Truing up should be carried out regularly and preferably every year..."***

- 3) It has been observed that the Petitioner filed the True-up Petition on 27/11/2025 vide its affidavit. However, PFI observed that the Petition was made available for public comments only in the month of March 2026. It is evident that JERC has delayed the process of issuance of True-up Order as mandated under the Regulation even though the Petition was filed in Nov '25, this is a breach of timeline i.e., 120 days from the date of acceptance of Petition.

## **B. POWER PURCHASE COST**

### **B.1 UI Charges**

- 4) DNHDDPDCL has considered 8.99 MU through deviations (Table 5 of the Petition) as part of Power Purchase Quantum and corresponding Rs. 28.36 Cr. as Power Purchase cost.
- 5) The relevant extract from the APTEL order in the matter concerning PSPCL (erstwhile PSEB), as referenced in Appeal No 7, 24 & 122 of 2011, provides the regulatory basis for such action. The Commission has authority to not consider the UI charges and penalize the DISCOM if they find out the UI purchase is not done in economic and judicious manner. This authority stems from the Commission's mandate to ensure prudent power procurement practices, grid discipline, and protection of consumer interests under the provisions of PSERC MYT Regulations are as follows:

“19 (2). .....

*At this frequency the Board is not expected to overdraw. Regulation 19(2) allows UI charges if power is purchased through UI mechanism in a judicious and economic manner. Such disallowance was on the basis of the decision of the Forum of Regulators dated 1.8.2009 and according to the appellant, it should be only from that date and not for the entire tariff year 2009-10”*

- 6) PFI also wants the point out towards the Hon'ble APSERC decision on not allowing UI charges in Tariff order dated 26/03/2025 against the petitioned cost and quantum submitted by Department of Power, Arunachal Pradesh. Moreover, the Commission has explicitly specified that the Deviation is not a source of power procurement. The relevant extract from the True-Up Order FY 2023-24 is as follows:

*“3.2.7 .....The Commission has also not considered energy received from UI/Deviation as it is not a source of power procurement.....”*

- 7) As per the submission of power purchase quantum and Costs for FY 2024-25 (Table 5). The DNHDDPDCL has claimed Rs 28.36 Cr. towards Under Drawal charges. The figure indicate a large settlement has to be paid towards penalty/settlement.
- 8) PFI submits that such charges should not be considered, as these charges are a commercial mechanism for grid discipline and such charges must not be passed on to consumers.
- 9) **PFI requests the Hon’ble Commission to direct DISCOM to submit justification on deviation charges paid and reduce the penal charges paid by the Discom. If the Under Drawal is caused due to uncontrollable factors, than such cost can be allowed to be passed through to the consumers.**
- 10) **In view of above, PFI requests the Hon’ble Commission to not consider the Rs. 28.36 Cr. towards deviation charges.**

## **B.2 REC Procurement cost**

- 11) DNHDDPDCL has submitted that they have fulfilled the RPO compliance for FY 2024-25 along with Hon’ble Commission Order dated 21/01/2025 wherein Commission directed DISCOM to fulfill 50% backlog RPO as on 31/03/2024.
- 12) Accordingly, they have purchased REC equivalent to 4945 MU to meet its RPO compliance and paid Rs 180.02 Cr. for REC. Accordingly, per unit cost of procurement of REC was Rs. 364/MWh (Rs. 180.02 Cr./4945 MU)
- 13) PFI observed that Hon’ble CERC vide its Suo-moto Order 18/02/2026 has computed the buyout price for FY 2024-25 to FY 2029-30. In the Order, CERC has computed the weighted average price of REC for FY 2024-25 as Rs. 347/MWh. The price discovered by the CERC is based on weighted average price discovered across different platforms for whole year.

- 14) It is observed that DISCOM has procured REC at higher prices in comparison to buyout price determined by CERC (Rs. 364/MWh vs Rs. 347/MWh). Further, it is also observed that DISCOM has not submitted details of month-wise or session-wise REC procurement.
- 15) It is evident from the above that DISCOM has procured REC at the peak period when the REC prices are high, even after advanced direction from Hon'ble Commission of RPO compliance.
- 16) In view of above, **PFI requests the Hon'ble Commission to limit the REC price at Rs. 347/MWh as determined by CERC and reduce the Power Purchase Cost by Rs. 8.43 Cr. (Rs. 180.02 Cr. – Rs. 171.59 Cr.).** Balance may be borne by Govt. of Dadra & Nagar Haveli and Daman & Diu in the form of subsidy.
- 17) Accordingly, PFI requests the Hon'ble Commission to consider Power Purchase cost as:

(Rs. Cr.)		
Particular	Claimed by DISCOM	Proposed by PFI
Power Purchase Cost	5,340	5,304
<b>Less: UI Charges</b>		28.36
<b>Less: REC procurement cost</b>		8.43

**C. WRONG APPC- INCENTIVE FOR REDUCTION IN DISTRIBUTION LOSSES**

- 18) DNHDDPDCL has claimed actual Distribution Loss as 1.46 % for FY 2024-25 against the target of 2.99% as approved by Hon'ble Commission in Tariff Order dated 13/06/2024.
- 19) As per the JERC (MYT Regulations), 2021, Regulation 13.2 (c) outlines that categorization of distribution losses as controllable factor.

*“For the purpose of these Regulations, the term “controllable factors” for a Transmission or Distribution Licensee shall comprise of the factors which were within the control of the Licensee, shall inter-alia include:*

.....

*c) Variations in technical and commercial losses of Distribution Licensee;”*

- 20) It is submitted that the actual distribution losses claimed by DISCOM is 1.46%, which is 1.53% lower than the approved level, thereby demonstrating performance better than the trajectory approved by the Hon'ble Commission.
- 21) As per JERC for the State of Goa and UTs (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021, the gain on account of controllable factor will be shared as follows:
- “15.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:”*
- 22) Further, DISCOM in line with Clause 4.2 of Policy Direction under Transfer Scheme, claimed two-third of the gain is to be retained by the Distribution Licensee, and computed the total gain by considering Average Power Purchase Cost (APPC) of Rs. 5.40/kWh.
- 23) PFI notes from the above provision of Tariff Regulations, 2021 of JERC that the mechanism for ‘*computation of gain*’ on account of improvement in controllable factors has not been specified in the said Regulations. The DISCOM has considered APPC of Rs. 5.40/kWh for calculating the gain achieved on account of improvement of distribution losses. **The said APPC is principally wrong.** PFI observed that the APPC claimed by DISCOM for the calculation of incentive is based on total quantum of energy purchased (including UI, short term market) and cumulative cost required to purchase the power (including REC cost, UI charges, and Transmission Charges).
- 24) The improvement in distribution loss results in savings on account of quantum of energy procured from various Power Plants and such savings on account of energy has to be multiplied only with the weighted Energy Charge Rate (ECR) of the DISCOM and not APPC of the DISCOM which considers Fixed Cost (FC) and Other Costs also. Fixed Cost is not at all linked to the energy component, it is committed and sunk cost irrespective whether the plant is scheduled or not. The DISCOM has not only factored the Fixed cost in APPC but has also considered the impact of Transmission charges. By allowing gain with such APPC, JERC would lead to double accounting of Fixed Cost and Transmission Charges to the DISCOM leading to unwanted windfall gain. 100% recovery of Fixed Cost and Transmission Charges have already been allowed in

the Power Purchase Cost, now allowing the some portion of it under the garb of gain in distribution loss would result in double accounting of Fixed cost & Transmission charges. Therefore, PFI requests the Hon’ble Commission to consider the gain on account of distribution loss by considering its impact weighted average ECR and not APPC.

- 25) As there was no detailed breakup provided on FC and ECR in Power Purchase (Table 5 of the Petition), PFI has considered the ECR approved by Hon’ble Commission in APR of ARR FY 2024-25 dated 25/09/2025.
- 26) Accordingly, PFI has calculated the gain with respect to the reduction in the T&D as follows

Particulars	Normative	Claimed by DISCOM	Proposed by PFI	Difference
Total Sales (MU)	10,586	10,586	10,586	
Distribution Loss %	2.99%	1.46%	1.46%	
Distribution Loss (MU)	326	157	157	0
Energy required within Distribution Periphery (MU)	10,912	10,743	10,743	0
Gain on account Of Distribution Loss (MU)		169	169	0
APPC (Rs./kWh)		5.40	2.66	
Gain on account of Distribution Loss (Rs. Cr.)		91	45	(46)
<b>DISCOM Share (Rs. Cr)</b>		<b>61</b>	<b>30</b>	<b>(31)</b>

- 27) In view of above, PFI requests the Hon’ble Commission to allow Rs. 30 Cr. as gain towards reduction of Distribution loss against the claim of Rs. 61 Cr. and the balance may be borne by Govt. of Dadra & Nagar Haveli and Daman & Diu in the form of subsidy.

#### **D. REVENUE FROM SALE OF POWER**

- 28) DNHDDPDCL claimed Rs. 6242.65 Cr. as Revenue from sale of power in Table 27 of the Petition.

**Table 27: Revenue in FY 2024-25**

All Figures in Rs. Crore	Approved in APR	Actual
Revenue	6,193.34	6,242.65

- 29) However, PFI observed that as per Note 26 of Audit Accounts, Revenue from sale of power is Rs 6334.25 Cr.

Note 26 : Revenue from operations	(₹ in Crore)	
	Year ended March 31, 2025	Year ended March 31, 2024
Revenue from contracts with customers [Refer footnotes below]		
Revenue from power supply	6,339.74	6,092.64
Less: Discount for prompt payment of bills	5.49	5.12
	<u>6,334.25</u>	<u>6,087.52</u>
Other operating income		
Amortisation of deferred revenue		
Contribution received from consumers# [Refer note 34(b)]	*	*
Insurance claim receipt	0.15	*
Hire of meters	*	0.97
Miscellaneous income	7.23	8.66
	<u>7.38</u>	<u>9.63</u>
	<u>6,341.63</u>	<u>6,097.15</u>

# Amortisation of deferred revenue are recognised within the scope of Ind AS 115.

- 30) It is evident that there is difference of Rs. 92 Cr. (6334-6242) in revenue as claimed by DISCOM and as booked in Audit Accounts.
- 31) PFI also observed that DISCOM has not submitted the consumer category wise breakup of revenue neither in Petition nor in Audited Accounts.
- 32) In view of above, PFI requests the Hon'ble Commission to direct DISCOM to submit the reason of discrepancy and to consider the Revenue as per Audited Accounts i.e., Rs. 6,334 Cr. and to submit the consumer category wise Revenue with breakup like Fixed charge, Energy charge, ToD penalty/inventive, etc.

### **E. RETURN ON EQUITY- NO ACTUAL EQUITY**

- 33) DISCOM has claimed Return on Equity considering the normative Equity of 30%.
- 34) It is submitted that as per Clause 27 of *JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021*, equity considered for computation of

Return on Equity should be lower of the actual equity deployed or normative 30%.  
The relevant extract is as follows:

27.2 For New Projects, the debt-equity ratio as on the Date of Commercial Operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 24, after prudence check for determination of tariff:

Provided that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of tariff:

Provided also that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as a normative loan for the Licensee for determination of tariff:

Provided also that the Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

- 35) PFI observed that DISCOM has neither submitted the details of actual equity infused in Petition nor in the Forms as mandated under *JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021*.
- 36) Due to lack of information (actual equity infused), PFI request to consider equity infused during the year as “ZERO” and accordingly PFI recomputed the RoE as follows:

(Rs. Cr.)

Particulars	Claimed by DISCOM	Proposed by PFI
Opening Equity	223.28	223.28
Add: Equity addition during year	72.38	0
Less: Equity of decapitalised asset	4.43	4.43
Equity at the end of year	291.23	218.85
Average equity	257.26	221.07
ROE for Wire (@ 15.50% of 90% of Avg. Equity)	35.89	30.84
ROE for Retail supply (@ 16.00% of 10% of Avg. Equity)	4.12	3.54
<b>Total ROE</b>	<b>40.00</b>	<b>34.38</b>

- 37) In view of above, PFI requests the Hon’ble Commission to consider RoE as Rs. 34.38 Cr. and to direct DISCOM to submit details of equity infused during the year and to submit the relevant details in Form F7 & F10. The balance may be borne by Govt. of Dadra & Nagar Haveli and Daman & Diu in the form of subsidy.

**F. INTEREST EXPENSES**

38) PFI in the above para has recomputed the RoE by considering ZERO equity added during the year. However, DISCOM has done CAPEX of Rs. 241.27 Cr. during FY 2024-25, accordingly, PFI considered total amount of Rs. 241.27 Cr. as Loan.

**G. OTHER BORROWING COST**

39) PFI notes that DISCOM claims the Other Borrowing Cost of Rs. 4.97 Cr. for cost related to raising Finance/Bank charges. It is also indicated in Form -F13 as below

Dadra and Nagar Haveli and Daman and Diu Power Distribution Corporation Limited True up of FY 2024-25 Interest and Finance Charges			
			(Rs. Crore)
S. No.	Loan Source	Rate of Interest	Interest Due Actual
			FY 2024-25
		%	
<b>I</b>	<b>Normative loan</b>		
1	FY 2024-25	8.87%	33.33
	<b>Sub Total</b>		<b>33.33</b>
<b>II</b>	<b>Other Interest &amp; Finance Charges</b>		
1	Cost of raising Finance / Bank Charges		4.97
2	Interest on Security Deposit		12.95
3	Penal Interest Charges		
4	Lease Rentals		
5	<b>Sub Total</b>		<b>17.92</b>
<b>III</b>	<b>Grand Total of Interest &amp; Finance Charges (I+II)</b>		<b>51.25</b>
<b>IV</b>	<b>Less: Interest &amp; Finance Charges Capitalised</b>		<b>-</b>
<b>V</b>	<b>Net Interest &amp; Finance Charges (III - IV)</b>		<b>51.25</b>

40) Petitioner have claimed significant expense as “other”, which itself is vague explanation for expenses incurred.

41) In this regard, it is submitted that Finance/Bank charges should be part of Interest only and should not be allowed additionally. In view of this, PFI proposes the Hon’ble Commission to not consider the Other borrowing cost of Rs. 4.97 Cr.

42) Accordingly, PFI has recomputed the Interest expenses as follows:

(Rs. Cr.)

Particulars	Claimed by DISCOM	Proposed by PFI
Opening Balance of Loans	303.49	303.49
Add: Loan addition during the year	168.89	241.27
Add: Excess Loan repayment of decapitalised Asset	0.34	0.34

Particulars	Claimed by DISCOM	Proposed by PFI
Less: Repayments during the year	24.61	24.61
Closing balance of Loans	448.11	520.49
Average Loan	375.80	411.99
Weighted Average Rate of Interest (in %)	8.87%	8.87%
Interest Expense	33.33	36.54
Other Borrowing Cost	4.97	0
<b>Total Interest Expenses</b>	<b>38.30</b>	<b>36.54</b>

43) In the view of above, PFI proposes the Hon'ble Commission to consider Rs. 36.54 Cr. as Interest Expenses and the balance may be borne by Govt. of Dadra & Nagar Haveli and Daman & Diu in the form of subsidy.

#### **H. INTEREST ON WORKING CAPITAL**

44) PFI in the above para has requested to consider Revenue from Sale of Power as Rs. 6,334 Cr. against the claim of Rs. 6,242 Cr., accordingly, PFI has recomputed the Interest on Working Capital as follows:

(Rs. Cr.)

Particulars	Claimed by Discom	Proposed by PFI
O&M Expenses for 1 month	9.05	9.05
40% of R&M expenses for one month	1.14	1.14
Receivables for 2 months	1040.44	1055.67
Less: Power Purchase Cost of 1 month	500.41	498.04
Less: Security deposit	206.51	206.51
Normative Working Capital	343.71	361.30
Interest Rate (%)	10.65%	10.65%
<b>Interest on Working Capital</b>	<b>36.61</b>	<b>38.48</b>

45) In the view of above, PFI proposes the Hon'ble Commission to consider Rs. 38.48 Cr. as Interest on Working Capital.

#### **I. SUMMARY OF TRUE-UP PETITION FOR FY 2024-25**

46) As stipulated above, summary of PFI Comments are as follows:

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	10478	10478	0
2	Distribution Loss	1.46%	1.46%	0
3	Power Purchase Cost	5340	5304	(37)
3a	<i>Less: UI Charges</i>		28	
3b	<i>Less: REC procurement cost</i>		8	
4	Transmission Charges	664	664	0
5	Operation & Maintenance Expenses	109	109	0
5a	Employee Expenses	44	44	0
5b	Administrative & General (A&G) Expenses	31	31	0
5c	Repair & Maintenance (R&M) Expenses	34	34	0
6	Return on Equity	40	34	(6)
6a	<i>Less: Due to nonavailability of actual Equity infused</i>		6	
7	Interest on Loan	38	37	(2)
7a	<i>Less: Other Borrowing Cost</i>		5	
7b	<i>Add: Interest due to additional Loan</i>		3	
8	Interest on Working Capital	37	38	2
8a	<i>Add: Due to increase in Revenue</i>		2	
9	Depreciation	25	25	0
10	Others (Interest on Consumer Security Deposit, Tax, etc)	53	53	0
<b>11</b>	<b>Gross Aggregate Revenue Requirement</b>	<b>6306</b>	<b>6264</b>	<b>(42)</b>
12	Less: Non-Tariff Income	51	51	0
13	Add: Sharing of T&D Gains/(Losses)	61	30	(31)
<b>14</b>	<b>ARR</b>	<b>6316</b>	<b>6243</b>	<b>(73)</b>
15	Revenue from Sale of Power	6243	6334	92
16	Less: Revenue gap from earlier gap	117	117	0
<b>17</b>	<b>Revenue (Gap)/Surplus</b>	<b>(190)</b>	<b>(26)</b>	<b>165</b>

47) In view of above, it is observed that DISCOM will be in Revenue Gap of Rs. 26 Cr. against the claim of Revenue Gap of Rs. 190 Cr. It is further submitted that elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers and should be borne by Govt. of Dadra & Nagar Haveli and Daman & Diu in the form of subsidy.

**PRAYERS BEFORE HON'BLE JERC (Goa & UTs):**

- 1) To consider the comments / suggestions of Power Foundation of India (PFI) on Tariff Petition for FY 2024-25 of DNHDDPDCL.**
- 2) To reduce UI charges as they are penal in nature.**
- 3) To consider the Revenue from Sale of Power as per Audited Accounts.**
- 4) To direct DISCOM to submit the detail of actual Equity infused during the year and till then consider ZERO Equity.**
- 5) To consider weighted Energy Charge Rate instead of APPC for computation of incentive for reduction in Distribution Loss.**
- 6) The inefficiencies of DISCOMs should not be allowed to socialize to consumers at large.**
- 7) To consider the additional submissions, if any, made by PFI for DISCOM True-up FY 2024-25 Petition.**