

**BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS No. 33-36, SECTOR-4, PANCHKULA- 134112, HARYANA**

**HERC/Review Petition No. 5 of 2025 with IA no 27 of 2025 and
HERC/Review Petition No. 10 of 2025 with IA No 37 of 2025**

Date of Hearing : 07.01.2026
Date of Order : 22.04.2026

In the Matter of

Review of HERC Distribution Retail Supply Tariff Order dated 28.03.2025 related to the True-Up for FY 2023-24, Business Plan for FY 2025-2029, Capex Plan for FY 2025-29, Mid-Year Performance Review for FY 2024-25, Aggregate Revenue Requirement of UHBVNL & DHBVNL and Distribution & Retail Supply Tariff for FY 2024-25 under Section 94 (1) (f) of the Electricity Act 2003 and Regulation 57(1) & (2) of Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 amended from time to time

Petitioner(s)

1. Yamunanagar Jagadhri Chamber of Commerce & Industry and Laghu Udyog Bharati (Haryana Prant Unit) (Review Petition No. 5 of 2025)
2. Faridabad Industries Association (FIA) (Review Petition No. 10 of 2025)

Intervenors

1. Haryana Chamber of Commerce & Industry (HCCI)
2. Haryana Rice Exporters Association (HREA)
3. Progressive Federation of Trade & Industry (PFTI)
4. Haryana Plywood Mfr. Association
5. Sh. Pankaj Bhalotia
6. Princess Park RWA
7. Faridabad Industries Associations (FIA)

Respondent(s)

UHBVNL
DHBVNL

Present on behalf of the Petitioner(s) and Intervenors

1. Sh. Drupad Sangwan, Advocate
2. Sh. Madhur, Advocate
3. Sh. Samridhi Sareen, Advocate
4. Sh. Vidushi Singh, Advocate
5. Col P K Sharma, Executive Secretary, FIA
6. Sh. Nitin Sarda, Dy. Manager, FIA (Star wire)
7. Sh. D.P. Aggarwal, JSL
8. Sh. Sanjeev Chopra, PFTI
9. Sh. Prakhar Jain, HCCI, HREA
10. Sh. Sushil Jain, HCCI- Chairman, HREA- President
11. Sh. Vikram Hans, HCCI Panchkula

Present on behalf of the Respondent(s)

1. Sh. Lovepreet Singh, Advocate, UHBVNL & DHBVNL
2. Sh. Puneet Kumar, SE/RA, UHBVNL

3. Sh. Vinod, XEN/RA, UHBVNL
4. Ms. Kusum Lata, SDO/RA, DHBVNL
5. Ms. Sunita Nain, SDO, DHBVNL
6. Sh. Shubham Tripathi, Consultant, DHBVNL
7. Sh. Hritik Rawat, Consultant/DHBVNL
8. Sh. Vineet Parashar, Consultant, UHBVNL

Quorum

Shri Nand Lal Sharma
Shri Mukesh Garg
Shri Shiv Kumar

Chairman
Member
Member

ORDER

Brief background of the case

1. The present review petitions have been preferred by Yamunanagar Jagadhri Chamber of Commerce & Industry along with Laghu Udyog Bharati (Haryana Prant Unit), being Review Petition No. 5 of 2025, and by Faridabad Industries Association (FIA), being Review Petition No. 10 of 2025, seeking review of the ARR Order dated 28.03.2025 passed by this Commission in HERC Petition No. 66 of 2024 and HERC Petition No. 67 of 2024, filed by the Haryana Distribution Licensees, namely UHBVNL and DHBVNL, respectively.

Review Petition No. 5 of 2025 has been filed by Yamunanagar Jagadhri Chamber of Commerce & Industry and Laghu Udyog Bharati (Haryana Prant Unit), seeking review of the fixed charges determined for HT consumers in the impugned ARR Order dated 28.03.2025.

Review Petition No. 10 of 2025 has been filed by M/s Faridabad Industries Association, inter alia, contending that in the absence of any tariff application filed by the Distribution Licensees, the suo motu revision of tariffs undertaken by this Commission has resulted in prejudice to the consumers, thereby necessitating review and modification of the impugned order in the interest of justice, equity, and regulatory propriety.

2. The review petitioner(s) in review petition no 5 of 2025 have submitted as under:
 - 2.1. That the petitioners are associations representing the HT consumers in the district of Yamunagar-Jagadhri region and have filed the present review petition primarily seeking review of the fixed charges determined for the category of HT consumers by the Ld. Commission in its Tariff Order Distribution & Retail Supply dated 28.03.2025.
 - 2.2. That non-dealing and non-consideration of objections raised regarding already high fixed charges and unviability of steep increase of approx. 76% (from Rs. 165/kVA to

Rs. 290/kVA) in the fixed charges for the HT consumers (above 50kW) which has emerged in the first billing cycle itself; the Petitioners are constrained to file this limited review petition seeking review of the fixed charges determined for the HT consumer. Despite the specific objection regarding fixed charges the Ld. Commission did not consider and deal with this specific objection raised by GIA and the Ld. Commission erroneously proceeded to deal and decide this specific objection on the presumption that it had already dealt with and addressed it while dealing with the comments/objections filed by the FIA, which was not the case, leading to an apparent error in determination of fixed charges especially in absence of a tariff proposal by the Respondents.

- 2.3. That the Respondents had filed petitions before the Ld. Commission regarding the True-Up for FY 2023-24, Business Plan for FY 2025-2029, Capex Plan for FY 2025-29, Mid-Year Performance Review for FY 2024-25, Aggregate Revenue Requirement of UHBVNL & DHBVNL and determination of Distribution & Retail Supply Tariff for FY 2024-25 – in response to which the Ld. Commission had sought additional information/clarification vide memo dated 26.12.2024
- 2.4. That the Ld. Commission vide its interim order dated 16.01.2025 sought additional information from the Respondents to which they replied but the Ld. Commission was “constrained to note the lackadaisical approach” in facilitating the data validation process especially given the urgency in passing of the tariff order without any delay.
- 2.5. That the objections regarding the petitions were invited from the Public between 03.12.2024 and 06.12.2024 by the Respondents and by the Ld. Commission on 18.12.2024.
- 2.6. That pursuant to the public notices various objections were filed by M/s Faridabad Industries Association (hereinafter the FIA), Mr. Pankaj Bhalotia and M/s Gurgaon Industrial Association (hereinafter the GIA) on various dates including a specific objection regarding (already) exorbitant Fixed Charges levied on the HT Consumers with no evidence of benefit to the consumer.
- 2.7. That despite the specific objection regarding fixed charges the Ld. Commission did not consider and deal with this specific objection raised by GIA and the Ld. Commission erroneously proceeded to deal and decide with this specific objection on the presumption that it had already dealt with and addressed it while dealing with the comments/objections filed by the FIA, which was not the case.
- 2.8. That given that the objections filed by the FIA and the GIA broadly represented the issues common to the HT consumers even in Yamunanagar-Jagadhri such as the Petitioners – the Petitioners did not separately file the objections to the beforementioned true-up/tariff petitions. Further, given that the decision of the Ld.

Commission on the issues and objections raised by the stakeholders, would apply to the public at large – the Petitioners remained confident that even their interests would remain protected in spite of not preferring the same objections as preferred by the FIA and GIA separately.

- 2.9. That it is only after the first cycle of billing that the true impact of upward revision in fixed charges was felt by the HT consumers i.e. present Petitioners who primarily include medium, small-scale and micro industries. The true impact of the increase of the fixed charges by 76% has been felt by the industries in terms of tangible losses on ground after the first billing cycle post the issuance of the Tariff Order dated 28.03.2025 hence, the present review petition has been filed seeking review of increase in such fixed charges.

GROUNDS OF REVIEW

Non-consideration of the objection regarding already exorbitant fixed charges

- 2.10. BECAUSE the GIA had specifically raised an objection regarding the existing exorbitant fixed charges on the HT consumers i.e. industries (Pg. 88/Tariff Order dated 28.03.2025). However, but apart from noting the increase in the Power Purchase Cost due to inflationary pressure (Pg. 259/ Tariff Order dated 28.03.2025)– there is no rationale throughout the Tariff Order dated 28.03.2025 as regards the increase of 76% (from Rs. 165/kVA to Rs. 290/kVA) in the fixed charges for the HT consumers (above 50kW)
- 2.11. BECAUSE the Ld. Commission simply observed that the objection regarding fixed charges raised by GIA has been already addressed by the Ld. Commission while dealing with the comments filed by the FIA, which it is respectfully submitted is not the case. This is because in the total of 27 objections filed by the FIA (Pg.42-74/ Tariff Order dated 28.03.2025) – none specifically pertained to the already exorbitant fixed charges. Rather it was the GIA which specifically raised the issue of already high fixed charges. Hence, the Tariff Order dated 28.03.2025 on the aspect of fixed charges for HT Consumers is apparently erroneous.

Fixed Charges determined in absence of evidence warranting increase—rendering such determination without basis and rationale

- 2.12. BECAUSE the Ld. Commission, in the absence of a tariff proposal, has arrived at an arbitrary figure by which to increase the fixed charges leviable because no rationale is forthcoming for an increase of 76% in the fixed charges leviable on HT consumers. Further such figure is neither supported nor evidenced by a CoS conducted in this regard.
- 2.13. BECAUSE the Ld. Commission has noted at several places that the proposed huge revenue gap for FY 2025-26 is on account of increased power purchase cost

primarily due to inflationary pressures (Pg.49, 51,259/ Tariff Order dated 28.03.2025) and yet in order to not disturb the revenue balance of the Respondents – the entire burden in guise of cushioning to domestic consumers – has been passed on to the C&I consumers such as the Petitioners who have hitherto provided such cushion. There is further no rationale for passing on such burden to the C&I consumer.

Ineffective power procurement by Haryana Discoms specifically observed – yet the C&I consumer penalized for rising power purchase cost

2.14. BECAUSE the Ld. Commission has observed categorically that there is a “need for a more scientific demand forecasting which in turn will lead to cost-effective power procurement planning by Haryana Discoms.” (Pg. 62/ Tariff Order dated 28.03.2025). Thus, apart from inflationary pressure – the Haryana Discoms are plagued with ineffective power procurement as noted by the Ld. Commission– yet the burden of which has translated into the tariff design by shooting up the fixed charges for the HT Consumers. This renders the Tariff Order dated 28.03.2025 on the aspect of fixed charges for HT Consumers apparently erroneous.

2.15. BECAUSE it is worth noting that the Ld. Commission itself has noted that the total O&M expenditure as per actuals is higher than that approved by the Ld. Commission for the year due to increased A&G and terminal liability and has cautioned that “the Discoms should be mindful of the fact that inefficiencies of any sort, cannot be allowed to be pass through in the ARR on the electricity consumers of the State.” (Pg. 112/ Tariff Order dated 28.03.2025) On the contrary, erroneously, the Ld. Commission itself proceeds to pass on the inefficiency re power procurement onto the consumer i.e. the Petitioners in the present case by increasing the fixed charges by 76%, which is an error apparent.

Failure to implement Fuel and Power Purchase Adjustment Methodology – failure of the Discoms to deal with rise in average power purchase cost – Consumer unjustly penalised

2.16. BECAUSE in analysing the Aggregate Revenue Requirement (the ARR) in Chapter III of the Tariff Order dated 28.03.2025 – the Ld. Commission notes that the Discoms i.e. the Respondents have till date not implemented the ‘Fuel and Power Purchase Adjustment Methodology’ prescribed in Regulation 66 of the HERC MYT Regulations, 2019 (3rd Amendment) Regulations, 2020. This, coupled with the observation that there is scope for the Discoms to procure power more effectively and efficiently (Pg. 62/ Tariff Order dated 28.03.2025) leads to the inevitable conclusion that the Discoms are capable to meet the rise in power purchase cost by

minimizing inefficiencies rather than passing on the burden through ARR onto to the electricity consumer in the State.

Impact calculation not considered while increasing the fixed charges

- 2.17. BECAUSE it is submitted that despite the GIA raising the issue of exorbitant fixed charges – the impact of further increase in fixed charges which was apparent has not been considered by the Ld. Commission. Hence, for this reason the tabular representation of commercial impact of increased fixed charges on approximately 5000 units in Yamunagar-Jagadhri alone which is Rs. 540 crores per annum warranting review of such increase in the fixed charges is annexed with the petition. Further a sample bills and their estimated impact on revenue generation is annexed with the petition.
- 2.18. BECAUSE in preferring the present review petition, the Applicant would rely on the following aspects as settled by case law which would constitute legal reasons for review:
- 2.18.1. Where there has been a non-consideration/not dealing with/ of issues/questions raised/contentions/arguments raised [Eastern Coalfields v. Joscon, (2003) 12 SCC 339- Para 8 as applied in Ganesh Trading Company v. Government of Maharashtra, 2007 SCC OnLine Bom 184- Para 6,11]. It is submitted that despite the specific objection regarding fixed charges the Ld. Commission did not consider and deal with this specific objection raised by GIA on the aspect of increased fixed charges and the Ld. Commission erroneously proceeded to deal and decide with this specific objection on the presumption that it had already dealt with and addressed it while dealing with the comments/objections filed by the FIA, which was not the case, leading to an apparent error in determination of fixed charges especially in absence of a tariff proposal by the Respondents.
- 2.18.2. Where there has been a non-perusal of documents/judgment/precedents which if considered would have led the *lis* to be decided differently [*State of Rajasthan v. Surendra Mohnot*, (2014) 14 SCC 77- Para 27] given that the judgment under review is based on an assumption that issue regarding fixed charges had already been dealt with by the Ld. Commission while deciding the objections raised by FIA – the specific objections and material placed by the GIA has been ignored – that there is no evidence/material based on which the burden of the increased cost of power procurement should be passed on to the HT consumers such as the Petitioners herein..
- 2.18.3. It is the duty of the court to rectify, revise and recall its orders as and when it is brought to its notice that certain of its orders were passed on a wrong or mistaken assumption of facts and that implementation of those orders would have serious

consequences. An act of court should prejudice none. [S. Nagaraj v. State of Karnataka [1993 Supp (4) SCC 595- Para 36]. The preference of the present petition itself shows that the order under review has had and will have serious consequences for the HT Consumers – many of whom are also MSME units. There ought to have been some rationalisation/calling of cost of supply study to show how/ why there is rise in cost of power purchase and the material to show that it is prudent to pass on such burden on the units such as the Petitioners. This is in spite of noting that the DISCOMS have themselves not been entirely financially prudent and approached the Ld. Commission without a tariff proposal and/or cost of supply study.

2.18.4. BECAUSE a bare perusal of the order under review dated 28.03.2025, clearly shows that it is passed on mistaken factual position regarding fixed charges and thus is liable to be reviewed regarding such aspect.

2.19. The following prayer has been made:-

In the above-mentioned facts and circumstances, the petitioners prayed to review the fixed charges determined for the HT Consumer and issue appropriate directions to this effect and pass any other order(s) and /or direction(s) as may be deemed fit and proper by the Hon'ble Commission in the facts and circumstances of the present case.

Interlocutory Application (IA 27 of 2025 in Review Petition no 5 of 2025):

3. The Petitioner(s) had also filed Interlocutory Application i.e. IA 27 of 2025 in Review Petition no 5 of 2025 requesting for condonation of delay. The same is as under:

3.1. That the present review petition is limited to the aspect of increase in the component of fixed charges by 76% for approx. 76% (from Rs. 165/kVA to Rs. 290/kVA) in the fixed charges for the HT consumers (above 50kW) the stifling impact of which has emerged only now in the first billing cycle itself. Hence, the Petitioners are constrained to file this limited review petition seeking review of the fixed charges determined for the HT consumer.

3.2. That after bearing the impact of the increased fixed charges as determined by the Tariff Order dated 28.03.2025, w.e.f. 01.04.2025, the Petitioners who are associations comprising of medium, small-scale and micro industries in Yamunangar-Jagadhri, a consensus was reached only around 20.05.2025 to file the present review petition on the limited aspect of increased fixed charges. Thus, a delay of 45 days has occurred in the filing of the present review petition, which was not deliberate and neither owing to negligence – and only on account of waiting to actually play out the real impact of the increased fixed charges.

- 3.3. That it is only after passing of the Tariff Order dated 28.03.2025 that it has come to light that despite the specific objection regarding fixed charges the Ld. Commission did not consider and deal with this specific objection raised by GIA on the aspect of increased fixed charges and the Ld. Commission erroneously proceeded to deal and decide with this specific objection on the presumption that it had already dealt with and addressed it while dealing with the comments/objections filed by the FIA, which was not the case, leading to an apparent error in determination of fixed charges especially in absence of a tariff proposal by the Respondents.
- 3.4. That additionally, it is submitted that it is only after the first cycle of billing that the real impact of upward revision in fixed charges was felt by the HT consumers i.e. present Petitioners who primarily include medium, small-scale and micro industries. The true impact of the increase of the fixed charges by 76% has been felt by the industries in terms of tangible losses on ground after the first billing cycle post the issuance of the Tariff Order dated 28.03.2025 hence, the present review petition has been filed seeking review of increase in such fixed charges albeit with a delay which is not substantial.
- 3.5. That it is submitted that the commercial impact of the increase of the fixed charges by 76% on a particular set of consumers i.e. the Petitioners, in the present circumstances outweighs the procedural and technical requirement of adhering to the limitation period of 45 days prescribed for filing of the review petition.
- 3.6. That it is further settled that unless delay is deliberately and *malafidely* caused to take unfair advantage or otherwise there is gross negligence, delay must ordinarily be condoned since the law of limitation is not intended to destroy the rights of Parties as held by the Hon'ble Supreme Court in *N. Balakrishnan v. M. Krishnamurthy*, (1998) 7 SCC 123, relevant portion of which is extracted below:
"11. Rules of limitation are not meant to destroy the rights of parties. They are meant to see that parties do not resort to dilatory tactics, but seek their remedy promptly. The object of providing a legal remedy is to repair the damage caused by reason of legal injury. The law of limitation fixes a lifespan for such legal remedy for the redress of the legal injury so suffered. Time is precious and wasted time would never revisit. During the efflux of time, newer causes would sprout up necessitating newer persons to seek legal remedy by approaching the courts. So, a lifespan must be fixed for each remedy. Unending period for launching the remedy may lead to unending uncertainty and consequential anarchy. The law of limitation is thus founded on public policy. It is enshrined in the maxim interest reipublicae up sit finis litium (it is for the general welfare that a period be put to litigation). Rules of limitation are not meant to destroy the rights of the parties. They are meant to see

that parties do not resort to dilatory tactics but seek their remedy promptly. The idea is that every legal remedy must be kept alive for a legislatively fixed period of time.”

- 3.7. That it is further submitted that when substantial justice is pitted against technical considerations, the cause of substantial justice deserves to be preferred for the other side cannot claim to have vested right in injustice being done because of a non-deliberate delay. Further, there can be no presumption that the delay, if any, is occasioned deliberately, or on account of culpable negligence, or on account of mala fides of the Petitioners simply because it does not stand to benefit by resorting to such delay.
- 3.8. That it is further submitted that the Petitioners were in fact being prudent in waiting to realize the true impact of the increase in the fixed charges – rather than to hurry in filing the review petition on an “imagined” loss. Hence, when the impact was indeed felt across the board by the industries in Yamunagar-Jagadhri – the collective decision to file review has been taken. It is re-iterated that the delay if any is only on account of deliberation and consensus and not because of any negligence.
- 3.9. That it is prayed that instant application may be allowed and the delay not being substantial delay may be kindly condoned in the facts and circumstances of the present case and in the interest of justice and fair play.
4. **The review petitioner in review petition no 10 of 2025 has submitted as under:**
 - 4.1. That this Commission, vide its order dated 28.07.2025 in Case No. HERC/RA No. 05 of 2025 and IA No. 27 of 2025, has already condoned the delay of 45 days in filing the present review petition, observing that "technical objections should not defeat substantive adjudication" and considering the public interest involved in the matter.
 - 4.2. The impugned Tariff Order suffers from errors apparent on the face of record, violation of principles of natural justice, non-compliance with statutory provisions, failure to consider material facts, and mathematical and computational errors in revenue gap calculations that warrant immediate review and recall of the order.
 - 4.3. That the petitioner is an electricity consumer/association of industries in Haryana and are also consumers of the Distribution Licensee of this Hon'ble Commission, having direct and substantial interest in the tariff determination process and is aggrieved by the illegal and arbitrary increase in electricity tariffs without following due process of law. That the State Electricity Regulatory Commission constituted under Section 82 of the Electricity Act, 2003, responsible for tariff determination in

the State of Haryana. Respondents are the distribution licensees in Haryana who are required to file tariff proposals under Section 64 of the Act but have failed to do so.

- 4.4. That the Distribution Licensees (UHBVN & DHBVN) filed only for True-up for FY 2023-24, Annual Performance Review for FY 2024-25, and Annual Revenue Requirement for FY 2025-26. However, they never filed an application for tariff determination as mandated under Section 64 of the Electricity Act, 2003.
- 4.5. That despite the absence of a tariff petition from the Discoms, the Commission proceeded to increase tariffs suo motu, calculating a revenue gap of Rs. 3,262 crores. The Discoms themselves projected a revenue gap of Rs. 4,520 crores but did not pray for any tariff hike, changes, or amendment to the tariff schedule. It is, however, not denied, that on a tariff application filed by the distribution licensees., this Hon'ble court is fully empowered to approve the same or reject the same or approve it with amendment. However, in the instant case the distribution licensees, despite erroneously projecting a revenue gap and despite explicit order of this hon'ble commission never made even a semblance of attempt to submit a tariff proposal. As a corollary, the stakeholders including the review petitioner herein, reasonably and logically assumed that there is no occasion to increase the tariff as such.
- 4.6. That the basic building blocks of tariff determination / design is consumer category wise cost of service, simply put an estimation of the cost (including a reasonable return on eligible equity) that the distribution licensee incurs / expected to incur in supplying / delivering a KWH / KVA (unit) of electricity to a class / category of consumer.
- 4.7. That since 2012-13, the Discoms have consistently failed to submit consumer category-wise Cost of Service (COS) study, voltage-wise Cost of Service study, and category-wise distribution and AT&C losses, despite multiple APTEL judgments and the Commission's own directions spanning over 13 years. The current financial position shows accumulated FSA (Fuel Surcharge Adjustment) of Rs. 8,245 crores, outstanding receivables of Rs. 7,129 crores, and actual power purchase cost that declined by 5 paise/unit compared to the previous year.
- 4.8. That the Commission has wrongly observed and erroneously found, which is against the applicable laws and regulations and against the record, regarding the following:
 - 4.8.1. Section 64. (Procedure for tariff order) of the Electricity Act, 2003 clearly provides as under:-

“(1) An application for determination of tariff (emphasis added) under section 62 shall be made by a generating company or licensee in such manner and accompanied by such fee, as may be determined by regulations.

(2) Every applicant shall publish the application, in such abridged form and manner, as may be specified by the Appropriate Commission.

(3) The Appropriate Commission shall, within one hundred and twenty days from receipt of an application under sub-section (1) and after considering all suggestions and objections received from the public,-

(a) issue a tariff order accepting the application with such modifications or such conditions as may be specified in that order.

(b) reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of this Act and the rules and regulations made thereunder or the provisions of any other law for the time being in force:

Tested on the anvil of the statute supra, it is evident that the distribution licensees viz. Uttar Haryana Bijli Vitran Nigam and Dakshin Haryana Bijli Vitran Nigam (the Respondents herein), never filed any application for tariff determination. Admittedly, what they did file was for determination of True-up (FY2023-24), Annual Performance Review (FY 2024-25) and Annual Revenue Requirement (FY 2025-26). Consequently, there was no petition / application before the Hon'ble HERC to determine / inordinately increase tariff payable by the electricity consumers without even affording an opportunity to them for intervening in the matter. Hence, the tariff order passed in the matter is bad in the eyes of law and needs to be withdrawn / amended appropriately.

4.8.2. That HERC MYT Regulations, 2024, provides as under:-

“4.7 The tariff determined by the Commission and the directions given in the MYT order shall be quid pro quo and mutually inclusive. The tariff determined shall, within the time period specified in the order, be subject to the compliance of the directions given in the tariff order may also lead to invocation of the provisions of section 142 and 146 of the Electricity Act, 2003”.

4.9. That the Hon'ble Commission has been again and again directing the Distribution Licensee to conduct a CoS study and submit the same for the consideration and approval of the Commission

4.10. That Hon'ble Appellate Tribunal for Electricity (APTEL) had directed the Haryana Electricity Regulatory Commission (HERC) to conduct a cost of service study. This decision stems from a case where a tariff order was challenged, and APTEL, upon review, deemed a cost-of-service study necessary to ensure fair and accurate tariff

determination. The Hon'ble Tribunal, through judgment dated 28.02.2014 in Appeal No. 109 of 2012, rendered the following directions:

“61.....The State Commission has to make a beginning for determination of voltage wise cost of supply. We accordingly direct Judgement in the State Commission to determine the voltage wise cost of supply and cross subsidy with respect to voltage wise cost of supply for the FY 2012-13. This would be used as a base for comparison of cross subsidy in future tariff determination. We are, however not inclined to set-aside the impugned Order on account of non-determination of voltage wise cost of supply in the circumstances of the present case. However, the State Commission should take immediate action with respect to carrying out the exercise for determination of voltage wise cost of supply. The Distribution licensees are also directed to submit the State Commission the category wise/voltage wise cost of supply at the earliest. The issue is decided accordingly.”

- 4.11. That it is well established from Appeal No. 109 of 2012 itself, that Hon'ble Tribunal, Judgement in Appeal No.82 of 2017 even while issuing mandatory directions for progress toward voltage-wise data and cost segregation, has on occasion noted, *“...We are, however, not inclined to set-aside the impugned Order on account of non-determination of voltage wise cost of supply in the circumstances of the present case...”*. This, coupled with the repeated legal principle that regulatory practice must accommodate the realities of the data, metering, and network structure during transition, indicates that in the interim, and subject to continued vigilance and progress.
- 4.12. That the Respondents concede partial non-compliance but submit an explanation by reiterating that the data availability is restricted by the structural division of the electricity network: distribution licensees' control and thus have data for voltage levels up to 33 kV, while higher voltages (66 kV and above) lie within the transmission licensee's (HVPNL) domain, whose data is not entirely accessible to the Discoms.
- 4.13. The Commission in the impugned order dated 28.03.2025 (HERC / Petition No. 66 of 2024 & HERC / Petition No. 67 of 2024), has directed as under:-
“The Commission directs the Discoms to conduct a detailed consumer category wise CoS study and submit the same for consideration and approval of the Commission within six months of this Order to enable the Commission to take a comprehensive view on the existing tariff and charges”.
- 4.14. That the Hon'ble Commission has overlooked the past precedence (set by it) in addressing the revenue gap at existing tariff without citing any reasons for erring in favor of the Respondents herein viz. UHBVN and DHBVN. The Hon'ble Commission

in its Order dated 5.03.2024 in the matter of true-up for the FY 2022-23, annual (mid-year) performance review for the FY 2023-24, aggregate revenue requirement of UHBVNL and DHBVNL and distribution & retail supply tariff for the FY 2024-25 (HERC / Petition No. 69 of 2023 & HERC / Petition No. 70 of 2023), decided as under:-

“After due deliberations, the Commission has considered the following to bridge the Revenue Gap of Rs 3245.21 Crores at the existing tariff, as under: Bridging of Revenue Gap (Rs Crores) Revenue Surplus FY 2022-23 1061.57 Efficiency Gains 663.95 Estimated Revenue from MMC 130.00 Liquidation of Receivables (15% of defaulting amount as on Oct 2023) 1107.0 Total 2962.52# #The balance revenue gap of Rs 282.69 crores shall be met from reduction of distribution losses that has been pegged by the Commission at 10% in the FY 2024-25 i.e. reduction of a further 0.5% over and above 1.5% mentioned in the table above”

- 4.15. The Commission, in its impugned has labored hard to justify suo-moto massive increase in tariff as there was no proposal from the Discoms despite directions of HERC. While working out revenue gap of Rs. 3262 Crore and addressing the same by way of massive increase in consumer tariff, the Commission, has overlooked, its own orders of the previous years.
- 4.16. That had the Hon'ble HERC been consistent in its approach, the following would have emerged. Using (without admitting) HERCs own estimated revenue gap).
- HERC Revenue Gap: Rs. 3262 Crores
 - Less Revenue from MMC: Rs. 600 Crore). This has been replaced by Fixed Charge / Demand Charge giving more certainty to revenue inflow as MMC triggered / became payable when consumption dropped below a threshold limit. This would yield about Rs. 600 Crores (figures may be sought from Discoms) = Rs. 600 Crore.
 - Efficiency gains (loss reduction of 1% of ARR of Rs. 45366 Crores): Rs 453 Crore.
 - 25% of outstanding receivables / defaulting amount of Rs. 7129 Crores (there are 12.9 lakh defaulters in Dakshin Nigam and 7.5 Lakh defaulters in Uttar Nigam):- 1078.8 Crore. Consequently, the revenue gap would have been negligible. Hence, the unjustified increase in tariff both Fixed Charges and Energy Charges needs to be rolled back and in fact to encourage LT/HT Industrial and Commercial Consumers to generate employment, income and earnings and boost the State GDP, the electricity tariff should be reduced.
- 4.17. That there are following two class of consumer category viz.
- i. Providers of Cross Subsidy (HT, LT and BS (Other than DS)).

- ii. Recipient of CS / Subsidy (DS MITC, PWW, SL, DMRC , AP Tube Well (Govt Subsidy)
- 4.18. That Industries have been burdened with Cross – Subsidy for almost two decades now under the garb of +/- 20% stipulated in the NTP. In the beginning it was probably understandable that Cross-Subsidy needs to be removed in a gradual manner so as to avoid tariff-shock to the Class of Consumer receiving the benefits of CS but this cannot be continued for decades.
- 4.19. That the Haryana Distribution licensees (UHBVN and DHBVN) projected a revenue gap of Rs. 4520 Crores and did not pray for any tariff hike / changes / amendment to the tariff schedule. Nonetheless, in just one year the HT Supply CoS jumped from Rs. 6.12 / unit to Rs.7.05/Unit. It needs to be noted that HT Supply category of consumers right from the formation of Ld. HERC especially post coming into force of the Electricity Act, 2003 are paying cross-subsidy to a few other consumer categories so that they are not subjected to a 'tariff shock'. However, the cross-subsidy burden should have been rolled back by now after more than two decades of Regulatory reforms, but this was not to be. To the contrary, in absolute terms the cross-subsidy burden has been increased in successive years.
- 4.20. That the Commission, after holding hearings for the Genco, Transco & SLDC and Two Distribution companies on the same day in its office, passed an interim order directing the Discoms to file a tariff proposal. Since the Discoms / petitioner did not file any petition, the Ld. Commission proceeded to increase the distribution and retail supply tariff considerable that too without affording any chance to the electricity consumers to intervene in the matter in a non-speaking and cryptic order.
- 4.21. That the Ld. HERC failed to act in a transparent and reasonable manner. Despite the fact that a lot of data is neither available in public domain nor in the impugned order of the Hon'ble Commission e.g. connected load, revenue model, details of EV and Advocate's Chamber etc. An attempt has been made to build an illustrative tariff model including and illustrative revenue model at the existing effective tariff. It may be seen that except DS, AP TubeWell Supply, Advocates Chamber etc. no other consumer category including Industries provides any scope for increase in tariff. The cross-subsidizing consumer categories are providing excess revenue of Rs. 10993 million. The major revenue gap is in the DS Supply category and AP TubeWell supply category. The revenue gap in the AP Tube Well category is bridged by RE Subsidy made available to the Distribution Licensee by the State Government. Similarly, in case the State Government / Distribution Licensee desires that the DS supply consumers are also not required to pay the average cost of supply then in that case they can seek subsidy from the State Govt. The Hon'ble Commission

ought not to create any cross-subsidy in absolute terms and increase it further because due to increase in fully allocated cost (FAC) and sales growth the cross-subsidy requirement has increased.

4.22. That HT Industries alone, which accounts for less than 19% of the total connected load will be paying about Rs. 3000 Crores by way of demand charges which will financially cripple the already financially distressed Industries. Hence, the Hon'ble Commission may restore the Fixed Charges to the pre-revised levels. The Discoms have proposed to recover Rs. 4069 Crore (1612UH + 2457 DH) from levy of fixed charges. As per Demand Allocator, based on connected load, only about 19% i.e. Rs. 773 Crore is recoverable from the HT Industries as against over Rs. 3000 Crores that the increased kWA/kVA of Rs.290/kVA/Month will end recovering (Connected Load * Rs 290 per kVA per month).

4.23. That the Hon'ble Commission, in the impugned order has observed that the working capital loans have increased due to deferment of recovery of FPPAS from consumers. In this regard, it is also pertinent to note that the Commission, in its order dated 22.12.2023 (Petition No. 56 of 2023 and 62 of 2023), while deciding the petition of the discoms to allow the relaxation from charging the monthly FPPAS, has decided as under:-

"..... It is added that the Commission has allowed the petition, preferred by the Discoms, in effect, this would defer the revenue realization (assuming FPPAS on annual basis is positive) from the electricity consumers, hence, on the FPPAS amount pertaining to the FY 2023-24, no holding cost/carrying cost would be admissible."

The working capital has not increased because of staggered recovery of FPPAS but largely due to Rs. 7129 Crores remaining un-realised from the consumers and un-paid subsidy by the State Govt. Moreover, it has been held that MoP guidelines are mandatory, therefore, the same in the context of FPPA cannot be relaxed by this Hon'ble Commission which is also a creature of the statute. Therefore, recovery must end and any over recovered amount be refunded to the electricity consumers of the state.

4.24. That the Commission itself observed that, despite replacement of defective meters during the period from 31.03.2024 to 30.09.2024, the defective meters count in DHBVNL, as on 30.09.2024, is quite high. Further the count of defective meters in case of DHBVN has increased except single phase in rural areas. This is a matter of great concern and bound to reflect on financial health of the Distribution Licensee besides adversely affecting consumer satisfaction.

- 4.25. That due to lackadaisical approach of the Respondents and continued noncompliance of the directives issued by the Hon'ble Commission as well as the Hon'ble Appellate Tribunal for Electricity, New Delhi (APTEL) the electricity consumers of Haryana in general and Industrial Consumers in particular i.e. a class of consumer category that pays a tariff more than the cost incurred by the Discoms in supplying power to them, ought not to be burdened.
- 4.26. That on the one hand the Distribution Licensees are incurring losses on account of surplus energy and even paying fixed charges to generators like Pragati Gas (Bawana) and on the other hand HT Load of 692579 kW is pending for release.
- 4.27. That this Hon'ble Commission that, in its impugned order for the FY 2025-26, has estimated the Fixed Cost at Rs. 1.4370 / kWh (Rs 11445 Crore / 79642.83 MUs). Further, Fixed Charges are more or less a known factor as per the Terms of the PPA or Tariff Order(s) of CERC / SERC and infact it should decline as the assets depreciates, and debts are paid off hence interest burden reduces to that extent. As a corollary it can be considered with fair degree of confidence that the fixed cost are correct and not subject to change unlike ECR that has more probability to deviate e.g. recent changes in GST on Coal would change the ECR of coal-based generation procured by the Discoms. Thus, as against the FC per unit estimated and approved by this Hon'ble Commission, the Industrial Consumers across the spectrum will be paying anywhere between Rs. 1.52 / Unit to Rs.1.80 / Unit. This burden will increase sharply during the months of low demand and hence low energy consumption / demand factor used as the denominator while estimating the per unit impact.
- 4.28. That increasing consumer tariff, in the absence of CoS and in the absence of specific prayer by the Distribution Licensee to this extent, sou motu increasing tariff falls on the face of transparency and preamble of the as under: *“An Act to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers (emphasis added) and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto”*. *“(e) In the absence of requisite data in respect of such energy audit/ sample surveys/sample DT metering/ meter readings of segregated 11kV AP feeders, the Commission shall not accept the claim of the distribution licensee and may proceed to fix the loss levels and the load factor for*

unmetered agriculture consumption on the basis of the information available with it; The distribution licensee shall furnish within a period of six months from the date of notification of these Regulations, computation of supply voltage - wise and consumer category wise distribution and AT&C losses;”.

4.29. That the Commission, in the order under review, has observed that largely on account of increase in power purchase cost caused by inflationary factors, there is unaddressed revenue gap of Rs. 3262 crore has emerged in the FY 2025-26, taking the revenue at current tariff and restricting the RoE to 12%. Resultantly, the tariff is required to be realigned to garner about Rs. 3262 Crore.

The reason recorded of higher power purchase cost does not seem to be true as evident from the Hon'ble Commission's ARR / Tariff Order(s) during the last two financial years. The details, average power purchase cost from all sources including from sources no power was procured but fixed cost as per PPA was accounted for, are as under: -

2025-26: Rs. 4.55 / kWh (Rs. 36,257.71 Cr / 79642.83 MUs Pg. 209 ARR order)

2024-25: Rs. 4.5972/kWh (Rs. 33613 Cr / 73116 MUs Pg.121 ARR order)

It is evident from the year on year comparison that cost of power procurement approved by this Hon'ble Commission, declined by about 5 Paise per unit and this was combined with 47 Paise / unit FPAS already being collected by the Discoms i.e. the Respondents herein.

4.30. That the following prayers have been made:-

- a) Recall and Set Aside the impugned Tariff Order dated 28.03.2025 for FY 2025-26 in its entirety and declare the same as null and void ab initio;
- b) Restore the fixed charges/demand charges to Rs. 165/kVA/Month from the revised Rs. 290/kVA/Month and also restore energy charges to FY 2024-25 levels until proper tariff determination is undertaken in compliance with statutory provisions;
- c) Direct the Respondent Discoms to immediately file proper tariff petitions under Section 64 with complete proposals including tariff revision for various consumer categories, mechanism for meeting revenue gap, and statement of effect of proposed tariff changes on typical consumers as mandated under Regulation 73.1.2;
- d) Direct the Respondent Discoms to immediately place in public domain and submit to the Commission within 30 days:
 - Comprehensive voltage-wise and category-wise Cost of Service study with underlying raw data
 - Category-wise distribution and AT&C losses
 - Connected load details and revenue model

- Details of FPPA computation and recovery
- e) Immediately stay the recovery of FSA at 47 paise/unit and other tariffs increases whereby directing the Discoms to:
 - Undertake proper monthly computations as per Regulation 68
 - Complete annual true-up for all past periods
 - Place all details in public domain for stakeholder scrutiny
 - Refund any over-recovered amounts to consumers
- f) Direct recalculation of revenue gap after considering:
 - Revenue from fixed charges replacing MMC (approximately Rs. 600 Crores)
 - Efficiency gains from loss reduction (Rs. 453 Crores)
 - Recovery from outstanding receivables of Rs. 7,129 Crores (at least 25%)
 - Actual decline in power purchase costs of 5 paise/unit
- g) Ensure immediate compliance with APTEL judgments, particularly:
 - Appeal No. 82 of 2017 dated 12.08.2025 directing fresh adjudication within 2 years
 - Appeal No. 109 of 2012 directing voltage-wise CoS determination
 - Appeal No. 303 of 2019 mandating separate tariffs at each voltage level
- h) Conduct fresh public hearings with:
 - Proper notice to all stakeholders as per Section 64
 - Clear disclosure of financial impact on each consumer category
 - Opportunity for meaningful intervention by consumers
 - Consideration of all objections and suggestions
- i) Direct immediate release of pending HT load of 692,579 kW in a time-bound manner;
- j) Initiate proceedings under Section 142/146 of the Electricity Act against the Distribution Licensees for continued non-compliance with Commission's directives and APTEL judgments;
- k) Grant any other relief that this Hon'ble Commission may deem fit and proper in the interest of justice and consumer welfare.

Interlocutory Application (IA 37 of 2025 in Review Petition no 10 of 2025):

5. The Petitioner(s) had also filed Interlocutory Application i.e. IA 37 of 2025 in Review Petition no 10 of 2025 requesting for condonation of delay, submitting as under:-
 - 5.1. That this application is filed under Regulation 57 read with Regulation 65 and Regulation 71 of the Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019, seeking condonation of delay of 180 days in filing the Review Petition challenging the Tariff Order dated 28.03.2025 for FY 2025-26.

- 5.2. That the Applicant is an association of electricity consumers having direct and substantial interest in tariff determination proceedings and is aggrieved by the illegal and arbitrary tariff increases imposed without following due process of law.
- 5.3. That the statutory period for filing a review petition under Regulation 65 of the HERC (Conduct of Business) Regulations, 2019 is 45 days from the date of the order. The present application is being filed with a delay of 180 days beyond the prescribed limitation period.
- 5.4. That the delay has occurred due to the following genuine and sufficient reasons:
- a) Complexity of the Tariff Order: The impugned order involves intricate technical and legal issues requiring extensive analysis of financial data, regulatory compliance, and judicial precedents spanning over multiple years.
 - b) Need for Detailed Examination: Given the magnitude of tariff increases and their impact on industrial consumers, comprehensive study of the order and compilation of supporting documents was necessary.
 - c) Consultation Process: The Applicant, being an association of Diverse Industries Spread across the State, required time for internal consultations with member industries to assess the collective impact and formulate appropriate legal strategy.
 - d) Document Compilation: Gathering relevant financial data, APTEL judgments, previous HERC orders, and technical documents to substantiate the grounds of challenge required considerable time.
 - e) Legal Research: The matter involves complex questions of law regarding compliance with Section 64 of the Electricity Act, 2003, APTEL directives, and regulatory framework, necessitating thorough legal research as well as quantification of the impact of tariff as well as scope of increase in tariff in general and industrial consumers in particular.
- 5.5. Sufficient Cause: It is reiterated that the delay is not deliberate or due to any negligence on the part of the Applicant. The reasons stated above constitute sufficient cause within the meaning of Regulation 71 of the HERC (Conduct of Business) Regulations, 2019.
- 5.6. Public Interest: The review petition raises fundamental questions regarding:
- o Violation of mandatory statutory procedures under Section 64 of the Electricity Act, 2003
 - o Non-compliance with APTEL judgments dating back to 2012
 - o Absence of any tariff applications by Distribution Companies For The Consideration and Order of This Hon'ble Commission. Hence, No Prayer to Be Adjudicated Upon.
 - o Arbitrary tariff increases without fulfilling the basic cost of service studies to take a decision on realignment of consumer tariff in Haryana.

- 5.7. Consumer Welfare: The impugned order imposes massive financial burden on industrial consumers who are already cross-subsidizing other categories of electricity consumers in the state. The review is essential to protect consumer interests and ensure regulatory compliance.
- 5.8. Technical Objections Should Not Defeat Substantive Justice: This Hon'ble Commission has consistently held that technical objections should not defeat substantive adjudication when substantial questions of law and public interest are involved.
- 5.9. Precedent: This Hon'ble Commission in Case No. HERC/RA No. 05 of 2025 and IA No. 27 of 2025 vide order dated 28.07.2025 has already recognized the principle that "technical objections should not defeat substantive adjudication" while condoning delay in similar circumstances.
- 5.10. Regulation 71 of the HERC (Conduct of Business) Regulations, 2019 provides:
"The Commission may, in its discretion, condone any delay in filing any application, petition, appeal or reply, if it is satisfied that there was sufficient cause for not filing it within the prescribed time."
- 5.11. Regulation 65 dealing with review petitions empowers the Commission to review its orders in exceptional circumstances involving errors apparent on record or violation of principles of natural justice.
- 5.12. The Hon'ble Supreme Court in Collector, Land Acquisition vs. Mst. Katiji, (1987) 2 SCC 107, has held that when substantial questions of law and public interest are involved, delay should be condoned in the interest of justice.
- 5.13. The following prayers have been made:-
- a) Condone the delay of 180 days in filing the Review Petition in the interest of justice and public welfare;
 - B) Accept the Review Petition for consideration on merits.
 - C) Pass such other orders as this Hon'ble Commission may deem fit and proper in the circumstances of the case and in the interest of justice.

Proceedings of the Case

6. The matter in Review Application (RA) No. 5 of 2025 was first taken up for hearing on 23.07.2025. The Commission, vide its Order dated 28.07.2025, after hearing both parties, considering the nature of the dispute and the public interest involved, and adhering to the principle that substantive adjudication should not be defeated by technical objections, condoned the delay of 45 days in filing the review petition and allowed the application for condonation of delay (I.A. No. 27 of 2025).

7. Thereafter, the Commission, in its order dated 08.10.2025 (passed after hearing on 26.09.2025), observed that the present review petition seeks modification of tariff determined by the Commission in its impugned order dated 28.03.2025, which has direct bearing on the electricity consumers of the State of Haryana. The Commission therefore held that it would be appropriate to solicit comments/suggestions/objections of other stakeholders also, who may be affected by such modification, in compliance of the provisions of Section 64 (3) of the Electricity Act, 2003. Accordingly, the Commission directed that a public hearing shall be conducted after issuance of a public notice in two newspapers (one English and one Hindi) having wide circulation in the State of Haryana.
8. In compliance with the aforesaid directions, a public notice was published in two newspapers namely "The Tribune" and "Dainik Bhaskar" on 15.10.2025, stipulating 31.10.2025 as the last date of filing comments. Pursuant thereto, comments were received from the following seven stakeholders':
 - 8.1. Haryana Chamber of Commerce & Industry (HCCI)
 - 8.2. Haryana Rice Exporters Association (HREA)
 - 8.3. Progressive Federation of Trade & Industry (PFTI)
 - 8.4. Haryana Plywood Mfr. Association
 - 8.5. Sh. Pankaj Bhalotia
 - 8.6. Princess Park RWA
 - 8.7. Faridabad Industries Associations (FIA)
9. During the public hearing held on 17.12.2025, the Commission observed that while M/s. Faridabad Industries Association, while appearing as an intervenor in RA-5 of 2025, has also filed a review petition (No. 10 of 2025), on the similar issue, which is listed for hearing on 07.01.2026. Since both the review petitions i.e. review petition no. 5 and 10 of 2025, raised substantially similar issues, the Commission deemed it appropriate to hear the matters together as a bunch matter and decide them by a common order. The respondents (UHBVNL and DHBVNL) were directed to file reply to review petition no. 10 of 2025, as well as reply to the comments given by all the intervenors, with copy thereof to be served upon the intervenors.
10. Both the review petitions (RA-5 of 2025 and RA-10 of 2025) were finally heard jointly on 07.01.2026, wherein the learned counsels appearing on behalf of the review petitioner(s) as well as the respondents and intervenors, mainly reiterated the contents of their written pleadings, which for the sake of brevity are not reproduced herein. Upon hearing the parties, the Commission, vide its Interim Order dated 08.01.2026, granted liberty to all the parties to file their concluding written arguments within two weeks and accordingly reserved the matter for orders.

11. **Reply filed by Respondent in RA 5 of 2025 - UHBVNL and DHBVNL:**

UHBVNL and DHBVNL filed their reply dated 21.08.2025, submitting as under:

- 11.1. That at the very outset, and before dealing with the submissions on merits, the Respondents submitted that the reliance placed by the Petitioners on various provisions of law and regulations, in support of the present petition ("Petition"), is wholly misplaced and untenable. The Petitioners have sought to invoke the review jurisdiction of this Hon'ble Commission by relying upon Regulation 57 of the HERC (Conduct of Business) Regulations, 2019, as amended from time to time. It is pertinent to note that Regulation 57(1) clearly stipulates a mandatory timeline for filing a review petition. The said clause is reproduced below for ready reference:

"57 (1) All relevant provisions relating to review of the decisions, directions and orders as provided in the Code of Civil Procedure 1908, as amended from time to time, shall apply mutatis mutandi for review of the decisions, directions and order of the Commission.

Provided that the Commission may on the application of any party or person concerned, filed within a period of 45 days of the receipt of such decision, directions or order, review such decision, directions or orders and pass such appropriate orders as the Commission may deem fit." (Emphasis Supplied)

- 11.2. That in the present case, the Tariff Order sought to be reviewed is dated 28.03.2025, whereas the instant Petition has been filed only on 06.06.2025, i.e. after 70 days, which is clearly beyond the prescribed 45-day period under the aforesaid Regulation. Although an application for condonation of delay dated 06.06.2025 has been filed by the Petitioners, the said application conspicuously fails to quantify the number of days of delay sought to be condoned. The Petitioners merely state that they awaited the first billing cycle under the Tariff Order to assess the impact of increased fixed charges. However, no details or material particulars such as the actual date of receipt of such bills have been disclosed anywhere in the Petition or in the condonation application. This glaring omission gives rise to a presumption that the Petitioners have consciously withheld material facts in order to create a self-serving basis. In the present case, no supporting material or explanation has been placed on record to discharge this burden.

- 11.3. That it is submitted that the present Petition, which seeks review of the fixed charges determined for High Tension ("HT") consumers under the Tariff Order dated 28.03.2025, is legally untenable and liable to be rejected at the threshold. The said Tariff Order was issued by the Hon'ble Commission in exercise of its statutory powers under Sections 61, 62, and 64 of the Electricity Act, 2003, following due process, including public notice, stakeholder consultation, and financial prudence. It

is pertinent to note that the prayer for revisiting or modifying the fixed charges amounts to a *de facto* amendment of the tariff determined for the Financial year 2025–26. Such a course is impermissible in view of the express bar under Section 62(4) of the Electricity Act, 2003, which states:

“No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified.” (Emphasis Supplied)

The above provision categorically prohibits any revision of the tariff or its components, including fixed charges, more than once in a financial year, unless the revision pertains to a fuel surcharge mechanism, which is not applicable in the present case.

- 11.4. That any modification in fixed charges determined for FY 2025–26, subsequent to the issuance of the Tariff Order, would be in direct contravention of Section 62(4) and would undermine the finality and sanctity of the Commission’s tariff determination process. Furthermore, although the Petitioners have invoked the *HERC Conduct of Business Regulations, 2019* to seek review, it is respectfully submitted that the Hon’ble Commission is bound to conduct its proceedings in accordance with the overarching statutory framework, including the provisions of the Electricity Act, 2003. Any regulation framed thereunder must be read harmoniously and not in derogation of the parent statute. Accordingly, in view of the above legal bar and absence of any permissible exception, the present Petition is devoid of merit and is liable to be dismissed as not maintainable.
- 11.5. That the Petitioners, in the present Petition, have alleged that M/s Gurgaon Industrial Association (“GIA”) had specifically raised objections regarding the allegedly exorbitant fixed charges in Petition Nos. 66 of 2024 and 67 of 2024, which were duly recorded by the Hon’ble Commission in the Tariff Order. The Petitioners further contend that the Hon’ble Commission failed to consider these objections on an erroneous assumption that they had already been addressed while dealing with the comments submitted by the Faridabad Industrial Association (“FIA”). According to the Petitioners, FIA never raised any explicit objection concerning fixed charges, and hence, the objections of GIA regarding exorbitant fixed charges were left unaddressed. The above allegations are denied in toto as being factually incorrect and misleading. In fact, the objections raised by GIA were duly addressed by the respondent DISCOMs and have also been specifically mentioned by the Hon’ble Commission at pages 88 and 89 of the Tariff Order. The Hon’ble Commission, after due consideration of all objections and stakeholder comments, including those submitted by both GIA and FIA, has duly applied its mind and issued a reasoned

and well-considered Tariff Order. The Petitioners attempt to re-agitate this issue by way of the present review petition is legally misconceived, lacks merit, and is liable to be dismissed.

11.6. That the Petitioners have themselves acknowledged that the Hon'ble Commission, along with the Respondent, invited objections from the public with respect to the Tariff Petition. However, the Petitioners have incorrectly stated the relevant timeline. In reality, objections were invited up to 05.01.2025, and a public hearing was duly held on 15.01.2025. Despite having had adequate notice and opportunity, the Petitioners failed to raise any objection regarding the fixed charges for HT consumers, an issue that forms the very basis of the present review petition. The Petitioners now seek to rely upon the objections filed by GIA and FIA to contend that their concerns were sufficiently represented. This claim is wholly misconceived.-The objections raised by GIA pertained to the *pre-existing* fixed charges,-whereas the present grievance of the Petitioners concerns the *post-Tariff Order* increase in fixed charges specifically for HT consumers in the Yamunanagar–Jagadhri region. These are two materially distinct issues.-The relevant extracts of the relief/objection sought by the Petitioners and GIA are reproduced below for ready reference.

The objection raised by GIA as recorded at page 88 of the Tariff Order reads as follows:

“6. Fixed Charges already very exorbitant with no tangible benefit to the consumer.”

In contrast, the relief sought by the Petitioners in the present review petition explicitly states:

“...prayed that the Hon'ble Commission may kindly be pleased to review the fixed charges determined for the HT Consumer and issue appropriate directions...”

11.7. That the Petitioners attempt to equate their concerns with those raised by FIA or GIA is legally untenable. Their reliance on third-party objections to justify their failure to raise independent submissions during the consultation process is misplaced. The Petitioners, having not participated, in the ARR proceedings, lacks any credible basis to seek review of the determined tariff based on the contentions raised by other stakeholders, the decision on which admittedly have been accepted by them and not challenged. Furthermore, the Petitioners are not competent to question whether the objections raised by GIA were duly considered or not. If GIA or FIA believed that their objections had not been adequately addressed by the Commission, it was for them, and not the Petitioners, to seek appropriate redress. The Petitioners cannot assume the role of GIA or FIA to rectify or supplement objections on their behalf. More importantly, nothing prevented the Petitioners from

filing their own objections during the public consultation process. Their failure to do so cannot now be cured by relying on the objections of third parties.

- 11.8. That the present Petition suffers from vagueness and internal contradictions. If the grievance of the Petitioners is only against the fixed charges as determined under the said Tariff Order, there is no occasion for them to raise contentions relating to the fixed charges that existed prior to the issuance of the said Order. It is respectfully submitted that the Petitioners attempt to challenge or rely upon the pre-Tariff Order fixed charges to seek a review of the charges determined in the Tariff Order dated 28.03.2025 is misplaced, untenable, and unsustainable in law.
- 11.9. That it is also significant that the objection of the Petitioners lacks any quantitative analysis, supporting material, or reasoning to substantiate why or how the fixed charges are allegedly high. Moreover, the language used does not constitute a clear demand for review or reconsideration of the fixed charges, but merely conveys a vague dissatisfaction without substance. Accordingly, the allegations of the Petitioners are wholly misconceived, misleading, and denied in toto.
- 11.10. That without prejudice to the objections concerning tenability of instant petition, it is submitted that the post-Tariff Order fixed charges have been determined strictly in accordance with law and the applicable regulatory framework. The Petitioner's allegation that the fixed charges have been increased arbitrarily by 76% in the absence of a tariff proposal is misleading, factually erroneous, and legally unsustainable. The Hon'ble Commission, while determining tariff, including fixed charges, has acted in accordance with the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2024 (hereinafter referred to as the "MYT Regulations 2024"), and is guided by the provisions of Sections 61 and 62 of the Electricity Act, 2003, the National Electricity Policy, and the National Tariff Policy. The Commission, in its Tariff Order (Page 261), has categorically held that:
- “The Commission, in all its previous distribution and retail supply Orders, has been determining the tariff on the basis of the average cost of supply. The HERC Tariff Regulations, 2024 require the licensees to provide the details of the embedded cost of supply of electricity voltage/consumer category-wise. In the absence of data on the embedded cost of supply for each category of consumers, the Commission has decided to continue with the average cost of supply of the Discoms after taking into account the voltage wise technical losses submitted by the Discoms while computing voltage wise i.e. LT and HT consumer category wise average CoS for determining tariff for the FY 2025-26.” (Emphasis Supplied)*

It is, therefore, evident that the Commission has not acted arbitrarily. The tariff, including fixed charges, has been determined based on the average cost of supply in accordance with the methodology prescribed under the MYT Regulations, 2024, and as duly explained in the Tariff Order. Accordingly, the Petitioner's contention comparing the previous fixed charges with the current charges to allege an arbitrary or excessive increase is misconceived and devoid of merit, as such a comparison ignores the statutory process and methodology followed for tariff determination. The post-Tariff Order fixed charges have been determined in compliance with the applicable regulatory principles and after due consideration of relevant cost components and statutory guidelines, and hence, the said allegation deserves to be rejected outright.

11.11. That in view of the submissions made hereinabove, the allegation of the Petitioners that the Tariff Order failed to consider objection regarding the fixed charges applicable prior to the issuance of the Tariff Order is factually incorrect, misconceived, and legally untenable. The Tariff determined by the Hon'ble Commission under the Tariff Order has been computed independently and in accordance with the methodology prescribed under the MYT Regulations 2024 and is not premised on a comparison with the pre-Tariff Order fixed charges. While it is specifically denied that the Hon'ble Commission failed to consider any objections, it is respectfully submitted, without prejudice and arguendo, that even assuming such objections were not specifically addressed, the same would have no bearing on the method or outcome of tariff determination under the regulatory framework. The tariff, including fixed charges, has been determined on the basis of the average cost of supply and other relevant cost components, in accordance with Sections 61 and 62 of the Electricity Act, 2003, and the MYT Regulations, and not by reference to earlier fixed charges. Furthermore, the Petitioners claim that the Commission erred in not addressing objections is irrelevant and outside the scope of the reliefs sought in the present review petition. Therefore, the contention regarding alleged non-consideration of objections relating to earlier charges is misplaced and does not advance the case of the Petitioners in any manner.

11.12. That the allegation of the Petitioners that the Hon'ble Commission failed to consider their objections with respect to the fixed charges for HT consumers is denied as being factually incorrect and legally untenable. It is further submitted that the objection raised by the FIA at Internal Page 45 of the Tariff Order was duly considered by the Commission in the context of determination of retail supply tariff, which inherently includes fixed charges as part of the overall tariff structure under the approved Aggregate Revenue Requirement (ARR) for the Retail Supply

Business. Accordingly, the Commission, while determining retail supply tariff, did consider the rationality of fixed charges component embedded within the approved ARR. The assertion of the Petitioners to the contrary is, therefore, misleading, incorrect in law, and deserves to be rejected.

11.13. That the Hon'ble Commission, while determining the tariff for FY 2025–26, did not adopt any inflated figure in a mechanical or arbitrary manner. On the contrary, the Commission undertook a comprehensive assessment of the broader economic realities and sectoral considerations, particularly the imperative to ensure the financial sustainability of the distribution licensees. A key factor influencing the tariff determination was the emergence of an unaddressed revenue gap of ₹3,262 Crores, primarily attributable to rising power purchase costs driven by inflationary pressures, coupled with the fact that no tariff revision had been affected over the last seven years, despite consistent increases in operational costs. The Commission, in the Tariff Order at page 259, recorded the following observations:

“The Commission observes that largely on account of increase in power purchase cost caused by inflationary factors, there is unaddressed revenue gap of Rs. 3262 crore that has emerged in FY 2025–26, taking the revenue at current tariff and restricting the RoE to 12%. Resultantly, the tariff is required to be realigned to garner about Rs. 3262 Crore. The Commission observes that power purchase cost including operations & maintenance expenses are increasing due to average inflation rate, whereas, there is no corresponding tariff hike in the last seven years. The primary objectives of the Electricity Act, 2003 include that the generation, distribution and supply of electricity are conducted on commercial principles as well as safeguarding of consumers interest and, at the same time, recovery of the cost of electricity in a reasonable manner. Hence, the Commission has to strike a fine balance between the Distribution Licensee(s) as well as the electricity consumers so that quality power is delivered at a reasonable cost.” (Emphasis Supplied)

That the above extract clearly establishes that the tariff, and consequentially, the fixed charges, have been rationally realigned to address the financial gap in a legally compliant and economically prudent manner. Hence, any assertion that the tariff determination, including fixed charges, was arbitrary or unjustified is untenable and devoid of merit.

11.14. That the Hon'ble Commission, on the basis of the documents and data placed before it, also conducted a category-specific analysis with respect to HT Supply (above 50 kW), and recorded the following at page 262-263 of the Tariff Order:

“As per Commission's estimates, the CoS for HT Industry consumer category in FY 2025-26 is 705 Paisa / kWh as against the average CoS of the Discoms of 728

Paisa / kWh. Average revenue realisation from HT consumers at the current tariff is 783 Paisa/ kWh. Hence HT consumers at the current tariff are paying just 7.5% above the average CoS of supply of the Discoms as estimated by the Commission as against the NTP limits of 20%. This consumer category has been traditionally subsidizing consumer categories (other than AP whose entire revenue deficit is met by way of AP Subsidy from the State Government) who are paying tariff below their cost of supply. Given the revenue deficit it is not feasible to eliminate the cross-subsidy entirely as this would require a very high increase in the tariffs of the cross-subsidized consumer categories. Keeping in view the above and the fact that as per NTP the tariff could be within a range of +/-20% of the average cost of supply, the Commission has increased the tariff of HT Supply, as under...

The above portion of the Order unequivocally demonstrates that the increase in tariff for HT consumers, including the corresponding fixed charges, is neither arbitrary nor excessive, but rather falls well within the permissible $\pm 20\%$ of the average cost of supply as contemplated under the National Tariff Policy. The Commission, while acknowledging the role of HT consumers as net contributors to cross-subsidy, has rationally increased the tariff in order to balance the overall revenue requirements, address the structural deficit, and maintain equity among various consumer classes. Accordingly, the Petitioners assertion that the increase in fixed charges lacks justification or documentary basis is baseless and devoid of any merit.

11.15. That the allegation of the Petitioners that the Hon'ble Commission has determined the tariff in an arbitrary manner, resulting in an unjustified increase in fixed charges for HT consumers in the absence of any tariff proposal, is factually incorrect, legally misconceived, and is denied in toto. It is respectfully submitted that the Tariff Order, under which the fixed charges were revised, has been passed strictly in accordance with the applicable legal and regulatory framework. In this regard, reliance is placed on the decision of the Hon'ble Appellate Tribunal for Electricity (APTEL) in Appeal No. 106 of 2008, titled *Mumbai International Airport Pvt. Ltd. v. Maharashtra Electricity Regulatory Commission & Ors.*, wherein it was held as under:

"14. It is not the case of the appellant that the Commission had no power to create a tariff design different from the one proposed by the licensee. The Commission has the power to design the tariff as per its own wisdom. The Commission need not, before issuing the actual order, publicly announce the tariff it proposed and call for public comments. In fact this is not even the appellant's contention."

"15. The rule of natural justice requires the Commission to issue a public notice about the ARR and Tariff petition of the licensee and to allow the public to make its submissions on the ARR and Tariff proposals. The Commission has, thereafter, to

design the scheme for recovery of the ARR keeping in view various relevant factors.”

That it is evident from the above that the Commission possesses the power and discretion to design the tariff in accordance with its regulatory wisdom. Further, the Commission has complied with the principles of natural justice by issuing public notice and allowing stakeholders to make representations. The Petitioners allegation that the Commission arbitrarily increased fixed charges without rationale is, therefore, wholly misconceived and denied. It is further submitted that the Commission has determined the tariffs in order to recover the approved ARR, after considering all relevant factors, as detailed in the preceding paragraphs of this reply. The Petitioners claim that no CoS analysis was considered for increasing the fixed charges for HT consumers is also incorrect. The Commission has categorically stated in the Tariff Order that it has decided to continue with the average cost of supply of the DISCOMs after taking into account the voltage-wise technical losses submitted by the DISCOMs, while computing voltage-wise i.e. LT and HT consumer category-wise average CoS for determining tariff for FY 2025–26, which has already been reproduced in the preceding paragraphs and is, for the sake of brevity, not reproduced herein again. Accordingly, the increase in fixed charges is not arbitrary but is based on a reasoned, data-driven, and legally compliant tariff design process, as contemplated under the Electricity Act, 2003 and the MYT Regulations.

- 11.16. That the Petitioners have sought to portray the revision in fixed charges applicable to HT consumers (with load above 50 kW) as an excessive and arbitrary increase by selectively highlighting the purported 76% hike—i.e., an increase from ₹165/kVA to ₹290/kVA. However, this representation is partial, misleading, and fails to account for the overall impact on the total electricity bill, which comprises both fixed charges and energy charges. In reality, when viewed holistically and based on normative consumption patterns, the actual increase in the electricity bills of HT consumers is estimated to be around 10%, which represents the higher end of the estimate. That the said estimate has been computed through a comparative analysis of projected bills for FY 2024–25 and FY 2025–26, across varying sanctioned loads and monthly consumption levels, and clearly demonstrates that the overall rise in electricity charges remains modest and proportionate. A detailed comparison sheet illustrating this computation has been annexed and it substantiates that the alleged burden on HT consumers has been exaggerated by the Petitioners, and that the Commission’s determination is both reasonable and aligned with the applicable regulatory framework.

- 11.17. That it is pertinent to note that in FY 2015–16, the fixed charges applicable to the HT industrial category (with load above 50 kW) stood at ₹170/kVA, whereas for FY 2025–26, the same have been revised to ₹290/kVA. This increase, when calculated over a span of approximately ten years, represents a Compound Annual Growth Rate (CAGR) of merely 5.49%, which reflects a moderate and reasonable annualized rise and cannot, by any standard, be termed excessive or arbitrary. That it is further significant to highlight that for a continuous period of seven years, from FY 2017–18 to FY 2024–25, there has been no revision in the fixed charges for this consumer category, despite consistent escalation in input costs borne by the DISCOMs, including but not limited to power purchase costs, transmission charges, and operations & maintenance (O&M) expenses. Keeping with the principles of consumer protection and tariff stability, the Hon'ble Commission refrained from imposing any upward revision during this period. That the present tariff realignment effected for FY 2025–26 is therefore the first revision after an extended period of tariff freeze, and has been introduced in a measured and proportionate manner, with due regard to the imperatives of financial sustainability of DISCOMs and affordability for consumers. The revision is in alignment with the regulatory framework governing tariff determination at both the national and state levels. Accordingly, the allegation that the revised fixed charges are exorbitant is misplaced and must be viewed in the context of the statutory mandate to ensure cost recovery, financial viability of the DISCOMs, and overall tariff rationalisation in the interest of both the sector and consumers.
- 11.18. That the Petitioners have annexed a tabular representation purportedly showing the commercial impact of the revised fixed charges on approximately 5,000 units in Yamunanagar–Jagadhri, and have alleged that the financial burden will amount to Rs. 540 crore per annum. However, the said table is incorrect, misleading and the allegation is specifically denied. As explained in the preceding paragraphs, an electricity bill comprises both fixed charges and energy charges and must be assessed holistically. The Petitioners have failed to account for this distinction. Based on normative consumption patterns and a composite billing approach, the actual increase in the electricity bills of HT consumers is estimated to be approximately 10% at the higher end. Accordingly, the Petitioners projection is exaggerated, factually incorrect, and devoid of merit.
- 11.19. That the increase in fixed charges for HT consumers must be appreciated in the context of the Commission's statutory mandate to ensure cost-reflective tariffs, as envisaged under Section 61(g) of the Electricity Act, 2003, which requires that tariffs progressively reflect the cost of supply. Additionally, Clause 8.3 of the National Tariff

Policy, 2016 mandates that tariff design must be linked to the cost of service, and that the Appropriate Commission must notify a roadmap to align tariffs within $\pm 20\%$ of the average cost of supply. The said clause has been reproduced below: -

“8.3 Tariff design: Linkage of tariffs to cost of service

It has been widely recognised that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.

In terms of the Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.”

11.20. That in compliance with these legal and policy provisions, the Commission, while determining the tariff for HT consumers in the Tariff Order for FY 2025–26, has duly accounted for the principles of cost-reflectivity and cross-subsidy rationalisation. In this regard, the Commission has specifically recorded, at Pages 262–263 of the Tariff Order, that the CoS for the HT industrial consumer category stands marginally below the average CoS of the DISCOMs, and that the existing tariff already places HT consumers approximately 7.5% above the average cost of supply, which is well within the permissible band of $\pm 20\%$ under the National Tariff Policy. The relevant portion of the Tariff Order has already been reproduced in the preceding paragraphs and is, for the sake of brevity, not reproduced herein again. Accordingly, the increase in fixed charges for HT consumers is neither arbitrary nor excessive, but is a legally justified and policy-backed measure intended to enhance revenue recovery, reduce cross-subsidies in a calibrated manner, and ensure the financial viability of the distribution licensees, thereby facilitating the continued and reliable supply of electricity to all categories of consumers.

11.21. That the allegation of the Petitioners that the entire burden of the increase in power purchase cost, arising due to inflationary factors and resulting in an unaddressed revenue gap of Rs. 3,262 Crores for FY 2025–26, has been passed on solely to the Commercial and Industrial (C&I) consumers, under the guise of cushioning domestic consumers, is factually incorrect, unsubstantiated, and is denied in its entirety. Firstly, the Petitioners have merely made bare assertions without placing any supporting material on record. It is a settled principle that the burden of proof lies on the party asserting a claim, and in the absence of any documentary evidence or tariff computation analysis placed by the Petitioners, the said allegation holds no legal merit. Secondly, a bare perusal of Page 289 of the Tariff Order reveals that even domestic supply consumers, particularly those consuming 301 units or more per month, have also been made subject to revised fixed charges, which were

earlier nil. This clearly reflects that the tariff rationalization undertaken by the Commission has been equitably distributed across consumer categories, and not disproportionately imposed upon the C&I segment. Accordingly, the contention of the Petitioners that the entire burden has been unfairly shifted onto C&I consumers is not only unfounded, but also contradicted by the express findings and structure of the Tariff Order.

11.22. That it is respectfully submitted that the fixed cost obligations of the DISCOMs constitute approximately 40% of their total ARR. These fixed costs are comprised not only of the fixed components of power purchase expenses payable to generating companies but also the essential operational expenditures necessary to maintain and operate the electricity distribution network. Such expenses include Operation and Maintenance (O&M) costs, depreciation, interest and finance charges, and return on equity (RoE), collectively referred to as "Fixed O&M Costs." Despite the significant share of fixed costs in the overall ARR, the existing tariff structure allows for the recovery of only around 13% of the ARR through fixed charges. This limited recovery significantly hampers the financial sustainability of the DISCOMs and their ability to cover fixed obligations. It is pertinent to highlight that, even after the approved revision in fixed charges for FY 2025–26, the estimated recovery through fixed charges remains significantly below the total fixed cost obligation. A comparative statement highlighting the fixed cost components and projected recovery from fixed charges is tabulated below for both the Respondents:

Sr. No.	Particular	UHBVN	DHBVN	Total (Rs. Cr.)
1	Approved Fixed Cost of DISCOMs to run its operations. (Fixed O&M Cost)	3242.25	3809.01	7051.26
1(a)	Operation and maintenance expenses	1835.84	2263.56	4099.4
1(b)	Depreciation	494.96	604.38	1099.34
1(c)	Interest and Finance charges	580.31	632.42	1212.73
1(d)	Return on Equity	331.14	308.65	639.79
2	Approved Power Purchase Expense of DISCOMs	16221.58	22403.88	38625.46
2(a)	Fixed Cost of Power Purchase			11445
2(b)	Variable Cost	9407.74	13023.33	22431.07
2(c)	Transmission Cost	2013.87	2735.52	4749.39
4	Total Fixed Cost Obligation of DISCOMs(1+2(a))			18496.26
5	Estimated recovery through Fixed Charges			5891
6	Total ARR of the DISCOMs	19338.81	26027.22	45366.03

It is therefore evident that, despite a fixed cost obligation of Rs. 18,496.26 Crores, the total estimated recovery through fixed charges for FY 2025–26 is only Rs. 5,891 Crores, amounting to just about 13% of the total ARR. This demonstrates that the revision of fixed charges is not only justified but imperative to narrow the gap between recoverable revenue and the fixed cost liabilities of the DISCOMs.

Accordingly, any contention by the Petitioners that the increase in fixed charges is excessive or uncalled for is misconceived and contrary to the economic and operational realities faced by the DISCOMs.

- 11.23. That it is relevant here to refer to the observations of the Hon'ble Commission at Internal Page 62 of the Tariff Order, which is reproduced below:

“The Commission has considered the comments filed by the intervener and observes that there is a need for more accurate and scientific demand forecasting, which in turn will lead to cost-effective power procurement planning by Haryana Discoms. In this regard, they may seek the help of expert agencies which can be appointed through transparent bidding process.”

A bare perusal of the above excerpt reveals that the Hon'ble Commission has not made any adverse finding or concluded that the current power procurement process of the Respondents is 'ineffective'. On the contrary, the Commission merely identified scope for improvement in demand forecasting and procurement planning, and has suggested that expert agencies may be engaged to assist the DISCOMs in further enhancing procurement efficiency. That the Respondents submit that the power procurement processes presently in place are in full compliance with the applicable legal and regulatory framework.

- 11.24. That the mere existence of potential for enhancement does not *ipso facto* render the current mechanism “ineffective” as alleged. The suggestion for improvement by the Commission is forward-looking in nature and cannot be construed as a condemnation of the existing process. Furthermore, it is submitted that the Hon'ble Commission, while acknowledging these observations, has nonetheless determined the tariff for FY 2025–26, including the fixed charges for HT consumers, after comprehensive and informed consideration of all relevant factors, including power procurement costs. Therefore, the Petitioners assertion that the tariff design is flawed solely because it factors in the costs arising from the alleged inefficiencies in power procurement is wholly untenable and devoid of merit. Moreover, as discussed in the preceding paragraphs, the Respondents are themselves facing a substantial under-recovery of their fixed cost obligations through fixed charges. Accordingly, the challenge to the Tariff Order on this ground is not only misplaced but also fails to account for the broader financial realities and regulatory obligations of the Respondents.

- 11.25. That the Petitioners have alleged that the Hon'ble Commission has acted contrary to its own observations recorded in the Tariff Order by increasing the fixed charges, despite having stated at Page 112 of the Tariff Order that:

“The Discoms should be mindful of the fact that inefficiencies of any sort, cannot be allowed to be pass through in the ARR on the electricity consumers of the State.”

However, this allegation is misleading, selective, and devoid of merit. The Petitioners have cherry-picked isolated observations from the Tariff Order to suit their narrative, while failing to present the complete context and the Commission’s reasoned approach in allowing certain variations in the ARR. It is submitted that, in particular, the Operation & Maintenance (O&M) expenses of DHBVNL, as per actuals, were higher than those approved by the Commission for the relevant year. This variation was primarily on account of increased Administrative & General (A&G) expenses and terminal liability, the latter of which is an uncontrollable expense that is claimed on an actual basis as per audited accounts. Moreover, the Hon’ble Commission has duly considered the submission of DHBVNL that it incurred petition filing fees amounting to ₹9.04 crore in FY 2023–24, as against ₹3.50 crore in the base year. Accordingly, the Commission allowed the impact of the incremental fee of ₹5.54 crore, treating it as a variation attributable to an uncontrollable factor, thereby ensuring exercise of fiscal prudence and adherence to the regulatory framework. Ultimately, the Commission allowed the aforementioned variation as a one-time measure, and did so only after due regulatory scrutiny and application of mind. The relevant findings of the Commission in this regard are recorded at Internal Pages 112–113 of the Tariff Order, which are reproduced hereunder for ready reference:

“The Commission has examined the true up for the FY 2023-24 proposed by DHBVNL and observes that the total O&M expenditure as per actuals is higher than that approved by the Commission for the year, except for Employee Expenses and R&M expenses.

Regarding increase in O&M, it is observed that variation in actual O&M expense is mainly due to increased A&G and terminal liability. Terminal benefit, which is uncontrollable in nature, is claimed on actual basis as per Audited Accounts.

The Discoms should be mindful of the fact that inefficiencies of any sort, cannot be allowed to be pass through in the ARR on the electricity consumers of the State.

The Commission has considered the submissions of DHBVNL that it has paid petition filing fee amounting to Rs. 9.04 crore in the FY 2023-24, as compared to Rs. 3.50 crore in the base year. Accordingly, the impact of incremental fee amounting to Rs. 5.54 crore is allowed, being variations attributable to uncontrollable factor.

Further, the Commission observes that increase in the balance A&G expenses i.e. Rs. 53.95 crore (Rs 59.49 crore minus Rs. 5.54 crore), can also be allowed, as a one-time measure. However, the same may not be taken as precedence.

Thus, it is evident that the Commission, acting within its statutory powers and regulatory framework, exercised its discretion judiciously in accordance with law. The Petitioners have failed to establish any actual inconsistency or demonstrate how the Commission has erred in fixing the tariff. Their allegations are therefore, baseless and deserves to be rejected.

11.26. That it is also worthwhile to point out that the Respondents are presently levying a Fuel and Power Purchase Adjustment Surcharge (FPPAS) at the rate of Rs. 0.47/unit on consumers, towards the recovery of FPPAS for the Financial Year 2022–23. The said levy has already been taken note of by the Hon'ble Commission in *HERC Petition No. 5 of 2025, Petition No. 6 of 2025, IA No. 5 of 2025 and IA No. 8 of 2025*, vide order dated 10.06.2025. It is submitted that the recent tariff revision is exclusive of the FPPAS component, and therefore, the financial impact of the FPPAS has not yet been passed on to consumers through the revised tariff structure. In such circumstances, any further recovery of FPPAS amounts, particularly in relation to past periods beyond FY 2022–23, would unduly burden the consumers, especially in light of the recent tariff hike.

11.27. That the Petitioners have also alleged that the Respondents have not implemented the Fuel and Power Purchase Adjustment Methodology as prescribed under Clause 4 of the amended Regulation 66 of the HERC MYT Regulations, 2019 (3rd Amendment), 2023. The said methodology mandates monthly computation and recovery of FPPAS and reads as follows:

“(2). Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the nth month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year.

xxx xxx xxx

(4) The distribution licensee may decide, fuel and power purchase adjustment surcharge or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to the consumers, but the carry forward of fuel and power purchase adjustment surcharge shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total fuel and power purchase adjustment surcharge for a billing month, including any carry forward of

fuel and power purchase adjustment surcharge over the previous month exceeds twenty per cent of variable component of approved tariff.....”

11.28. That implementation of this clause in future billing cycles may lead to recovery of FPPAS for FY 2023–24, FY 2024–25, and FY 2025–26, which may result in additional financial burden and potential tariff shock to the consumers. Such a scenario would be detrimental to the Petitioners themselves, particularly in light of their present demand for reduction in fixed charges. Hence, the challenge raised by the Petitioners is not only factually misplaced, but also runs counter to their own interest and the broader objective of ensuring a balanced and gradual recovery framework.

11.29. That the Petitioners have alleged in their pleadings that an annexure P3 contains sample electricity bills to demonstrate the purported adverse impact of the revised fixed charges. However, this assertion is factually incorrect and misleading. A bare perusal of document reveals that it does not include any sample consumer bills. Instead, it provides a state-wise tabulation of fixed and energy charges across different consumer categories, with a focus on HT consumers having a load of 50 kW and above, which is the same category to which the revised fixed charges in Haryana apply. Although the tariff of various states cannot be compared as determination of same depends on various factors, however, it is submitted that the revised fixed charge of ₹290/kVA for HT consumers in Haryana is neither excessive nor disproportionate. On the contrary, it falls well within the regionally competitive range, as is evident from the comparative fixed charges prevailing in other neighboring states, as is evident from following –

State/UT	Fixed Charges (in Rs.)
Rajasthan	₹300/kVA
Delhi	₹250/kVA
Uttar Pradesh	₹270–₹300/kVA
Gujarat	₹150–₹475/kVA
Himachal Pradesh	₹250–₹425/kVA
Punjab	₹210–₹350/kVA

These benchmarks pertain to HT consumers with loads above 50 kW and are, therefore, directly comparable to the tariff category forming subject matter of instant petition. The revision of fixed charges in the instant ARR Order is part of a rational and structured regulatory exercise aimed at rectifying historical under-recovery of fixed costs, while ensuring that Haryana’s tariffs remain both cost-reflective and regionally aligned.

11.30. That the present Petition filed by the Petitioner is liable to be dismissed being untenable and bereft of any merit.

12. **Rejoinder filed by the petitioner (s) in RA 5 of 2025:**

The petitioner (s) (RA 5 of 2025) have filed the rejoinder, vide their affidavit dated 05.09.2025, to the reply filed by the DISCOMS, as given hereunder:-

- 12.1. That the review petitioners filed the instant review petition albeit with delay which delay has already been condoned by the Ld. HERC vide its order dated 28.07.2025.
- 12.2. That Section 62 (4) of the Electricity Act, 2003 has been misinterpreted as the bar contemplated therein is on “ordinarily” amending the Tariff Order more than once in a financial year. The bar contemplated is on the “frequent” revision of Tariff Order – Thus, the statute does not bar revision of Tariff Order upto once in a financial year.
- 12.3. That a perusal of the Tariff Order would show that Pursuant to the public notices various objections were filed by M/s Faridabad Industries Association (hereinafter the FIA), Mr. Pankaj Bhalotia and M/s Gurgaon Industrial Association (hereinafter the GIA) on various dates including a specific objection regarding (already) exorbitant Fixed Charges levied on the HT Consumers with no evidence of benefit to the consumer. Despite the specific objection regarding fixed charges the Ld. Commission did not consider and deal with this specific objection raised by GIA and the Ld. Commission erroneously proceeded to deal and decide with this specific objection on the presumption that it had already dealt with and addressed it while dealing with the comments/objections filed by the FIA, which was not the case.
- 12.4. That it is settled position of law that not only the parties to a case/litigation may file review of judgment but also any “aggrieved person” may file review petition. The requirement in law as re locus standi to file review petition is that of an “aggrieved person”. Therefore, even a third party to a proceeding if he considers himself aggrieved person would have requisite locus standi to file the review petition [*Union of India v. Naresh kumar Badri kumar Jagad & Ors.* Review Petition No. 40966 of 2013 in CA 7448 of 2011]. Thus, the mere non-filing of objections in the public hearing would not oust/estop the Petitioners from filing the instant review petition.
- 12.5. That the Respondents have cherry picked the Ld. Commission order and the Ld. Commission notes that “*the HERC Tariff Regulations 2024 require the licensees to provide the details of the embedded cost of supply of electricity voltage/consumer category-wise*” and it is in “*absence of data on the embedded cost of supply for each category of consumers, the Commission has decided to continue with the average cost of supply...*”. Thus, the Respondents themselves not having complied with the HERC Tariff Regulations 2024 as noted by the Ld. Commission cannot take advantage of their own wrong – and had the Respondents duly submitted a tariff proposal, provided the details of the embedded cost of supply of electricity

voltage/consumer category-wise – the Ld. Commission would have been better assisted while formulating the Tariff Order. The relevant Regulation of the HERC Tariff Regulations 2024, is as follows:

“4.7 The tariff determined by the Commission and the directions given in the MYT order shall be quid pro quo and mutually inclusive. The tariff determined shall, within the time period specified in the order, be subject to the compliance of the directions by the generating company and the licensees to the satisfaction of the Commission. Non-compliance of the directions shall lead to such amendment, revocation, variations and alterations in the tariff, as may be ordered by the Commission (emphasis added). Further non-compliance of directions given in the tariff order may also lead to invocation of the provisions of section 142 and 146 of the Electricity Act, 2003”.

- 12.6. That an important pillar of tariff determination is the voltage wise Cost of Service (CoS) and the Hon'ble Commission has been again and again directing the Distribution Licensee to conduct a CoS study and submit the same in the Commission. Till date no such study has been submitted to the Ld. Commission. It is further submitted that the cost of service study would have helped the Ld. Commission to determine the actual cost of providing electricity to different consumer categories. This would have ensured that the tariffs are cost-reflective and avoid cross-subsidization between consumer groups.
- 12.7. That the Respondents have entirely misread the review petition because the grouse of the Petitioners is not entirely with respect to increase in fixed charges – in fact financial propriety would demand an increase in fixed charges but a creeping and steady increase and not to the extent of 76% approx., in one go. The burden of such a sudden steep rise in fixed charges disrupts the financial planning of the small scale units such as those being represented by the Petitioners herein and renders them incapable of bearing such sudden financial burden.
- 12.8. That the Ld. Commission overlooked the past precedence (set by it) in addressing the revenue gap at existing tariff without citing any reasons for erring in favour of the Respondents herein viz. UHBVN and DHBVN. In this regard Ld. Commission's order dated 5.03.2024 (Page No. 157) in the matter of HERC / Petition No. 69 of 2023 & HERC / Petition No. 70 of 2023 is being adverted to wherein the relevant extract is as under: -

“After due deliberations, the Commission has considered the following to bridge the Revenue Gap of Rs 3245.21 Crores at the existing tariff, as under: Bridging of Revenue Gap (Rs Crores) Revenue Surplus FY 2022-23 1061.57 Efficiency Gains 663.95 Estimated Revenue from MMC 130.00 Liquidation of Receivables

(15% of defaulting amount as on Oct 2023) 1107.0 Total 2962.52# #The balance revenue gap of Rs 282.69 crores shall be met from reduction of distribution losses that has been pegged by the Commission at 10% in the FY 2024-25 i.e. reduction of a further 0.5% over and above 1.5% mentioned in the table above” (Emphasis Added).

The Ld. Commission, as evident from its order, has labored hard to justify sou motu massive increase in tariff as there was no proposal from the Discoms despite directions of HERC. While working out revenue gap of Rs. 3262 Crore and addressing the same by way of massive increase in consumer tariff, the Commission, has overlooked, its own orders of the previous years (Ref Page No. 157 of HERC Order dated 5.03.2024). Had the Ld. Commission been consistent in its approach, the following would have emerged, using (without admitting) HERCs own estimated revenue gap): -

- a. HERC Revenue Gap: Rs. 3262 Crores
- b. Less Revenue from MMC: Rs. 600 Crore). This has been replaced by Fixed Charge / Demand Charge giving more certainty to revenue inflow as MMC triggered / became payable when consumption dropped below a threshold limit. This would yield about Rs. 600 Crores (figures may be sought from Discoms) = Rs. 600 Crore.
- c. Efficiency gains (loss reduction of 1% of ARR of Rs. 45366 Crores): Rs 453 Crore.
- d. 25% of outstanding receivables / defaulting amount of Rs. 7129 Crores (there are 12.9 lakh defaulters in Dakshin Nigam and 7.5 Lakh defaulters in Uttar Nigam):- 1078.8 Crore. Consequently, the revenue gap would have been negligible. Hence, the unjustified increase in tariff both Fixed Charges and Energy Charges needs to be rolled back and in fact to encourage LT/HT Industrial and Commercial Consumers to generate employment, income and earnings and boost the State GDP, the electricity tariff should be reduced.

As evident from the Ld Commission’s order determining Cross Subsidy Surcharge, there are following two class of consumer category viz.

- i. Providers of Cross Subsidy (HT, LT and BS (Other than DS).
- ii. Recipient of CS / Subsidy (DS MITC, PWW, SL, DMRC , AP Tube Well (Govt Subsidy) .

Needless to point out that Industries have been burdened with Cross – Subsidy for almost two decades now under the garb of +/- 20% stipulated in the NTP. In the beginning it was probably understandable that Cross-Subsidy needs to be removed in a gradual manner so as to avoid tariff-shock to the Class of Consumer receiving the benefits of CS but this cannot be continued for decades.

- 12.9. That the Respondents admit that in terms of Section 61 of the Electricity Act, 2003 tariffs should “progressively” reflect the cost of supply. Yet, the Ld. Commission was constrained to advert to its past practice of taking into account average cost of supply because the Respondents did not provide embedded cost of supply, tariff proposal etc. and the Ld. Commission was constrained to observe lackadaisical approach with which the ARR petition was filed by the Respondents. Whereas, the fixed charges ought to have increased progressively, the Petitioners found themselves fastened with a sudden steep increase in the fixed charges component. Although an increase in fixed charges may have been forthcoming and even foreseeable – yet the difficulty imposed by a sharp increase was equally intelligible and which ought to have been considered by the Ld. Commission.
- 12.10. That the Ld. Commission, has observed that largely on account of increase in power purchase cost caused by inflationary factors, there is an unaddressed revenue gap of Rs. 3262 crore has emerged in the FY 2025-26, taking the revenue at current tariff and restricting the RoE to 12%. Resultantly, the tariff is required to be realigned to garner about Rs. 3262 Crore. The reason recorded of higher power purchase cost does not seem to be true as evident from the Hon'ble Commission's ARR / Tariff Order(s) during the last three financial years. The above dispensation stipulated in the MYT Tariff Regulations has also not been complied with, voltage wise assets and losses are the sine quo none of determining voltage wise CoS.
- 12.11. That another important component, in line with the Ministry of Power, GoI guidelines, is the mechanism for recovery of Fuel and Power Purchase Adjustment. The relevant part of the methodology as appearing in the Hon'ble Commission's Regulations is reproduced below:-
- “68. Fuel and Power Purchase Adjustment (FPPA) Methodology*
- 68.1. Computation of fuel and power purchase adjustment surcharge:*
- (1) “Fuel and Power Purchase Adjustment Surcharge” (FPPAS) means the increase in cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission.*
- (2) Fuel and power purchase adjustment surcharge shall be calculated and billed to consumers, automatically, without going through regulatory approval process, on a monthly basis, according to the formula, prescribed in these regulations, subject to true up, on an annual basis, as may be decided by the Commission:*
- Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these rules.*

(3) Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in (n+2) th month, on the basis of actual variation, in cost of fuel and power purchase and Transmission Charges (Interstate as well as intrastate) for the power procured during the nth month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year:

Provided that in case the distribution licensee fails to compute and charge fuel and power purchase adjustment surcharge (FPPAS) within this time line, except in case of any force majeure condition, its right for recovery of costs on account of fuel and power purchase adjustment surcharge shall be forfeited and, in such cases, the right to recover the fuel and power purchase adjustment surcharge determined during true-up shall also be forfeited.....”

A plain reading of the above statutory obligation, drives home the fact that the FPPA is recoverable with a two months' time lag i.e. n+2 with annual true-up if not implemented, the claim shall lapse. The factual matrix is that the Distribution Licensee is recovering 47 Paise / Unit, without truing – up or placing the details in public domain, from all categories of consumers. It is also not known whether or not the State Govtt. is providing additional subsidy (other than RE Subsidy) towards liability of FPPA for AP Tube-Well category of consumers.

13. Reply filed by DISCOMs in Review Petition no 10 of 2025:

UHBVNL and DHBVNL filed identical replies to the review petition filed by M/s. FIA dated 24.12.2025, given hereunder:-

- 13.1. That the Petitioner has sought to invoke the review jurisdiction of this Hon'ble Commission by relying upon the HERC (Conduct of Business) Regulations, 2019, as amended from time to time. Regulation 57(1) clearly stipulates a mandatory timeline for filing a review petition. The said clause is reproduced below for ready reference:

“57 (1) All relevant provisions relating to review of the decisions, directions and orders as provided in the Code of Civil Procedure 1908, as amended from time to time, shall apply mutatis mutandi for review of the decisions, directions and order of the Commission.

Provided that the Commission may on the application of any party or person concerned, filed within a period of 45 days of the receipt of such decision, directions or order, review such decision, directions or orders and pass such appropriate orders as the Commission may deem fit.”

- 13.2. That in the present case, the Tariff Order sought to be reviewed is dated 28.03.2025,

whereas the instant Petition has been filed only on 09.10.2025, i.e. after 195 days and the Petitioner is giving reference to the another Review Petition bearing RA No. 05 of 2025 that the delay is condoned in that petition but here this is a separate petition and the present petition was filed after a delay of 195 days, which is clearly beyond the prescribed 45-day period under the aforesaid Regulation. Although an application for condonation of delay dated 09.10.2025 has been filed by the petitioner, the said application conspicuously fails to quantify the number of days of delay sought to be condoned.

- 13.3. That the impugned Order dated 28.03.2025 was issued by the Hon'ble Commission in exercise of its statutory powers under Sections 61, 62, and 64 of the Electricity Act, 2003, following due process, including public notice, stakeholder consultation, and financial prudence. It is pertinent to note that the prayer for revisiting or modifying the tariff charges amounts to a *de facto* amendment of the tariff determined for the Financial year 2025–26. Such a course is impermissible in view of the express bar under Section 62(4) of the Electricity Act, 2003, which states:

“No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified.”

The above provision categorically prohibits any revision of the tariff or its components, including fixed charges, more than once in a financial year, unless the revision pertains to a fuel surcharge mechanism, which is not applicable in the present case.

- 13.4. That any modification in tariff charges determined for FY 2025–26, subsequent to the issuance of the Tariff Order, would be in direct contravention of Section 62(4) and would undermine the finality and sanctity of the Commission's tariff determination process. Furthermore, although the Petitioner have invoked the *HERC Conduct of Business Regulations, 2019* to seek review, it is respectfully submitted that the Hon'ble Commission is bound to conduct its proceedings in accordance with the overarching statutory framework, including the provisions of the Electricity Act, 2003. Any regulation framed thereunder must be read harmoniously and not in derogation of the parent statute. Accordingly, in view of the above legal bar and absence of any permissible exception, the present Petition is devoid of merit and is liable to be dismissed as not maintainable.
- 13.5. That the Tariff determined by the Hon'ble Commission under the Tariff Order has been computed in accordance with the methodology prescribed under the MYT Regulations 2024. The tariff, including fixed charges, has been determined on the basis of the average cost of supply and other relevant cost components, in

accordance with Sections 61 and 62 of the Electricity Act, 2003, and the MYT Regulations. The above extract clearly establishes that the tariff, and consequentially, the fixed charges, has been rationally realigned to address the financial gap in a legally compliant and economically prudent manner. Hence, any assertion that the tariff determination, including levy of fixed charges was arbitrary or unjustified is untenable and devoid of any merits.

- 13.6. That the allegation of the Petitioners that the Hon'ble Commission has determined the tariff in the absence of any tariff proposal, is factually incorrect, legally misconceived, and is denied in toto. The Tariff Order, under which the fixed charges were revised, has been passed strictly in accordance with the applicable legal and regulatory framework. In this regard, reliance is placed on the decision of the Hon'ble Appellate Tribunal for Electricity (APTEL) in Appeal No. 106 of 2008, titled *Mumbai International Airport Pvt. Ltd. v. Maharashtra Electricity Regulatory Commission & Ors.*, wherein it was held as under:-

*“14. It is not the case of the appellant that the Commission had no power to create a tariff design different from the one proposed by the licensee. **The Commission has the power to design the tariff as per its own wisdom.** The Commission need not, before issuing the actual order, publicly announce the tariff it proposed and call for public comments. In fact this is not even the appellant's contention.”*

*“15. **The rule of natural justice requires the Commission to issue a public notice about the ARR and Tariff petition of the licensee and to allow the public to make its submissions on the ARR and Tariff proposals. The Commission has, thereafter, to design the scheme for recovery of the ARR keeping in view various relevant factors.**”*

That it is evident from the above that the Commission possesses the power and discretion to design the tariff in accordance with its regulatory wisdom. Further, the Commission has complied with the principles of natural justice by issuing public notice and allowing stakeholders to make representations. The Petitioners' allegation that the Commission arbitrarily increased fixed charges without providing any rationale for the same, therefore, is wholly misconceived and denied. It is further submitted that the Commission has determined the tariffs in order to recover the approved ARR, after considering all relevant factors, as detailed in the preceding paragraphs of this reply. The Petitioners claim that no CoS analysis was considered for increasing the fixed charges for HT consumers is also incorrect. The Commission has categorically stated in the Tariff Order that it has decided to continue with the average cost of supply of the DISCOMs after taking into account the voltage-wise technical losses submitted by the DISCOMs, while computing

voltage-wise i.e. LT and HT consumer category-wise average CoS for determining tariff for FY 2025–26, which has already been reproduced in the preceding paragraphs and is, for the sake of brevity, not reproduced herein again. Accordingly, the increase in fixed charges/tariff is not arbitrary but is based on a reasoned, data-driven, and legally compliant tariff design process, as contemplated under the Electricity Act, 2003 and the MYT Regulations.

- 13.7. That in light of the mandate of the abovementioned legal position and the submissions made hereinabove, the present Petition filed by the Petitioner is liable to be dismissed being untenable and bereft of any merit.

GROUND-1: Violation of Statutory mandate under Section 64 of the Electricity Act, 2003

- 13.8. That the Hon'ble Commission has passed the Tariff Order strictly in accordance with Sections 61, 62, and 64 of the Electricity Act, 2003, read with the HERC (Conduct of Business) Regulations, 2019, after following the due regulatory process prescribed under law. That the petitions filed for True-up for FY 2023-24, Annual Performance Review for FY 2024-25, and Annual Revenue Requirement for FY 2025-26 constitute the statutory foundation for tariff determination, and the contention that no application for tariff determination was filed is legally misconceived and contrary to settled regulatory practice.

- 13.9. That it is denied that the Hon'ble Commission determined or revised tariff without affording opportunity to consumers, as public notices were duly issued, public hearings were conducted, and objections/comments of stakeholders as well as deliberations of the State Advisory Committee were duly considered, thereby satisfying the mandate of Section 64 of the Electricity Act, 2003. The tariff has been determined only for recovery of the approved ARR after undertaking prudence check and after considering relevant data, facts, policies, and materials available on record and in the public domain, and hence the allegation of arbitrariness is wholly unfounded.

- 13.10. That the contention of the Petitioner that the Hon'ble Commission could not revise tariff in the absence of a specific tariff proposal is factually incorrect and legally untenable, as the Commission is not bound by the tariff design proposed by the licensee, if any. In this regard, reliance is placed on the decision of the **Hon'ble Appellate Tribunal for Electricity (APTEL)** in **Appeal No. 106 of 2008**, titled *Mumbai International Airport Pvt. Ltd. v. Maharashtra Electricity Regulatory Commission & Ors.*, wherein it was held as under:

"14. It is not the case of the appellant that the Commission had no power to create a tariff design different from the one proposed by the licensee. The Commission has

the power to design the tariff as per its own wisdom. The Commission need not, before issuing the actual order, publicly announce the tariff it proposed and call for public comments. In fact this is not even the appellant's contention.”

“15. The rule of natural justice requires the Commission to issue a public notice about the ARR and Tariff petition of the licensee and to allow the public to make its submissions on the ARR and Tariff proposals. The Commission has, thereafter, to design the scheme for recovery of the ARR keeping in view various relevant factors.”

13.11. That in view of the settled legal position and the statutory scheme under the Electricity Act, 2003, the allegation that the tariff order is bad in law, violative of Section 64, or passed without jurisdiction is baseless and deserves outright rejection. Without prejudice to the above, it is submitted that the Petitioners have failed to demonstrate any specific illegality, procedural lapse, or jurisdictional error in the impugned Tariff Order, and the petition is nothing but an attempt to re-agitate tariff issues already examined and conclusively decided by the Hon'ble Commission, and is therefore liable to be dismissed.

GROUND-2: Wilful non-compliance with Regulatory framework and Judicial directives.

13.12. That the allegation of wilful non-compliance with the regulatory framework or judicial directions is wholly misconceived, factually incorrect, and is emphatically denied. Pursuant to the directions of the Hon'ble Commission, the Discoms have duly submitted category-wise Cost of Service (CoS) study for FY 2024-25, based on functionalization of costs, to enable the Hon'ble Commission to undertake a transparent and informed assessment of category-wise cost of supply. The functionalization methodology adopted divides the total cost of the utility based on functions such as power purchase, transmission, and distribution, and is a recognised regulatory approach to ensure technical accuracy, particularly in an interconnected network where energy flow and losses cannot be artificially segregated without compromising system realism.

13.13. That the computation of AT&C losses and distribution losses has necessarily been carried out on an overall basis, as system losses occur across the integrated network. The connected load and revenue model for the ARR year has been projected using a data-driven approach based on actual figures of previous financial years, historical consumption patterns, category-wise growth trends, seasonal demand variations, and new consumer additions, ensuring realistic and credible projections. With respect to voltage-wise losses, the Discoms have submitted such data as available and as per the methodology approved by the Hon'ble Commission,

and based thereon, the Hon'ble Commission has determined the estimated Cost of Service for HT and LT voltage levels, which is duly recorded in the Tariff Order for FY 2025-26.

- 13.14. That the Hon'ble Commission has, based on the approved loss allocation, attributed lower costs to HT consumers and higher costs to LT consumers, thereby ensuring that HT consumers are not burdened with inequitable costs and that the tariff design reflects technical and operational realities. That the allegation that reliance on the APTEL judgment dated 30.05.2011 amounts to perpetuating an interim arrangement is misleading, as the methodology has continued only due to constraints of data availability and not due to regulatory inaction or defiance of judicial directions. That it is further submitted that the Hon'ble Commission has already taken cognizance of the issue of voltage-wise and consumer-wise Cost of Supply.
- 13.15. That pursuant to the judgment dated 12.08.2025 passed by the Hon'ble APTEL in Appeal No. 82 of 2017, the Hon'ble Commission has passed interim orders dated 26.09.2025 and 12.11.2025, and in compliance thereof, the Discoms are actively in the process of formulating a comprehensive approach for voltage-wise and category-wise Cost of Supply study, with reference to best practices adopted in other States. Therefore, the allegation of wilful non-compliance is not only baseless but contrary to the record, as the regulatory process is actively ongoing under the supervision of the Hon'ble Commission.
- 13.16. That the Cross-Subsidy Surcharge has been determined strictly in accordance with the methodology prescribed under the National Tariff Policy, 2016, considering power purchase cost, applicable losses at the relevant voltage level, transmission and distribution charges, and regulatory assets, if any, and is duly capped at 20% of the applicable cost of supply. Additional Surcharge has been computed in accordance with Section 42(4) of the Electricity Act, 2003, based on verified data relating to stranded capacity and fixed costs arising due to consumers migrating to open access, and is essential to prevent undue burden on remaining consumers.
- 13.17. That the allegation of lack of transparency or reasonability in the Tariff Order is incorrect and is denied in *toto*. While the Discoms had submitted a Revenue Gap of Rs. 4,520 Crore at the end of FY 2025-26, the Hon'ble Commission, after prudence check, approved a Revenue Gap of only Rs. 3,262 Crore at existing tariff, which is Rs. 1,258 Crore lower than the Discoms' submission, thereby falsifying the Petitioners' claim that the Commission merely accepted the Discoms' proposal. The approved Revenue Gap at the end of FY 2024-25 was Rs. 3,245.21 Crore as per the Tariff Order dated 05.03.2024, and therefore, the contention that actual cost of supply was fully passed through during FY 2024-25 is factually incorrect.

13.18. That the Hon'ble Commission has acted strictly in accordance with Section 61(d) of the Electricity Act, 2003, which mandates safeguarding consumer interest while ensuring recovery of costs in a reasonable manner. That the Electricity (Second Amendment) Rules, 2023 and the Electricity (Amendment) Rules, 2024 mandate allowance of prudent costs and require tariffs to be cost-reflective with minimal revenue gap, and the impugned Tariff Order is fully aligned with the said statutory framework. The relevant extract of the said Rules is as follows:

“23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff.–

The tariff shall be cost reflective and there shall not be any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff except under natural calamity conditions:

Provided that such gap, created if any, shall not be more than three percent of the approved Annual Revenue Requirement.”

13.19. That the Tariff Order has been passed after issuance of public notices, conduct of public hearings, consideration of stakeholder objections, deliberations of the State Advisory Committee, and application of prudence check, thereby fully satisfying the requirements of transparency and procedural fairness. The revision in tariff was necessary to ensure financial viability of the Discoms and to maintain reliable and uninterrupted power supply to consumers and does not amount to tariff shock or arbitrariness.

13.20. That allegations raised by the Petitioners regarding Fuel and Power Purchase Adjustment Surcharge (FPPAS/FPPPA) are misconceived, legally untenable, and contrary to the express provisions of the regulatory framework governing tariff determination. The Fuel and Power Purchase Price Adjustment mechanism is a distinct, dynamic, and automatic adjustment tool governed under the HERC (Terms and Conditions for Determination of Tariff) Regulations, 2024, and is specifically designed to enable recovery of variable costs arising due to fluctuations in fuel prices, power purchase rates, and transmission charges, which are beyond the control of the Distribution Licensees.

13.21. That the FPPAS mechanism is an integral and statutorily recognised component of tariff determination under the Electricity Act, 2003 and the HERC MYT Regulations, 2024, and ensures that tariffs remain cost-reflective and aligned with the actual cost of electricity supplied to consumers. The Respondent-Discoms have implemented the Fuel and Power Purchase Adjustment methodology strictly in accordance with Regulation 68 of the HERC MYT Regulations, 2024, which mandates monthly computation and recovery of FPPAS, subject to regulatory checks and safeguards to

prevent tariff shock. The said methodology mandates monthly computation and recovery of FPPAS and reads as follows:

“(2). Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the nth month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year.

xxx xxx xxx

(4) The distribution licensee may decide, fuel and power purchase adjustment surcharge or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to the consumers, but the carry forward of fuel and power purchase adjustment surcharge shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total fuel and power purchase adjustment surcharge for a billing month, including any carry forward of fuel and power purchase adjustment surcharge over the previous month exceeds twenty per cent of variable component of approved tariff.....”

- 13.22. That Regulation 68 expressly permits limited deferment of FPPAS recovery only to the extent and duration prescribed therein, and therefore, the contention of the Petitioners that the Hon'ble Commission could permanently discontinue or relax recovery of FPPAS is legally impermissible and contrary to the binding statutory regulations. Removal or curtailment of the FPPAS mechanism would directly violate the regulatory framework, deprive the Discoms of their legitimate right to recover verified power purchase costs, and severely impair their financial sustainability, thereby adversely affecting reliability and continuity of power supply.
- 13.23. That all recoveries under the FPPAS mechanism are subject to detailed scrutiny and approval by the Hon'ble Commission, ensuring transparency, regulatory oversight, and protection of consumer interest. Hon'ble Commission allows only normative costs to the Discoms as per the HERC MYT Regulations, 2024, and that FPPAS pertaining to earlier financial years has been deferred, the financial burden of which has been borne by the Discoms themselves, thereby worsening their working capital position.
- 13.24. That due to such regulatory deferments and normative restrictions, the Discoms are compelled to finance their working capital requirements through loans, even though such increased working capital is not fully allowed by the Hon'ble Commission under the applicable regulatory provisions. The allegation that working capital has

increased primarily due to unrealised consumer dues or unpaid State subsidy is factually incorrect and misleading.

- 13.25. The tariff determination by the Hon'ble Commission is undertaken on accrual basis and full payment of subsidy by the State Government, and therefore, the Petitioners' submissions on this aspect are irrelevant to tariff legality and reflect a misunderstanding of regulatory accounting principles.
- 13.26. That the Discoms are consistently taking concrete measures to improve collection efficiency and reduce receivables, as periodically placed before and monitored by the Hon'ble Commission. Discoms are bound by the Rules and Regulations framed by the Hon'ble Commission for release of new connections and consumer services, and all efforts are being made to release pending loads in a time-bound manner, subject to system augmentation and technical feasibility. With respect to fixed charges, the revision approved by the Hon'ble Commission for FY 2025-26 is rational, cost-reflective, and consistent with national regulatory trends, as Haryana's fixed charges had remained significantly below cost-recovery levels for several years.
- 13.27. That even after revision, Haryana's HT fixed charges at ₹290/kVA/month remain modest and lower than or comparable to several other States, and are fully justified considering inflation, network maintenance costs, and demand-related capital expenditure. That strengthening recovery of fixed costs is essential to enable the Discoms to invest in network reliability, smart metering, loss reduction initiatives, and quality of supply, which ultimately benefits consumers and the power sector as a whole.
- 13.28. That the submissions made by the Petitioner with regard to Power Purchase Cost are based on an incorrect understanding of regulatory principles and the methodology adopted by the Hon'ble Commission for determination of power purchase cost under the tariff framework. The Petitioner has selectively relied upon the Average Power Purchase Cost (APPC) per unit for FY 2024-25 and FY 2025-26, without appreciating that tariff determination is not carried out on a simplistic per-unit comparison, but on the basis of aggregate approved power purchase cost forming part of the Annual Revenue Requirement (ARR).
- 13.29. That the power purchase cost approved by the Hon'ble Commission for UHBVN for FY 2024-25 was Rs. 15,331.79 Crore, whereas for FY 2025-26 the approved power purchase cost is Rs. 16,221.58 Crore, reflecting an increase of approximately 6% over the previous year, which fully justifies the observations recorded by the Hon'ble Commission in the impugned Tariff Order. The marginal variation in per-unit APPC highlighted by the Petitioner is influenced by changes in projected sales volume,

demand profile, energy mix, and quantum of power procured, and does not negate the fact that the absolute power purchase expenditure of the Discoms has increased.

- 13.30. That the power purchase cost approved by the Hon'ble Commission includes fixed cost obligations under long-term Power Purchase Agreements, including payments for capacity even during periods of lower drawal, which are statutory and contractual liabilities that cannot be avoided by the Discoms. It is significant to point out that for a continuous period of seven years, from FY 2017-18 to FY 2024-25, there was no revision in the fixed charges for the relevant consumer category, despite consistent escalation in input costs such as power purchase cost, transmission charges, and operation and maintenance expenses borne by the Discoms.
- 13.31. That in keeping with principles of consumer protection and tariff stability, the Hon'ble Commission consciously refrained from revising fixed charges during the said period, and the tariff realignment approved for FY 2025-26 is the first revision after an extended tariff freeze and has been undertaken in a calibrated and proportionate manner. The present tariff revision is fully aligned with the statutory mandate under Sections 61 and 62 of the Electricity Act, 2003, and is consistent with the regulatory framework governing tariff determination at both the national and State level.
- 13.32. That fixed cost obligations of the Discoms constitute approximately 40% of their total ARR, comprising fixed components of power purchase cost, operation and maintenance expenses, depreciation, interest and finance charges, and return on equity. That despite such substantial fixed cost obligations, the pre-revision tariff structure enabled recovery of only about 13% of the ARR through fixed charges, resulting in chronic under-recovery of fixed costs and financial stress on the Discoms. That even after the revision approved by the Hon'ble Commission for FY 2025-26, the recovery through fixed charges continues to remain significantly below the actual fixed cost obligations, thereby demonstrating that the revision is neither excessive nor arbitrary. That therefore, the Hon'ble Commission has committed no error in relying upon the increase in power purchase cost and other inflationary factors while determining tariff for FY 2025-26.
- 13.33. That the challenge raised by the Petitioners with regard to Fuel and Power Purchase Adjustment Surcharge (FPPAS) is misconceived, factually incorrect, and based on an incomplete and selective reading of the applicable regulatory framework. Discoms are presently levying FPPAS at the rate of ₹0.47 per unit towards recovery of Fuel and Power Purchase Cost Adjustment pertaining to FY 2022-23, and the said recovery has already been taken note of and acknowledged by the Hon'ble Commission in HERC Petition No. 5 of 2025, Petition No. 6 of 2025, IA No. 5 of

2025, and IA No. 8 of 2025, vide Order dated 10.06.2025.

13.34. That the Fuel and Power Purchase Adjustment mechanism is governed by Regulation 68 of the HERC MYT Regulations, 2024, which mandates computation and recovery of FPPAS on a monthly basis, subject to regulatory checks and safeguards, including deferment provisions to avoid tariff shock to consumers. That Regulation 68 expressly empowers the distribution licensee to carry forward FPPAS for a limited duration, subject to conditions prescribed therein, and therefore, the contention of the Petitioners that recovery beyond n+2 month automatically lapses, without considering relaxation orders passed by the Hon'ble Commission, is legally untenable. The said methodology mandates monthly computation and recovery of FPPAS and reads as follows:

“68. Fuel and Power Purchase Adjustment Methodology

1. *Computation of fuel and power purchase adjustment surcharge:*

(1) *“Fuel and Power Purchase Adjustment Surcharge” (FPPAS) means the increase in cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission*

(2). ***Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the nth month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year.***

xxx xxx xxx

(4) ***The distribution licensee may decide, fuel and power purchase adjustment surcharge or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to the consumers, but the carry forward of fuel and power purchase adjustment surcharge shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total fuel and power purchase adjustment surcharge for a billing month, including any carry forward of fuel and power purchase adjustment surcharge over the previous month exceeds twenty per cent of variable component of approved tariff.....”***

(Emphasis Supplied)

13.35. That pursuant to the notification of the HERC MYT Regulations, 2019 (3rd Amendment) Regulations, 2023 dated 12.04.2023, DISCOMs had filed Petition Nos. 56 and 62 of 2023 seeking exemption from charging monthly FPPAS for FY 2023-

24. The Hon'ble Commission, vide Order dated 22.12.2023, in the larger public interest and to avoid tariff shock to consumers, exercised its statutory powers to relax the provisions of Regulation 66 of the HERC MYT Regulations, 2019 for FY 2023-24. Similarly, DISCOMs filed Petition Nos. 5 and 6 of 2025 along with IA Nos. 5 and 8 of 2025 seeking exemption from charging monthly FPPAS for FY 2024-25, and the Hon'ble Commission, vide Order dated 10.06.2025, again relaxed the relevant regulatory provisions in the larger interest of electricity consumers of Haryana.

- 13.36. That, therefore, the Petitioners' allegation that FPPAS is being recovered illegally or in violation of statutory timelines is factually incorrect and ignores the binding relaxation orders passed by the Hon'ble Commission under its regulatory powers. It is further submitted that the recent tariff revision for FY 2025-26 is exclusive of the FPPAS component, and the financial impact of FPPAS has not been passed on to consumers through the revised tariff structure. In such circumstances, directing stoppage of the existing recovery of ₹0.47 per unit or mandating refund, as prayed by the Petitioners, would be contrary to the regulatory scheme, would adversely impact the financial health of the Discoms, and would ultimately prejudice consumer interest.
- 13.37. That the allegation regarding non-disclosure or lack of transparency in FPPAS recovery is unfounded, as the levy has been duly placed before the Hon'ble Commission and recorded in its judicial orders, and is subject to true-up and regulatory oversight. The speculative submission regarding additional subsidy by the State Government towards FPPA liability of any consumer category is irrelevant to the legality of FPPAS recovery and does not render the approved levy unlawful.

Ground D: Unreasonable and disproportionate burden on industrial consumer

- 13.38. That it is respectfully submitted that the allegation that the revision in fixed charges imposes an unreasonable or disproportionate burden on industrial consumers is wholly misconceived, factually incorrect, and legally untenable. The revision in fixed charges approved by the Hon'ble Commission for FY 2025–26 is rational, measured, and fully consistent with national regulatory trends, as the fixed charge structure in Haryana had remained significantly below cost-reflective levels for several years, resulting in chronic under-recovery of distribution costs.
- 13.39. That it is submitted that the fixed cost obligations of the DISCOMs constitute approximately 40% of their total Annual Revenue Requirement (ARR), which includes fixed components of power purchase costs payable under long-term PPAs, operation and maintenance expenses, depreciation, interest and finance charges,

and return on equity. That despite such substantial fixed cost obligations, the tariff structure prior to FY 2025–26 enabled recovery of only about 13% of the ARR through fixed charges, which severely constrained the financial sustainability of the DISCOMs and their ability to meet unavoidable fixed obligations.

- 13.40. That even after the revision approved by the Hon'ble Commission for FY 2025–26, the recovery through fixed charges continues to remain significantly below the actual fixed cost requirement of the DISCOMs, thereby demonstrating that the revision is neither excessive nor disproportionate. The revised fixed charges applicable in Haryana continue to be modest when compared with fixed charge levels prevailing in other States/UTs, where maximum rate of HT industrial fixed charges is significantly higher, including Maharashtra (Rs.600/kVA/month), Madhya Pradesh (Rs.719/kVA/month), Gujarat (Rs.475/kVA/month), Rajasthan (Rs.380/kVA/month), Punjab (Rs.350/kVA/month), Himachal Pradesh (Rs.425/kVA/month), and Uttar Pradesh (Rs.300/kVA/month).
- 13.41. That in comparison, Haryana's effective fixed charge of Rs.290/kVA/month for HT industrial consumers is lower than or comparable to several States and cannot, by any standard, be termed unreasonable or punitive. It is pertinent to note that in FY 2015–16, the fixed charges applicable to HT industrial consumers (load above 50 kW) were Rs.170/kVA, which have now been revised to Rs.290/kVA in FY 2025–26, reflecting a Compound Annual Growth Rate (CAGR) of only about 5.49% over a span of nearly ten years.
- 13.42. That such annualised increase is modest, well within inflationary trends, and cannot be characterised as abrupt, excessive, or arbitrary. It is further significant that for a continuous period of seven years, from FY 2017–18 to FY 2024–25, there was no revision whatsoever in fixed charges for this consumer category, despite persistent escalation in input costs including power purchase costs, transmission charges, and operation and maintenance expenses borne by the DISCOMs. That in keeping with the principles of consumer protection and tariff stability, the Hon'ble Commission consciously refrained from imposing any upward revision during the said period, and the present tariff realignment for FY 2025–26 is the first revision after an extended tariff freeze.
- 13.43. That the said revision has been introduced in a calibrated and proportionate manner, balancing the twin objectives of financial sustainability of the DISCOMs and affordability for consumers, and is fully aligned with the statutory mandate under Sections 61 and 62 of the Electricity Act, 2003. That the revision in fixed charges is aimed at gradually aligning recovery with actual system costs and demand-related infrastructure expenses, which primarily depend on contracted demand rather than

energy consumption. That strengthening fixed-cost recovery is essential to enable the DISCOMs to invest in network maintenance, reliability enhancement, smart metering, and loss-reduction initiatives, which ultimately benefit industrial consumers through improved quality of supply and reduced outages.

Ground E: Complete absence of transparency and violation of natural justice

- 13.44. That the allegation of complete absence of transparency and violation of principles of natural justice is wholly unfounded, misconceived, and contrary to the statutory record. The Hon'ble Haryana Electricity Regulatory Commission is the competent statutory authority vested with the power to determine tariff under Sections 61, 62, and 64 of the Electricity Act, 2003, and the impugned Tariff Order has been passed strictly in accordance with the said statutory provisions. Hon'ble Commission has followed the entire due regulatory process as prescribed under the Electricity Act, 2003 and the HERC (Conduct of Business) Regulations, 2019, including issuance of public notice, invitation of objections/suggestions, conduct of public hearing, and consideration of views expressed by stakeholders.
- 13.45. That the Tariff Order has been passed after due consideration of the comments and objections received from various stakeholders during the public consultation process as well as deliberations held in the State Advisory Committee meeting, thereby ensuring full participation and adherence to the principles of *audi alteram partem*. The tariff determination has been undertaken on the basis of relevant data, facts, and policies placed before the Hon'ble Commission, all of which are either part of the regulatory filings or otherwise available in the public domain, and have been subjected to prudence check as mandated under the regulatory framework.
- 13.46. That the Hon'ble Commission has exercised its independent regulatory judgment while passing the Tariff Order, and the same reflects due application of mind to the material on record, balancing the interests of consumers and the financial sustainability of the DISCOMs. The revision in tariff was necessitated to ensure viability of the DISCOMs and to maintain reliable and uninterrupted electricity supply to consumers, which is one of the core objectives of the Electricity Act, 2003.
- 13.47. That in the absence of any specific pleading or material to demonstrate denial of opportunity, suppression of material facts, or procedural irregularity, the bald allegation of violation of principles of natural justice is untenable and liable to be rejected.
- 13.48. That the Tariff Order has been passed after following due process under Sections 61, 62 and 64 of the Electricity Act, 2003. No error apparent on the face of record has been shown to invoke review jurisdiction. The prayer seeks re-determination of

tariff and is therefore not maintainable.

- 13.49. That the revision in fixed and energy charges is cost-reflective and based on approved ARR. Fixed costs constitute a substantial portion of ARR and were historically under-recovered. Restoration of old tariffs would lead to regulatory imbalance and financial stress.
- 13.50. That the Hon'ble Commission is fully empowered to determine tariff suo-motu under Sections 61, 62 and 64 of the Act. The process adopted is legally valid and within regulatory jurisdiction. No statutory violation is made out.
- 13.51. That Category-wise Cost of Service and relevant data have already been submitted to the Hon'ble Commission. Voltage-wise Cost of Supply study is under process pursuant to APTEL and Commission directions. FPPA is governed by statutory regulations and Commission oversight.
- 13.52. That FPPAS is a statutory adjustment mechanism under HERC MYT Regulations and has been duly taken note of by the Hon'ble Commission. The levy pertains to approved past-period costs. The prayer has no legal basis and deserves rejection.
- 13.53. That the Hon'ble Commission has already undertaken a detailed prudence check of ARR, revenue and efficiency parameters. Tariff is determined on accrual basis assuming normative efficiency. The prayer seeks reopening of settled issues and is not maintainable.
- 13.54. That DISCOMs are complying with APTEL judgments in accordance with timelines and directions issued by the Hon'ble Commission. Category-wise Cost of Service has been submitted and voltage-wise study is under active formulation. No case of non-compliance arises.
- 13.55. That Public notice, stakeholder consultation and public hearing were duly conducted in compliance with Section 64 of the Act. Objections and suggestions were considered and recorded in the Tariff Order. Fresh hearings are unwarranted.
- 13.56. That release of HT load is governed by statutory rules, technical feasibility and system constraints. DISCOMs are making all efforts to release connections in a time-bound manner. No blanket direction is warranted.
- 13.57. That no case of willful or deliberate non-compliance with any direction of the Hon'ble Commission or APTEL is made out. The DISCOMs are complying with all directions within the prescribed regulatory framework. Invocation of Sections 142/146 is therefore unwarranted and misconceived.
- 13.58. That in the absence of any legal infirmity or error apparent in the Tariff Order, no further relief is warranted. The prayer is vague, omnibus, and does not merit consideration.
- 13.59. That the present Petition- RA 10 of 2025 being untenable and devoid of merit, is

liable to be dismissed forthwith. Discoms further prayed to dismiss the present Petition with exemplary costs, in the interest of justice and fair play.

14. Comments filed by the Stakeholders and reply of DISCOMs on the same are as under:-

14.1. Haryana Chamber of Commerce & Industry (HCCI) and Haryana Rice Exporters Association (HREA):

Vide letter/mail dated 30.10.2025, HCCI and HREA have submitted identical comments, which have been reproduced as under:

14.1.1. Tariff Shock via Fixed Charges (effective 01.04.2025): The Commission’s Order in Petition Nos. 66 & 67 of 2024 revised fixed charges for industrial categories by about 76% (e.g., HT Supply from ₹165/kVA/month to ₹290/kVA/month; LT Supply slabs raised correspondingly). For years HCCI has consistently represented that fixed charges on industry should be abolished; instead, a steep increase has been imposed.

Fixed Charges Comparison

Category	Rate of Fixed Charges upto 31/03/2025	Revised Rate of Fixed Charges w.e.f. 01/04/2025	% Increase
All HT Supply (>50 kW)	₹165/kVA/month	₹290/kVA/month	~76%
LT Supply (>20 kW & upto 50 kW)	₹160/kW (80% of Connected Load)	₹250/kW/month	~95%
LT Supply (>50 kW & upto 70 kW)	₹165/kVA/month	₹290/kVA/month	~76%

14.1.2. Several proposals directly and indirectly affect non-domestic/industrial consumers and require rigorous stakeholder scrutiny before any approval.

14.1.3. Cost-Plus Approach Without Efficiency Benchmarking: The Commission has continued a cost-plus approach under MYT 2024 without enforcing performance-linked disallowances. Section 61(c) & (d) of the Act require that efficiency and economy guide tariff setting.

Prayer: Impose efficiency-based caps on O&M and interest costs; disallow controllable inefficiencies.

14.1.4. Revenue Gap Arising from Controllable Factors: The order notes a need to “realign tariff to garner about ₹3,262 crore” while citing inflation in O&M and power-purchase costs. Many of these elements—working-capital interest, delayed collections, and subsidy receivables—are controllable. The Commission itself has acknowledged this ₹3,262 crore gap (Ref: HERC Order 2025, p.260), which can largely be bridged through internal efficiency and recoveries such as rationalization of MMC (₹600

crore), 1% efficiency gain on ARR (₹454 crore), and 25% receivable recovery (₹1,782 crore). These together yield ₹2,836 crore offsets, leaving only about ₹426 crore residual—barely ₹0.07/unit impact. Hence, the tariff hike appears excessive and avoidable through operational efficiency improvements.

Prayer: Disallow recovery of controllable items per Reg. 8.3.8 of the HERC MYT Regulations 2024 (page 16); require Discoms to absorb inefficiencies.

14.1.5. Cross-Subsidy Levels and Cost of Supply:

Average Cost of Supply (ACoS): ₹7.28/kWh; HT Industrial CoS: ₹7.05/kWh; Average realization from HT industry: ₹7.83/kWh. Thus, industries already cross-subsidize others within the NTP $\pm 20\%$ band; any further increase breaks that balance.

Prayer: Maintain industrial tariff within current margin; no additional surcharge until voltage-wise CoS study is completed.

14.1.6. Unverified Capex and Business Plan: Capex Plan 2025–29 >₹9,000 crore has been approved despite AT&C loss reduction to $\leq 11\%$. Until project-wise benefits are audited, tariff pass-through breaches prudence standards. Prayer: Mandate CAG/third-party audit of capex before ARR inclusion; link recovery to loss-reduction targets.

14.1.7. Unjust Passing of MMC Waiver and AP MMC Reduction Burden to Industries: The FY 2025–26 schedule shows Category-I domestic consumers' MMC = "Nil" after CM's approval (20 Mar 2024). No budgetary subsidy was recorded; the loss is absorbed in ARR, raising industrial tariffs. The same order reduces AP MMC from ₹200/BHP/yr to ₹180 (≤ 15 BHP) and ₹144 (> 15 BHP), again without State reimbursement. Section 65 of the Electricity Act 2003 requires advance payment of any State-directed subsidy. The Commission's decision to recover these waivers through ARR violates Section 65 and Para 8.3 of the NTP.

Prayer: Quantify revenue loss from MMC waivers; direct State Government to pay the full amount in advance; rollback tariff load on industrial consumers pending payment.

14.1.8. Section 61(d) of the Electricity Act, 2003 – Reasonable Cost & Regional Parity: With industrial realisation already above cost, further increases contradict Section 61(d). Neighbouring states (Punjab, Rajasthan, UP) maintain lower industrial rates, eroding Haryana's competitiveness.

Prayer: Align industrial tariff with regional averages; apply prudence review before any realignment.

14.1.9. Reduction in AT&C Losses:

The Aggregate Technical & Commercial (AT&C) losses for UHBVNL and DHBVNL have declined significantly, indicating efficiency gains that should reflect in tariffs.

AT&C Losses

Period	UHBVNL	DHBVNL	Average
2020-21	16.55%	15.75%	16.15%
2023-24	10.32%	11.35%	10.84%

This 5.31% improvement should reflect in lower revenue gaps and enhanced distribution efficiency.

Prayer: Account efficiency gains in the true-up and pass benefits to consumers.

- 14.1.10. **Severe Financial Stress on Industry: MSMEs and manufacturing units** are already operating on razor-thin margins. The 76% increase in fixed charges is a compulsory expense payable irrespective of production levels. It forces industries to divert working capital and borrowed funds merely to meet non-productive electricity costs, causing liquidity crises and potential defaults.
- 14.1.11. **Impact on Employment and Livelihoods:** Haryana's industrial sector provides livelihoods to lakhs of workers, suppliers, and service providers. Increased fixed costs will compel units to scale down or shut operations, leading to job losses and ripple effects across the supply chain.
- 14.1.12. **Competitive Disadvantage and Migration Risk:** Higher energy costs make Haryana's industries uncompetitive compared to neighbouring states. Such disparities incentivize industrial migration, causing loss of investment, employment, and tax revenues to the state.
- 14.1.13. **Unjustified Transfer of DISCOM Losses:** The current approach shifts the financial burden of DISCOM inefficiencies, technical losses, and non-recoveries from other categories onto compliant industrial consumers. This practice is inequitable and contrary to principles of fair regulation.
- 14.1.14. **Deterrent to New Investment & Industrial Expansion:** Sudden and steep hikes in fixed charges create uncertainty in operating costs, discouraging new industrial investments and expansion of existing units. Predictable energy costs are vital for business planning, and such unpredictability erodes investor confidence, undermining Haryana's competitiveness as an industrial destination.
- 14.1.15. **Erosion of Export Competitiveness (Including Agro-Based Industries):** Many Haryana-based industries — especially in auto components, engineering, textiles, and agro-based sectors like food processing, rice mills, and cold storage — rely heavily on affordable electricity for production and export competitiveness. The sharp increase in fixed charges inflates manufacturing costs, risks cancellation of export orders, and weakens Haryana's position in both domestic and international

markets.

14.1.16. Long-Term Economic and Revenue Impact: Sustained high electricity costs may lead to industrial contraction, resulting in lower GST collections, reduced employment, and slower economic growth, ultimately impacting the State's fiscal health.

14.1.17. No Cross-Subsidization of Domestic Concessions Through Industry: If the State intends to support domestic consumers via subsidies/concessions, such policy costs must not be loaded on industrial tariffs/fixed charges. The industrial sector already operates on extremely thin margins; any additional cross subsidy erodes viability, competitiveness, and investment intent.

14.1.18. 76% Hike in Fixed Charges is Disproportionate and Regressive: Fixed charges are a non-productive, compulsory outlay irrespective of utilisation levels; for MSMEs this directly squeezes cash flows and raises debt exposure. The increase appears to socialise DISCOM inefficiencies/losses (including technical & commercial losses and poor recoveries) onto compliant industrial payers rather than addressing root-cause operational reforms. The combined effect of higher fixed charges + any energy charge revisions + continuing FSA/FPPAS results in a cumulative burden that jeopardizes business continuity, employment, and state GDP contribution.

14.1.19. Deficiency in Prior Disclosure/Consultation: The petitions filed by HPGCL (≈ 275 pp), HVPNL (≈ 71 pp), UHBVNL (≈ 121 pp) and DHBVNL (≈ 229 pp) are voluminous, often non-OCR, and did not transparently flag a proposal to significantly hike HT/LT fixed charges to the extent ultimately ordered. Consequently, the industrial stakeholders were deprived of an effective opportunity to be heard on the specific quantum/structure of the fixed charge hike.

Relief sought:

- (i) Introduce a mandatory, dedicated "Industry Impact" section in every ARR/BP/Capex petition highlighting proposals that positively/negatively affect industry;
- (ii) Compulsory circulation of that section to recognized industrial associations;
- (iii) Require searchable/OCR-enabled filings as a precondition to admission.

14.1.20. Contract Demand (CD) vs. Actual Use – Unjust Fixed Charge Incidence & Penalty Threshold: Many units have installed captive/rooftop solar, turbines, or co-gen, yet must maintain a higher Contract Demand only to avoid overdrawal penalties triggered at merely +5% of CD. These units then pay fixed charges on inflated sanctioned CD even when actual drawal is lower, which is inequitable.

Relief sought:

- (i) Compute fixed charges on lower of CD or demonstrated peak drawal averaged over a defined window;
- (ii) Permit quarterly self-revision of CD without punitive fees;
- (iii) Raise the penalty trigger to +15% of CD to allow rational right-sizing of CD without fear of inadvertent breach;
- (iv) No penalty where exceedance occurs due to grid supply fluctuations or restoration events.

14.1.21. Continuance of FSA/FPPAS – Double Counting of Costs:

FSA/FPPAS, initially introduced as a temporary levy (₹0.47/kWh from April 2023 to July 2024), has been extended up to March 2026, even as base tariffs and fixed charges have risen. This continuation contradicts its temporary intent and imposes a double financial burden on industries. The levy, meant to recover unexpected fuel cost variations, has effectively become a permanent surcharge, further destabilising cost projections for MSMEs already struggling with steep fixed charges.

Relief sought: Withdraw FSA/FPPAS with effect from 01.04.2025 and refund/adjust past collections in forthcoming bills.

14.1.22. Need for Independent Representation of Industry: Appoint an independent counsel/expert, at HERC's cost, to represent the broad interests of industrial consumers in complex multi-party tariff matters.

14.1.23. Procedural Barriers to Participation: The current process (security deposit of ₹2 lakh; multiple physical copies; affidavit formalities; short timelines) is non-trade-friendly and discourages participation, particularly by non-profit bodies. Relief sought: Abolish the deposit, adopt end-to-end digital filing & virtual hearings, publish plain-language summaries, and provide a minimum 30 working days for comments on major tariff proposals.

14.1.24. Risk to Investment, Employment & State Revenues: The combined tariff posture (fixed charge hike + surcharges) risks closures/migration of units to states with more competitive frameworks, leading to job losses, erosion of GSDP, and revenue contraction.

14.1.25. The following prayers have been made:-

- a) Withdraw and Roll Back: Withdraw the 76% increase in fixed charges (HT/LT) with retrospective effect from 01.04.2025, restoring pre-01.04.2025 levels.
- b) Refund/Adjustment: Direct DISCOMs to refund/adjust excess fixed charges recovered from April 2025 in ensuing bills with interest.
- c) Methodology Reform: Pending final decision, cap fixed charge incidence at

the lower of (a) Contract Demand; (b) rolling 3-month maximum demand; (c) 80% of connected load (for LT where applicable).

d) Non-Restoration of Old Tariffs Despite Representations: HERC should have restored old tariffs immediately in April 2025; however, this was not done despite numerous industry representations.

e) Proposed Rate of Fixed Charges w.e.f. 01/04/2025

Category	Rate of Fixed Charges upto 31/03/2025	Revised Rate of Fixed Charges w.e.f. 01/04/2025	Proposed Rate of Fixed Charges w.e.f. 01/04/2025
All HT Supply (>50 kW)	Rs. 165/kVA	Rs. 290/kVA/Month	Rs. 165/kVA (80% of Connected Load)
LT Supply (>20 kW and upto 50 kW)	Rs. 160/kW (80% of Connected Load)	Rs. 250/kW/Month	Rs. 160/kW (80% of Connected Load)
LT Supply (>50 kW and upto 70 kW)	Rs. 165/kVA	Rs. 290/kVA/Month	Rs. 165/kVA (80% of Connected Load)

f) Structural Reform – Replacement of Fixed/Demand Charges with Monthly Minimum Charges (MMC)

The existing Fixed/Demand Charge system is unjust and economically unproductive. It penalizes consumers who already utilize power efficiently. The majority of industries consistently consume more than 75% of their sanctioned load, meaning they already pay for actual energy used — yet are burdened with additional fixed costs.

The MMC framework ensures revenue certainty for the Discoms without double recovery and directly links charges to actual usage, promoting industrial competitiveness and fair cost recovery.

Therefore, the Hon'ble Commission is urged to replace Fixed/Demand Charges with MMC for both HT and LT categories, restoring a rational and consumption-linked tariff structure that rewards efficient usage instead of penalizing it.

g) FSA/FPPAS

Withdrawal: Discontinue FSA/FPPAS from 01.04.2025 for industrial consumers.

Restitution: Refund/adjust collections from 01.04.2025.

h) Industry Impact Disclosure & Hearing

Mandate a separate "Industry Impact" segment in all future filings by HPGCL/ HVPNL/ UHBVNL/ DHBVNL, to be OCR-enabled and circulated to registered industry bodies at least 30 days before hearings. Record that no

specific proposal to significantly hike HT/LT fixed charges to the presently notified levels was disclosed in a manner enabling meaningful stakeholder response; accordingly, no adverse change may be sustained without fresh notice.

- i) Contract Demand & Penalties
 - 1. Permit quarterly CD rationalization without penal fees.
 - 2. Increase penalty trigger to +15% of CD.
 - 3. Where rooftop/captive generation exists, allow netting of dependable self-generation for CD determination.
 - 4. No penalty for exceedance arising from supply quality disturbances or restoration after outages.
- j) Process Reforms
 - 1. Abolish ₹2 lakh security deposit for objections by recognized non-profit trade bodies.
 - 2. Shift to 100% digital submissions, virtual hearings, and publish plain-language synopses.
 - 3. Appoint independent industry counsel/expert funded by HERC.
 - 4. Formally recognize HCCI/HERC as a standing stakeholder for all consultations impacting industry.

Reply filed by DISCOMs:-

- 1. Objection:
 - Fixed Charges
 - i. Withdraw and Roll Back: Withdraw the 76% increase in fixed charges (HT/LT) with retrospective effect from 01.04.2025, restoring pre-01.04.2025 levels.
 - ii. Refund/Adjustment: Direct DISCOMs to refund/adjust excess fixed charges recovered from April 2025 in ensuing bills with interest.
 - iii. Methodology Reform: Pending final decision, cap fixed charge incidence at the lower of (a) Contract Demand; (b) rolling 3-month maximum demand; (c) 80% of connected load (for LT where applicable).
 - iv. Non-Restoration of Old Tariffs Despite Representations: HERC should have restored old tariffs immediately in April 2025; however, this was not done despite numerous industry representations.

Category	Rate of Fixed Charges	Category	Rate of Fixed Charges	Category	Rate of Fixed Charges	Category	Rate of Fixed Charges
All HT Supply (>50 kW)	Rs. 165/kVA		Rs. 290/kVA/Month		Rs. 165/kVA (80% of Connected Load)		
LT Supply (>20 kW and upto	Rs. 160/kW (80% of Connected Load)		Rs. 250/kVA/Month		Rs. 160/kVA (80% of Connected		

50 kW)			Load)
LT Supply (>50 kW and upto 70 kW)	Rs. 165/kVA	Rs. 290/kVA/ Month	Rs. 165/kVA (80% of Connected Load)

Reply:

The DISCOMs submit that they have already provided comprehensive replies to the objections raised by various organizations such as FIA, GIA, and other industrial and consumer bodies, as well as individual stakeholders, during the Tariff Order proceedings. The Hon'ble Commission has duly considered the submissions made by the DISCOMs, including the main Petition, subsequent filings, additional information furnished, and the point-wise replies/comments submitted by the DISCOMs on the objections raised. The Hon'ble Commission has also explicitly recorded these submissions in the Tariff Order dated 28.03.2025. The relevant extract of the said Tariff Order is reproduced below for ready reference:

“The Commission, while passing order in the present case(s), has considered the Petition(s) filed by the Distribution Licensees viz. UHBVNL and DHBVNL along with the additional submissions made by Discoms, and in the public consultation process, and all other relevant material including:-

1. *Subsequent filings/additional data provided by them including filings made by the two distribution licensees in response to the various queries of the Commission*
2. *Objections received from various organisations and individuals*
3. *Reply/comments furnished by UHBVNL and DHBVNL on the objections filed.*
4. *State Advisory Committee (SAC) meeting held on 09.02.2024.*
5. *Relevant data / facts / policies available in the Commission and in public domain.*
6. *Feedback received in the public hearing held at Panchkula”*

The DISCOMs submit that the revision in Fixed Charges undertaken by the Hon'ble Commission for FY 2025–26 is rational, justified, and consistent with national Tariff regulatory trends. Haryana's earlier Fixed Charge structure had remained significantly below cost-reflective levels, resulting in under-recovery of fixed distribution costs and creating cross-subsidization distortions. The revision is aimed at gradually aligning Fixed Charges with actual system costs and demand-related infrastructure expenses, which primarily depend on contracted demand rather than energy consumption. The strengthened recovery of fixed costs enables DISCOMs to invest in system reliability, smart metering, and loss-reduction initiatives, which ultimately benefit consumers through improved supply quality and reduced outages.

The DISCOMs further submit that even after the revision, Haryana's Fixed Charges remain modest compared to other States/UTs. For instance, the maximum fixed charge rates across different states are as follows: Maharashtra has a maximum rate of Rs. 600 per kVA per month, Gujarat Rs. 475 per kVA per month, Punjab Rs. 350 per kVA per month, Madhya Pradesh Rs. 719 per kVA of billing demand per month, Rajasthan Rs. 380 per kVA of billing demand per month, Himachal Pradesh Rs. 425 per kVA per month, and Uttar Pradesh Rs. 300 per kVA per month. Haryana's effective Fixed Charge of Rs. 290/kVA/month is therefore within the national average range and remains reasonable in light of inflationary and operational cost pressures.

DISCOMs submit that the request for a refund or adjustment of the Fixed Charges implemented in April 2025 is entirely unjustified. The Hon'ble Commission approved the revision after a transparent and consultative process, taking into account the financial sustainability of the DISCOMs and applying cost-of-service principles. The increase reflects the actual cost of maintaining the network and meeting demand-related obligations, and was necessary to ensure reliable power supply to consumers.

The DISCOMs further submit that imposing an arbitrary 80% cap on connected load charges would hinder full recovery of demand-related costs, potentially encourage under-declaration of connected load by consumers, and exacerbate cross-subsidization within the system. The previous Fixed Charge rates were unsustainable, failing to cover rising power purchase costs, inflationary pressures, and essential DISCOM obligations, including Renewable Purchase Obligation (RPO) compliance and infrastructure upgrades. The revision was therefore essential to maintain DISCOM viability and ensure continuous, uninterrupted electricity supply to all consumers.

2. Objection 2

Structural Reform – Replacement of Fixed/Demand Charges with Monthly Minimum Charges (MMC)

The existing Fixed/Demand Charge system is unjust and economically unproductive. It penalizes consumers who already utilize power efficiently. The majority of industries consistently consume more than 75% of their sanctioned load, meaning they already pay for actual energy used — yet are burdened with additional fixed costs.

The MMC framework ensures revenue certainty for the Discoms without double recovery and directly links charges to actual usage, promoting industrial competitiveness and fair cost recovery.

Therefore, the Hon'ble Commission is urged to replace Fixed/Demand Charges with MMC for both HT and LT categories, restoring a rational and consumption-linked tariff structure that rewards efficient usage instead of penalizing it.

Reply

The DISCOMs submit that the proposal to replace the existing Fixed/Demand Charge structure with a Monthly Minimum Charge (MMC) for HT and LT industrial consumers is inconsistent with established Tariff regulatory principles. MMC was last applied for HT consumers in 2009 and has since been abolished. Moreover, MMC is traditionally limited to domestic and small commercial categories to safeguard minimum revenue recovery and is not commonly applied to major industrial consumers in other States.

The DISCOMs further submit that for major industrial consumers, the Fixed/Demand Charge structure is essential to recover costs associated with network infrastructure, substation capacity, and standby power—investments incurred irrespective of actual energy consumption. Replacing this with a consumption-linked MMC would lead to substantial under-recovery of fixed costs, thereby undermining the financial stability of the distribution utility. The claim of “double recovery” is factually incorrect. No State Commission, including those in Maharashtra, Gujarat, Punjab, or Rajasthan, has applied MMC for HT industrial consumers. On the contrary, national Tariff regulatory practice is moving toward strengthening demand-based billing to ensure equitable recovery of costs based on the use of system capacity.

The DISCOMs submit that the existing Fixed/Demand Charge mechanism continues to be the most appropriate approach for ensuring cost-reflective tariffs, equitable treatment of consumers, and long-term financial health of the power sector. The proposal to revert to MMC for industrial consumers is therefore neither justified nor aligned with national Tariff regulatory trends

3. **Objection 3**

FSA/FPPAS

1. Withdrawal: Discontinue FSA/FPPAS from 01.04.2025 for industrial consumers.
2. Restitution: Refund/adjust collections from 01.04.2025.

Reply

The DISCOMs submit that the FSA/FPPAS mechanism is a fundamental component of the tariff-setting process, explicitly recognized under the Electricity Act, 2003 and HERC's MYT 2024 Regulations. This mechanism allows for the recovery of changes in power purchase costs, including variations in fuel prices and transmission charges, which are beyond the control of the DISCOMs. It ensures that tariffs accurately reflect the true cost of electricity supplied to consumers.

The DISCOMs further submit that FPPAS has been kept at the constant level @ 47 paisa per unit from last two and a half year. The impact of the increase in fuel power purchase costs has not been passed on entirely to the consumers instead it is spread over to longer duration to avoid the tariff shock to the consumers. FPPAS currently being levied to consumer correspond to the accumulated FPPAS of FY 2022-23 only and the FPPAS pertaining to the period of FY 2023-24 and FY 2024-25 has been allowed by the Hon'ble Commission to be recovered at a later stage. However, the Hon'ble Commission has not allowed Carrying cost for the FY 2023-24 and FY 2024-25. Due to maintaining the FPPAS at constant levels, interest on the working capital of the DISCOMs increases, however, the Commission has been approving normative Working Capital interest to the DISCOMs. Further, the DISCOMs book FPPAS every year in Audited Accounts on Accrual basis. All this adds to the financial distress and impacts the financial health of the DISCOMs.

Sections 61 (d) of the Electricity Act, 2003 stipulates that the appropriate Commission shall specify Tariff Regulations considering various parameters including safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner. Also, Electricity (Second Amendment) Rules, 2023 dtd. 26/07/2023 formulated by Ministry of Power, Gol, stipulates that the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system should be allowed. The relevant extract of the said Rules is as follows:

“(4) All the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be pass through.”

By disallowing the actual expenses incurred by Petitioner, it has been deprived of prudent cost being passed through in ARR. By continuing such disallowance further will mean putting DISCOM deficit of actual expenses that will further deteriorate the finances and increase dependency on Loans.

The DISCOMs further submit that all cost recoveries under the FSA/FPPAS mechanism are subject to thorough scrutiny and approval by the Hon'ble Commission, ensuring full transparency and regulatory oversight.

Accordingly, any demand to adjust or refund these charges from 01.04.2025 has no legal or regulatory basis. Removal of this mechanism would contravene the established regulatory framework and deprive the DISCOMs of their legitimate right to recover verified costs, thereby imposing severe financial strain and adversely affecting their ability to provide reliable power to the consumers. Continuation of the FSA/FPPAS mechanism for all consumer categories is essential not only to comply

with statutory provisions but also to maintain the financial health of the power sector and uphold the principle of cost-reflective tariffs formulated by Ministry of Power, Gol.

4. **Objection 4**

Rooftop Solar Regulations:

The Draft 2nd Amendment to the HERC (Rooftop Solar Grid Interactive Systems based on Net Metering/Gross Metering) Regulations, 2021 is not in favor of the industry.

Reply

The DISCOMs submit that the objections raised regarding this matter do not pertain to the Tariff Petition under consideration. These issues are more appropriately addressed under the amendment process of the HERC (Rooftop Solar Grid Interactive Systems based on Net Metering/Gross Metering) Regulations, 2021. Accordingly, the same may be dealt with separately in the relevant regulatory proceedings and are outside the scope of the current Tariff review.

5. **Objection 5**

Industry Impact Disclosure & Hearing

Mandate a separate "Industry Impact" segment in all future filings by HPGCL/ HVPNL/ UHBVNL/ DHBVNL, to be OCR-enabled and circulated to registered industry bodies at least 30 days before hearings.

Record that no specific proposal to significantly hike HT/LT fixed charges to the presently notified levels was disclosed in a manner enabling meaningful stakeholder response; accordingly, no adverse change may be sustained without fresh notice.

Reply

As per the directions of the Commission, DISCOMs publish Press Note of the Tariff Petition. Further, Commission issues Public Notice for inviting comments of stakeholders on the Tariff Petition. Additionally, State Advisory Committee has been constituted by the Hon'ble Commission which met before the release of the Tariff Order. Views / suggestions of the Members of the State Advisory Committee were also considered in the Tariff Order.

The DISCOMs provided reply to Objections raised by various organizations such as FIA, GIA, etc. and individuals on the Tariff Petition. To substantiate the same, Hon'ble Commission has also categorically specified the submission made by the DISCOMs in the form of Petition, subsequent filings, additional data and Reply/comments furnished on the objections filed by Stakeholders. Relevant extract of the Tariff Order dtd. 28.03.2025 is as follows:

“The Commission, while passing order in the present case(s), has considered the Petition(s) filed by the Distribution Licensees viz. UHBVNL and DHBVNL along with the additional submissions made by Discoms, and in the public consultation process, and all other relevant material including:-

- 1. Subsequent filings/additional data provided by them including filings made by the two distribution licensees in response to the various queries of the Commission*
- 2. Objections received from various organizations and individuals*
- 3. Reply/comments furnished by UHBVNL and DHBVNL on the objections filed.*
- 4. State Advisory Committee (SAC) meeting held on 09.02.2024.*
- 5. Relevant data / facts / policies available in the Commission and in public domain.*
- 6. Feedback received in the public hearing held at Panchkula”*

The fixed charge revision was based on a thorough cost-of-service analysis and benchmarking with other states, rendering the claim of inadequate disclosure or consultation unfounded. The DISCOM's existing consultation process is fully transparent, participatory, and meets all regulatory requirements. Therefore, the approved tariff structure must be sustained without initiating a new consultation.

6. Objection 6

Contract Demand & Penalties

- i. Permit quarterly CD rationalisation without penal fees.
- ii. Increase penalty trigger to +15% of CD.
- iii. Where rooftop/captive generation exists, allow netting of dependable self-generation for CD determination.
- iv. No penalty for exceedance arising from supply quality disturbances or restoration after outages.

Reply

The DISCOMs submit that the procedure for Quarterly Connected Load (CD) rationalization pertains to amendments in the HERC Supply Code Regulations and may be addressed appropriately during the relevant amendment process.

The DISCOMs further submit that the increase or rationalization of the penalty trigger for CD is in process and the relevant details will be submitted to the Hon'ble Commission shortly.

The DISCOMs submit that objections relating to rooftop generation do not pertain to the Tariff Petition under consideration and may be addressed separately in the amendment process of the HERC (Rooftop Solar Grid Interactive Systems based on Net Metering/Gross Metering) Regulations, 2021.

The DISCOMs submit that with regard to supply quality disturbances, the DISCOMs remain fully bound to comply with the regulatory provisions specified under the HERC Standards of Performance Regulations.

7. **Objection 7**

Process Reforms

- i. Abolish ₹2 lakh security deposit for objections by recognised non-profit trade bodies.
- ii. Shift to 100% digital submissions, virtual hearings, and publish plain-language synopses.
- iii. Appoint independent industry counsel/expert funded by HERC.
- iv. Formally recognize HCCI as a standing stakeholder for all consultations impacting industry.

Reply

The DISCOMs submit that the suggested changes may have certain operational and administrative implications, as detailed below.

On the Abolition of the ₹2 Lakh Security Deposit: The matter of the ₹2 lakh fee is governed by the HERC (Fee) Regulations, and any changes to the same may be addressed appropriately during the process of amendments to the Fee Regulations.

On the Shift to 100% Digital Submissions and Virtual Hearings: While the DISCOMs fully support digitization and have already implemented e-submissions to a significant extent, a complete transition to a 100% digital framework would require substantial upgrades to IT infrastructure, comprehensive staff training, and robust data security measures. A phased and structured approach is more practical to ensure smooth adoption and to prevent operational disruptions.

On the Appointment of an Independent Industry Counsel/Expert Funded by HERC: The appointment of a separate industry expert funded by the Commission may lead to duplication of efforts. All stakeholders, including industry associations, already have a full and fair opportunity to present their views during the public hearing process. Introducing an additional party could unnecessarily prolong proceedings without providing significant value addition to it.

On the Formal Recognition of HCCI as a Standing Stakeholder: The DISCOMs already duly consider inputs from all registered stakeholders, including the HCCI, as mandated under the existing HERC regulations. Granting formal standing to a single body could create a representational imbalance among industry groups and set a precedent for similar requests from other associations.

The DISCOMs submit that the Tariff Petition has been filed strictly in accordance with the regulatory provisions specified under the HERC MYT Regulations, the

Electricity Act, 2003, and the relevant guidelines, ensuring compliance with all statutory and regulatory requirements

8. Objection 8

Impose efficiency-based caps on O&M and interest costs; disallow controllable inefficiencies.

Disallow recovery of controllable items per Reg. 8.3.8 of the HERC MYT Regulations 2024 (page 16); require Discoms' to absorb inefficiencies.

Reply

The DISCOMs submit that the Tariff Petition has been filed strictly in accordance with the regulatory provisions specified under the HERC MYT Regulations, the Electricity Act, 2003, and the relevant guidelines issued by the Hon'ble Commission.

9. Objection 9

Maintain industrial tariff within current margin; no additional surcharge until voltage-wise CoS study is completed.

Reply

The DISCOMs submit that the Additional Surcharge is levied under Section 42(4) of the Electricity Act, 2003 to recover legitimate fixed costs incurred by the DISCOMs on account of stranded power purchase commitments when consumers opt for open access. These fixed costs arise from long-term power purchase agreements approved by the Hon'ble Commission, and their recovery is essential to ensure financial sustainability of the distribution utilities and to prevent undue financial burden on other consumer categories. Exemption from the payment of Additional Surcharge would significantly worsen the situation by transferring the cost of stranded capacity and unrecovered fixed charges onto other consumers.

The DISCOMs further submit that the request to discontinue or withhold the Additional Surcharge until completion of the voltage-wise Cost of Supply (CoS) study is not justified. The surcharge is specifically linked to stranded power cost recovery and is independent of voltage-wise cost differentiation. Its continued application is therefore necessary and fully aligned with the statutory provisions and regulatory framework.

10. Objection 10

Mandate CAG/third-party audit of capex before ARR inclusion; link recovery to loss-reduction targets.

Reply

The DISCOMs submit that all capital expenditure (Capex) schemes proposed by the DISCOMs require prior approval from the Hon'ble Commission and are executed in strict compliance with Government and funding agency guidelines. This expenditure

is subject to a multi-layered oversight process, including statutory audits under the Companies Act, and subsequent regulatory verification during the Commission's prudence check at the time of True-up.

The DISCOMs further submit that introducing a separate CAG or third-party audit prior to inclusion in the ARR would be redundant and create procedural duplication. It could delay critical investment cycles and impede timely execution of essential network upgrades and loss-reduction projects. The recovery of Capex is inherently linked to operational outcomes, and performance benefits such as reduced AT&C losses and enhanced reliability are already evaluated as part of the Capex approval process by the Hon'ble Commission. Therefore, the existing framework of approvals, audits, and performance-based reviews ensures adequate transparency and fiscal prudence, making an additional audit layer unnecessary and counterproductive.

14.2. Sh. Pankaj Bhalotia

Comments filed by Sh. Pankaj Bhalotia are as under: -

- i. Purpose of filing the said objection, suggestion, comment to this review petitions filed by Yamunanagar Jagadhri Chamber of Commerce & Industry and Ors is that for the commission to consider the hardship imposed by the Commission in terms of Fixed Charges being (A) introduced to get levied on a Domestic Supply (DS) Category Consumer w.e.f April 01, 2025 onwards and (B) increase in Fixed Charges many fold for a Bulk Supply (Domestic) Category Consumer w.e.f April 01, 2025 onwards.
- ii. Below extract taken from the Website of the Commission (press release):
"Chandigarh, 2nd April, 2025: In a sweeping move aimed at consumer relief, energy efficiency, and financial sustainability, the Haryana Electricity Regulatory Commission (HERC) has released its much-anticipated Tariff Order for FY 2025-26, effective from April 1, 2025. Under the leadership of Chairman Shri Nand Lal Sharma and Member Shri Mukesh Garg, the Commission has reaffirmed its commitment to demand side management (DSM), energy conservation, and consumer-centric governance. One of the most notable reforms is the complete waiver of Monthly Minimum Charges (MMC) for consumption upto 300 units and load upto 5 KW in respect of domestic supply categories across Haryana. Such consumers will now pay only for actual consumption, offering significant monetary relief while also encouraging energy savings. This move is expected to counterbalance the nominal tariff increase of 15–20 paise per unit for domestic

consumers and eliminate unnecessary energy usage previously incurred to meet MMC requirements.”

- iii. So Commission did removed the MMC for Domestic Supply (DS) Category Consumer wef April 01, 2025 onwards, but then in place of the same introduced Fixed Charges which started to make a dent to the Electricity Bill every month for a Domestic Supply (DS) Category Consumer and with the increase in tariff for and no relief in telescopic Energy charges for Category III (for consumers having load more than 5 kW), my electricity bill from April 2025 onwards has increased many fold (more than double) when I compare it from last year same period and that is because of following two reasons-
 - i. Fixed Charges has been imposed
 - ii. For 0-500 units, a flat rate is charged, whereas till last year it was telescopic in nature like 0-150, 151-250 and 251-500. So was a lower tariff and I used to get benefit of slab wise tariff.

Schedule of Tariff and Charges

Sr. No.	Tariff for 2024-25 (W.E.F. 01.04.2024)				Tariff for 2025-26 (W.E.F. 01.04.2025)			
	Category of consumers	Energy Charges (Paise / kWh or / kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated)	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paise / kWh or / kVAh) *	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated)	MMC
	Domestic Supply				Domestic Supply			
	Category I: (Total consumption up to 100 units per month)				Category I: (for consumers up to 2 kW)			
	0-50 units per month	200/kWh	Nil	Rs. 115 up to 2 kW and Rs. 70 above 2 kW	0-50 units per month	220/kWh	Nil	Nil
	51-100	250/kWh	Nil		51-100	270/kWh	Nil	
	Category II: (Total consumption more than 100 units/month and up to 800 units/month)				Category II: (for consumers having load up to 5 kW)			
	0-150	275/kWh	Nil	Rs. 125 up to 2 kW and Rs. 75 above 2kW	0-150	295 / kWh	Nil	Nil
	151-250	325/kWh	Nil		151-300	325 / kWh	Nil	
	251-500	430/kWh	Nil		301-500	645 /kWh	Rs. 50/kw	Nil
	501-800 and above	750/kWh	Nil		Above 500	710 / kWh	Rs. 50/kw	
	Note: Benefit of Telescopic Tariff shall be restricted up to 800 Units/ Months for category II only i.e. 801 and above flat rate of 710/kWh shall be applicable for the entire consumption.				Category III (for consumers having load more than 5 kW)			
					0-500	850 / kWh	Rs. 75/kw	Nil
					501-1000	715 / kWh	Rs. 75/kw	Nil
					Above 1000	750 /kWh	Rs. 75/kw	Nil

- iv. So, not sure how introduction of Fixed Charges is providing monetary relief to the Domestic Supply (DS) Category Consumers and consequently my request to the Commission would be to look into this and remove the Fixed Charges for a Domestic Supply (DS) Category Consumer from all I, II and III Categories as well as to introduce Telescopic slab-based tariff for Category III Domestic Supply (DS) Consumers.

Similarly, the Commission increased the Fixed Charges for a Bulk Supply (Domestic) Category Consumer from Rs. 80/Kw to Rs. 150/Kw wef April 01, 2025 onwards, which is an increase of Rs. 70/Kw and nearly double of the amount which was applicable till last year and resulting into increase in many fold again and made a dent to the electricity bill of a Bulk supply domestic consumer. On my request/submission only few years back, the Commission reduced the Fixed

Charges from Rs. 100/Kw to Rs. 80/Kw since a consumer under Bulk Supply (Domestic) does not get any kind of relief, concession, rebate, discount, subsidy etc.

Sr. No.	Category of consumers	Tariff for 2024-25 (W.E.F. 01.04.2024)			Tariff for 2025-26 (W.E.F. 01.04.2025)			
		Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated)	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh) *	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated)	MMC
11	Bulk Supply (Domestic)				Bulk Supply (Domestic)			
	For total consumption in a month not exceeding 800 units/ flat/ dwelling unit (DU).	525/kWh	Rs.80 / kW / month of the recorded demand	Nil	For total consumption in a month not exceeding 800 units/ flat/ dwelling unit (DU).	580/kWh	Rs. 150 / kW / month of the recorded demand	Nil
	For total consumption in a month exceeding 800 units/ flat/DU.	620/kWh	Rs. 80 / kW / month of the recorded demand	Nil	For total consumption in a month exceeding 800 units/ flat/DU.	660/kWh	Rs. 150 / kW / month of the recorded demand	Nil

- v. So, he had requested Commission to reconsider and reduce the Fixed charges from Rs. 150/kw to a reasonable level so that it does not result into dent to the pocket of a Bulk Supply (Domestic) Category Consumer.

Reply filed by DISCOMs:-

1. The DISCOMs submit that the tariff revision undertaken by the Hon'ble Commission vide Order dated 28.03.2025 is the first tariff increase since FY 2017–18, despite continuous escalation in power procurement costs, system strengthening requirements, and operational expenditure over the last seven years. The tariff was kept unchanged for nearly a decade owing to improved operational efficiency, loss reduction and prudent financial management of the DISCOMs. Accordingly, the rationalisation of Fixed Charges approved for FY 2025–26 is justified, necessary, and consistent with established regulatory norms.
2. The DISCOMs submit that the earlier MMC/Fixed Charge structure applicable in Haryana was significantly below cost-reflective levels and led to persistent under-recovery of fixed network costs, thereby creating cross-subsidisation distortions across consumer categories. Even after the recent revision, Haryana's Domestic Fixed Charges remain the lowest among the major States. By comparison, Punjab levies up to Rs. 140/kW/month, Uttar Pradesh up to Rs. 110/kW/month, Maharashtra Rs. 130 per connection per month, Delhi up to Rs. 250/kW/month, and Rajasthan up to Rs. 800 per connection per month. Haryana's Domestic category

Fixed Charge remains capped at only Rs. 75/kW/month, which is modest by all standards.

3. The DISCOMs submit that the energy charges applicable to Domestic Supply consumers have been maintained at moderate levels, with the highest tariff slab capped at Rs. 7.50/kWh. The revised tariff structure is designed to gradually bring cost recovery in line with the actual fixed costs of maintaining distribution infrastructure, which are primarily driven by contracted load rather than energy consumption. The earlier MMC regime was insufficient to recover network maintenance cost, capital servicing obligations, and demand-related fixed expenses.
4. The DISCOMs submit that strengthening the recovery of fixed costs is critical for maintaining the financial sustainability of the distribution sector. Enhanced fixed-cost recovery enables the utilities to invest in reliability improvement, smart metering, infrastructure augmentation, and loss-reduction initiatives. These investments directly benefit consumers through better service quality, improved supply reliability and long-term tariff stability.
5. The DISCOMs submit that the increase in Fixed Charges for the Bulk Supply (Domestic) category from Rs. 80/kW to Rs. 150/kW per month has been approved by the Hon'ble Commission after careful consideration of the actual cost of supply, consumer mix, and revenue requirements of the DISCOMs. The earlier rate of Rs. 80/kW had remained unchanged for several years and was not reflective of the cost of maintaining the distribution infrastructure, fixed network assets, and demand readiness required for supplying power to large domestic complexes.
6. The DISCOMs submit that the Bulk Supply (Domestic) category primarily caters to group housing societies, multi-storey residential complexes, and residential colonies where aggregate consumption is significantly higher and supply systems such as dedicated transformers, feeders, RMUs, and metering equipment—require substantial investment. The higher contracted loads and infrastructure dependence of such consumers justify a cost-reflective tariff framework. Accordingly, the revision of Fixed Charges is equitable, rational, and in alignment with the regulatory principle that fixed network costs should be recovered from consumer categories based on their demand characteristics.
7. The DISCOMs submit that even after the revision, the Fixed Charges applicable in Haryana for Bulk Supply Domestic category remain competitive when compared with other States such as Punjab, Uttar Pradesh, Delhi, Maharashtra, and Rajasthan. In Domestic Bulk Supply category, consumers in Punjab pays Fixed Charges of Rs. 130/kVA/month, in UP the charges are Rs. 110/kW/month, in Delhi it is Rs. 150/kW/month and in Maharashtra the charge is Rs. 430 per connection per

month (for 3 Phase connections) while Rajasthan imposes Fixed Charges of Rs. 300 per kVA of Billing Demand per month. Therefore, Haryana's revised Fixed Charges are well within a reasonable range and continue to remain moderate in comparison with other jurisdictions.

8. The DISCOMs submit that the revision is essential to ensure recovery of the legitimate fixed costs associated with maintaining reliable supply to Bulk Supply (Domestic) consumers and to support ongoing system strengthening, infrastructure augmentation, and network upgradation. These investments ultimately benefit consumers by ensuring consistent supply quality, enhanced reliability, and improved service standards.

14.3. Progressive Federation of Trade and Industry (PFTI):

PFTI submitted their comments regarding Tariff and fixed-charge as under: -

1. The present objections are being filed by Progressive Federation of Trade and Industry (PFTI), one of the leading associations of Trade & Industry in the state of Haryana having its head quarter in Sector 37, Gurugram and duly registered as association. PFTI represents manufacturers, MSMEs, service units, and exporters across Haryana and in some of the neighbouring states as well. The petitioner has been acting as a bridge between industry and government and working proactively to support both stakeholders by surfacing ground-level challenges and also offering solution-oriented recommendations.
2. That the relevant provision of MYT Regulations 2024 is reproduced as under:
10.5 In case the accumulated commercial losses of a generating company or the licensees have substantially eroded their respective paid up equity, the business plan shall also contain the proposal to progressively reduce the accumulated commercial losses indicating various measures, including re-capitalization, proposed to be undertaken by the generation company / licensee to achieve turnaround of the company within a specified period.
3. The Hon'ble Commission in the order dated 28.03.2025 has recorded that:
"The Commission, while passing order in the present case(s), has considered the Petition(s) filed by the Distribution Licensees viz. UHBVNL and DHBVNL along with the additional submissions made by DISCOMs and all other relevant material, including:
 - i. Subsequent filings/additional data provided by them including filings made by the two distribution licensees in response to the various queries of the Commission*
 - ii. Objections received from various organisations and individuals*
 - iii. Reply/comments furnished by UHBVNL and DHBVNL on the objections filed*

- iv. *State Advisory Committee (SAC) meeting held on 19.02.2025*
- v. *Relevant data / facts / policies available in the Commission and in public domain*
- vi. *Feedback received in the public hearing held at Panchkula*
4. The Hon'ble Commission has accepted in its order that UHBVN and DHBVN have been able to reduce aggregate and technical losses significantly over the past few years. Various initiatives have been undertaken to reduce the AT&C losses. AT&C Losses of UHBVN has reduced significantly from 16.55% in FY 2019-20 to 9.15 % by FY 2023-24. UHBVN has secured profits of Rs 71.38 Crores in FY 2023-24. AT&C Losses of DHBVN has reduced significantly from 15.41% in FY 2019-20 to 11.35% by FY 2023-24. DHBVN has secured profits of Rs 204 Crores in FY 2023-24.
5. Necessity to file these objections has arisen from the fact that the tariff increase which has been allowed by the hon'ble Commission through its order dated 28.03.2025 requires a review by the hon'ble Commission and the facts and figures presented by both the DISCOMs in their respective petitions and the ARR's might not be correct because they do not match the facts and figures shown in their Balance Sheets and Profit & Loss statements of the DISCOMs for the same periods
6. Before submitting further, let us have a look at the facts and figures shown in the Annual Balance Sheets and P&L statements duly audited by the auditors:

DHBVN

Sr. no.	Financial Year	Total Income (Rs. In Crores)	Total Expenditure (Rs. In Crores)	Profit / (Loss) Rs. In Crores
1	FY 2019-20	17776.41	17662.79	113.62
2	FY 2020-21	16102.14	15862.54	239.60
3	FY 2021-22	18574.43	18395.46	185.26
4	FY 2022-23	25488.17	24764.78	127.12
5	FY 2023-24	24325.00	24781.69	123.26
	Exceptional Items Re-measurement		(+) 661.03 (-) 81.08	
6	FY 2024-25	Audited Balance Sheet Not Yet Available		

UHBVN

Sr. no.	Financial Year	Total Income (Rs. In Crores)	Total Expenditure (Rs. In Crores)	Profit / (Loss) Rs. In Crores
1	FY 2019-20	13855.65	13637.93	217.71
2	FY 2020-21	12572.50	12175.43	397.06
3	FY 2021-22	14173.24	13503.20	670.03
4	FY 2022-23	18405.73	18141.97	263.75
5	FY 2023-24	17091.17	17382.47	41.39
	Exceptional Items Re-measurement		(+) 362.69 (-) 29.99	
6	FY 2024-25	Audited Balance Sheet Not Yet Available		

7. That the loss trajectory of the two DISCOMs for the last 5 years, as shown in the Balance Sheets, is as under:

Sr. no.	Financial Year	DHBVN (% T&D LOSS)	UHBVN (% T&D LOSS)	PER UNIT PURCHASE COST (Rs.)
1	FY 2019-20	14.37	19.01	4.81
2	FY 2020-21	16.93	17.20	4.37
3	FY 2021-22	13.55	13.96	4.81
4	FY 2022-23	11.42	10.32	6.07
5	FY 2023-24	11.38	9.15	5.47
6	FY 2024-25 Up to 2nd Qtr		15.60	5.43

8. Four (4) prominent things can be noticed from the above submissions, which have been derived from the audited financial statements of the two DISCOMs, which are also available on their respective websites. One, that both the DISCOMs have been showing profits continuously during the last 5 years. Two, that the T&D losses have been shown as decreasing continuously during the last 5 years. Three, the cost of purchase of power has tremendously increased after 2021 practically meaning thereby that reduction in losses have been offset by the increase in power purchase cost. Four, despite the expenses having gone very high due to increase in purchase cost, the DISCOMs have continuously recorded profits every year.
9. Detail of units purchased by both the DISCOMs is given as under:

DHBVN

Sr. no.	Financial Year	Power Purchased and Billed Units (in LUs)		%age increase / decrease in power purchase
		Purchased	Billed	
1	FY 2019-20	320381.98	254203.26	
2	FY 2020-21	311979.27	242959.85	(-) 2.62
3	FY 2021-22	331466.80	267117.88	(+) 6.24
4	FY 2022-23	374829.47	310082.81	(+) 13.08
5	FY 2023-24	398802.77	369297.11	(+) 6.39
6	FY 2024-25 Upto 3rd Qtr	354072.39	342477.06	

UHBVN

Sr. no.	Financial Year	Power Purchased and Billed Units (in LUs)		%age increase / decrease in power purchase
		Purchased	Billed	
1	FY 2019-20	234041.40	176201.42	
2	FY 2020-21	225637.30	175599.20	(-) 3.59
3	FY 2021-22	237089.70	190663.00	(+) 5.07
4	FY 2022-23	258032.60	216546.60	(+) 8.83

5	FY 2023-24	264947.60	223009.90	(+) 2.67
6	FY 2024-25 Up to 2nd Qtr	183661.43	142206.29	

10. If a comparison is made (for example) between the power purchase cost incurred during 2022-23 with the one incurred during 2021-22, it would reveal that per unit purchase cost in 2022-23 increased to Rs. 6.07 from that of Rs. 4.81 during 2021-22. This increase of Rs. 1.26 per unit caused additional burden of Rs. 4722.85 crores on DHBVN and Rs. 3251.21 crores on UHBVN in 2022-23 alone. And still, both the DISCOMs recorded profits in their respective audited P&L statements.
11. The first question which comes to mind, and obviously would come to anybody's mind is that when both the DISCOMs have been recording profits continuously for the last many years and also that when the loss levels have been reducing year after year, then what has actually necessitated the tariff hike allowed by the hon'ble Commission in its order dated 28.03.2025
12. Situation in both the DISCOMs in 2024-25 seems to be alarming. In case of DHBVN, of which the account figures are available on website up to 3rd quarter ending December 2024, the power purchase cost alone has surpassed the total revenue collected. Up to December 2024, the power purchase cost has touched Rs. 19146.30 crores against a revenue collection of Rs. 18506.07 crores. Similarly, in case of UHBVN, of which the account figures are available on website up to 2nd quarter ending September 2024, the power purchase cost has touched Rs. 9970.40 crores against a revenue collection of Rs. 9453.90 crores.
13. Now coming to the True-up for 2023-24, as submitted by UHBVN, an actual expenditure of Rs. 17,809.04 crores has been shown against an approved expenditure of Rs. 16,592.20 crores i.e. asking for an approval of additional expenditure of Rs. 1216.84 crores. Similarly, DHBVN has shown an actual expenditure of Rs. 24,979.03 crores against an approved expenditure of Rs. 22093.95 crores i.e. asking for an approval of additional expenditure of Rs. 2885.08.
14. There is a big difference in the total income of the two DISCOMs when the figures given in balance sheet are compared with those given in the ARR True-up for FY 2023-24 (Rs. in crores):

DISCOM	BALANCE SHEET	ARR (as mentioned in the order dated 28.03.2025)
DHBVN	24325.00	21109.69
UHBVN	17091.17	15080.22
TOTAL	41416.17	36189.91

15. It can be seen from above that there is a difference of Rs. 5226.26 crores in the two "Total Income" figures shown at two different places. Whereas the total expenditure

has been shown the same at both the places i.e. 17,809.04 (UHBVN) + 24,979.03 (DHBVN) = 42,788.07 (TOTAL), in crores, the total income in the ARR has been shown Rs. 5226.26 crores lesser than the one shown in the Balance Sheets. Also, a revenue gap of Rs. 369.13 crores has been proposed to be carried over to FY 2024-25

16. Now coming to the review of FY 2024-25, it seems that correct figures have not been brought before the hon'ble Commission while submitting their respective ARRs. Whereas the projected expenditure for both the DISCOMs for FY 2024-25 has been shown as Rs. 42058.15 crores, which almost matches the proposed expenditure of Rs. 42788.07 crores for FY 2023-24 in the True-up, the income projected for FY 2024-25 is shown only as Rs. 32799.56 crores which is Rs. 3390.35 crores lesser than Rs. 36189.91 crores shown in the true-up of FY 2023-24 and Rs. 8616.61 crores lesser than the total income shown in the audited balance sheets of FY 2023-24.
17. There seems to be a gross error on the part of both the DISCOMs in projecting their respective total income for FY 2024-25 which has further caused the incorrect projection of Revenue as "GAP" instead of "SURPLUS". In the process, a Gap of Rs. 3556.97 crores has been projected in FY 2024-25.
18. In the True-up of FY 2023-24, a carry forward of Surplus of Rs. 1884.87 crores against FY 2021-22 has been shown. It is again a matter of concern that a surplus of Rs. 1884.87 crores in FY 2021-22 has turned into a Gap of Rs. 3556.97 crores, and that too without any proper clarification or justification.
19. Even the Power Purchase Cost projected for FY 2024-25 seem to be erroneous. In case of DHBVN, a power purchase cost of Rs. 20696.90 crores has been projected for the full year whereas this much cost has already been incurred in the first three quarters only with one full last quarter still to go. Similarly, in case of UHBVN, a power purchase cost of Rs. 14158.17 crores has been projected for the full year whereas Rs. 13327.05 have already been incurred in the first three quarters only with one last quarter still to go.
20. On the power purchase side, on the basis of units purchased per year, it comes out that there has been a growth of 6% per annum in DHBVN and of 4% in UHBVN. From 2020-21 to 2023-24 (during four years), the total units purchased in UHBVN increased by 17% whereas the power purchase cost increased by 46.80%. Similarly, in DHBVN, from 2020-21 to 2023-24 (during four years), the total units purchased increased by 27% whereas the power purchase cost increased by 58.27%.

21. Now coming to the projections in ARR of FY 2025-26, these also seem to be highly erroneous and misleading. The total expenditure of both the DISCOMs in FY 2025-26 has been projected as Rs. 45978.93 crores against the projected expenditure of Rs. 42058.15 in FY 2024-25 i.e. an increase by 9.33%. Whereas on the income side, the total income during FY 2025-26 has been projected as Rs. 41827.83 crores against the projected income of Rs. 38740.73 crores in FY 2024-25 i.e. an increase of 7.96%.
22. That while showing a Gap of Rs. 4520.24 crores at the end of FY 2025-26 seem to be arrived at incorrectly, a carry forward Gap of Rs. 369.13 crores has been shown against FY 2024-25 whereas it is actually against FY 2023-24. Further, the Gap of Rs. 3556.97 crores, which has been projected in FY 2024-25 has not been mentioned at all in the projections for FY 2025-26.
23. The DISCOMs have taken the process of filing and pursuing ARR in a very casual manner, of not bothering to match the figures in their Balance Sheets with those projected in ARR, which has also been pointed out by the hon'ble Commission in its order as under:
"Although, the discoms have filed their reply, but the Commission is constrained to note the lackadaisical approach of the Discoms in facilitating the data validation process, despite understanding the urgency and the professed position of protecting consumers interest. The Commission has taken a very serious view of the aforesaid casual approach and indifferent attitude of the petitioner (s) in handling an urgent matter which would have caused avoidable harassment to the electricity consumers of Haryana by way of delay in the pronouncement of tariff order for the FY 2025-26.
24. It is evident from the ARRs filed by both the DISCOMs that not only the figures are not matching with those in the Annual Financial Statements, how to bridge the gap has also not been proposed by them in the ARRs. Also, there is no mention in prayer as well to this effect. There is no proposal in the submissions made by the DISCOMs
25. The Commission has also observed as under while passing the order on tariff:
"The Discoms, in their petition, submitted that the Aggregate Revenue Requirement for FY 2025-26 is estimated based on the audited accounts for FY 2023-24 and in accordance with the HERC MYT Regulations. Discoms have submitted that for True-up year FY 2023-24, Haryana Discoms are in a revenue deficit of 369.13 crores, whereas revenue deficit for the ARR year FY 2025-26 has a revenue deficit of Rs 4520.24 Cr. Considering the same, the Commission, after holding a public hearing in the matter, in its interim order dated 16.01.2025, directed the Discoms to file the specific proposal regarding the consumer category-wise tariff hike as well as

the amount (Rs/crore), in order to meet the revenue gap. However, even after a lapse of two and half months, the same was not filed in the Commission. The Commission has examined the provisions of Section 64 (3) of the Electricity Act, 2003, which provides that the appropriate Commission shall, within one hundred and twenty days from receipt of an application under sub-section (1) and after considering all suggestions and objections received from the public, issue a tariff order accepting the application with such modifications or such conditions as may be specified in that order.

In view of the above, the Commission observes that it is duty bound to pass the order within the specified time frame. The Commission observes that largely on account of increase in power purchase cost caused by inflationary factors, there is an addressed revenue gap of Rs. 3262 crore has emerged in the FY 2025-26, taking the revenue at current tariff and restricting the RoE to 12%. Resultantly, the tariff is required to be realigned to garner about Rs. 3262 Crore.”

26. The tariff order dated 28.03.2025 has been passed by the Commission to garner / fill in the gap of Rs. 3262 crores during 2025-26 for both the DISCOMs together.
27. The Commission in its order has also mentioned that because there has been no increase in tariff for the last 7 years, the DISCOMs were reeling under the pressure of increasing gaps, which needed to be filled in. But at the same time, it has also to be noticed that both the DISCOMs have been recording profits (revenue surplus) for the last 6 or 7 years and therefore the tariff hike was not required all these years
28. That pursuant to the public notices issued by the Commission before passing the tariff order, very elaborate and comprehensive objections were filed by M/s Faridabad Industries Association (FIA) and M/s Gurgaon Industrial Association (GIA) covering almost all the major issues concerning industry in particular. But the DISCOMs did not take the objections in a positive spirit and rather submitted the replies in a very casual manner. Not only that they did not come out with specific proposals of tariff hike before the hon'ble Commission, but also they did not reply on the specific issues raised in the objections.
29. Because there was no specific proposal of any tariff hike, nor at the website nor in their ARR, the very purpose of calling in objections from public became futile. Even if one rupee is necessitated to be recovered, how it is proposed to be recovered must be suggested by the DISCOMs.
30. That not only the fixed charges have been increased from Rs. 165 to Rs. 290 per kVA per month, the tariff has also been increased from Rs. 6.65 to Rs. 6.95. This double impact has come as a blow to the whole industry of the state. A small

analysis has been done as to what the new tariff structure would fetch from the Industry alone. The same is placed below for kind reference and record:

Cost Impact for Industrial Units:

i. Small MSME (75 kVA Load; 6,000 Units/month)

- Extra Fixed Charges: ₹9,375
- Extra Energy Charges: ₹1,800
- Total Extra: ₹11,175/month
- Effective unit cost rises from ₹8.71 to ₹10.57

ii. Small MSME (100 kVA Load; 10,000 Units/month)

- Extra Fixed Charges: ₹12,500
- Extra Energy Charges: ₹3,000
- Total Extra: ₹15,500/month
- Effective unit cost rises from ₹8.30 to ₹9.85

iii. Medium Enterprise (200 kVA Load; 30,000 Units/month)

- Extra Fixed: ₹25,000
- Extra Energy: ₹ 9,000
- Total Extra: ₹34,000/month
- Effective unit cost rises from ₹7.75 to ₹8.88

iv. Large Enterprise (500 kVA Load; 75,000 Units/month)

- Extra Fixed: ₹62,500
- Extra Energy: ₹22,500
- Total Extra: ₹85,000/month
- Effective unit cost rises from ₹7.75 to ₹8.88

Smaller industries have to pay more per unit than the larger ones, despite having lower usage — an unintended punishment for size and scale.

31. Increase in fixed charges by 76% has come as a big blow to the industries in terms of tangible losses. Hence, the present objections are being filed seeking review of increase in such fixed charges and the per unit tariff.
32. It has been said in the order that it is the power purchase cost which has disturbed the balance. In this regard, the following table clears the picture:

DHBVN

Sr. no.	Financial Year	Power Purchase Cost (Cr)	Total Expenses (Cr)	%age of total Expenses
1	FY 2019-20	15291.57	17662.79	86.57
2	FY 2020-21	13561.69	15862.54	85.49
3	FY 2021-22	15816.49	18395.46	85.98
4	FY 2022-23	22480.37	24757.04	90.80
5	FY 2023-24	21464.05	24781.69	86.61

UHBVN

Sr. no.	Financial Year	Power Purchase Cost (Cr)	Total Expenses (Cr)	%age of total Expenses
1	FY 2019-20	11269.42	13637.93	82.63
2	FY 2020-21	9875.26	12175.43	81.10
3	FY 2021-22	11408.81	13503.20	84.48
4	FY 2022-23	15675.12	18141.97	86.40
5	FY 2023-24	14497.60	17382.47	83.40

33. It can be seen that in terms of percentage, the power purchase cost has remained around 85% of the total expenses except in the year 2022-23, when the power purchase in DHBVN crossed 90% of the total expenses. The Commission has also observed categorically that there is a *“need for a more scientific demand forecasting which in turn will lead to cost-effective power procurement planning by Haryana Discoms.”* Thus, apart from inflationary pressure – the Haryana Discoms are plagued with ineffective power procurement as noted by the Ld. Commission and yet the burden of inefficiency and poor linkage of long term power on the part of DISCOMs has been passed on into the tariff design by shooting up the fixed charges and tariff for all the categories of consumers, specially the Industrial and Commercial consumers. This renders the Tariff Order dated 28.03.2025 apparently erroneous.
34. After application of new tariff, the DISCOMs with the same sanctioned load and the same usage of electricity will be billed an additional Rs. 2141 crores (Rs. 1195.50 crores from DHBVN industry + Rs. 945.50 crores from UHBVN industry) during FY 2025-26. Also, the increase in tariff for other categories and the levying of fixed charges for domestic consumers will also fetch an additional revenue of Rs. 900 crores per year. Thus, going by the above mentioned factual statistics, the gap of Rs. 3262 crores approved for FY 2025-26, even if it is taken as correct, will get offset by the end of FY 2025-26.
35. The Commission has also said in the order that there is scope for the DISCOMs to procure power more effectively and efficiently which leads to an inevitable conclusion that the DISCOMs are capable to meet the rise in power purchase cost by minimizing inefficiencies rather than passing on the burden through ARR onto to the electricity consumer in the State. But at the same time, by giving such an unaccounted relief to the DISCOMs by the hon’ble Commission through such bailout packages would further strengthen the belief in DISCOMs not to improve upon and not to reduce the operating costs.
36. It is pertinent to point out here that consumers of the state and specially the Industrial consumers have been subjected to hike in tariff and the fixed cost to bear

the total inefficiency and inability of the DISCOMs to perform and procure power at cheaper rates, their incapacity and inefficiency to forecast correctly and to enter into Long term PPAs instead of buying power through Medium or Short terms PPAs

37. It may also be appreciated that policy needs to be very clear. Whether the tariff structure for Industry needs to be friendly to smaller units or to bigger units. Unlike in case of domestic consumers, where the tariff is lower for lower consumptions, the tariff structure for industrial units is just the reverse. Lower the consumption, higher the tariff
38. The tariff order dated 28.03.2025 does not speak about as to how long the tariff hike would be applicable especially in light of the fact that the GAP of Rs. 3262 crores would be recovered in just one year i.e. by the end of FY 2025-26. Whether the tariff hike would be withdrawn subsequently by the end of current financial year also needs to be reviewed by the hon'ble Commission

PRAYER

In view of the submissions made herein above, it is humbly prayed that this Hon'ble Commission may be pleased to review the tariff order dated 28.03.2025, to withdraw the hike in fixed charges as well as the per unit tariff increase of 30 paise for the HT Industry and issue appropriate directions to this effect.

Reply filed by DISCOMs:-

1. The DISCOMs submit that the Hon'ble Haryana Electricity Regulatory Commission, in exercise of the powers vested under Sections 61, 62, and 86 of the Electricity Act, 2003, passed the Tariff Order determining the True-up for FY 2023–24, Mid-Year Performance Review for FY 2024–25, and Aggregate Revenue Requirement for FY 2025–26 of UHBVNL and DHBVNL under the MYT framework, in accordance with the provisions of the HERC Multi Year Tariff Regulations. While passing the Tariff Order, the Commission considered the Petitions filed by the DISCOMs, along with additional submissions and all relevant material, including:
 - a. Objections received from stakeholders during public hearings and otherwise;
 - b. Reply/comments furnished by UHBVNL and DHBVNL on the objections filed;
 - c. State Advisory Committee (SAC) meeting held on 19.02.2025; and
 - d. Relevant data, facts, and policies available with the Commission and in the public domain.
2. The DISCOMs further submit that as per regulatory provisions, the expenses and income of the Distribution Utilities are allowed based on regulatory norms specified by the Hon'ble Commission considering the actual expenses and income recorded

by the DISCOMs. Sharing of gains and losses is also allowed over and above the approved expenses as per these norms.

3. The DISCOMs submit that the Audited Accounts of the DISCOMs, comprising Balance Sheets, Profit & Loss Statements, Cash Flow Statements, and Notes to the Financial Statements, are prepared under Section 143(10) of the Companies Act, 2013, in accordance with the Accounting Standards specified therein. These accounts may include provisions for write-backs or write-offs of certain elements, which are not permitted under regulatory provisions. There is no merit in comparing the figures contained in the Petitions submitted based on regulatory provisions with those in the Audited Financial Statements. Differences are inherent due to the distinct nature and purpose of computation under regulatory norms versus accounting standards.
4. The DISCOMs submit that as explained earlier, the Audited Accounts of the DISCOMs, comprising Profit & Loss Statements and other financial statements, are prepared in accordance with the Accounting Standards under Section 143(10) of the Companies Act, 2013. For the purpose of comparison, the financial statements of FY 2022–23 and FY 2021–22 indicate that although Power Purchase expenses increased by approximately 40%, this increase was largely offset by a significant rise in the income of the DISCOMs, which grew by around 34%. The computation of income also includes Fuel and Power Purchase Adjustment Surcharge (FPPAS) on an accrual basis, which contributes to the higher income recognized in the accounts. Consequently, despite the rise in power purchase costs, the DISCOMs were able to record profits in FY 2022–23, and this does not imply over-recovery or incorrect tariff determination under the regulatory framework.
5. The DISCOMs submit that PFTI has not correctly understood the requirement of complying with regulatory provisions in filing the Tariff Petition. All income elements have been duly considered by the DISCOMs in accordance with regulatory norms. Therefore, the submission by PFTI alleging that lesser income has been considered in the ARR as compared to the audited accounts is incorrect and unfounded. That in addition to the income of Rs. 36,189.91 crores cited by PFTI, DISCOMs have included FPPAS of Rs. 4,058.50 crores for FY 2023–24, which PFTI has overlooked. Other non-revenue income heads in the audited accounts, such as Other Income, Income from Penalty, etc., have been considered under Non-Tariff Income for FY 2023–24. UHBVN has also included write-back provisions on ACD interest of Rs. 170.45 crores, as reflected in the accounts, for computing the Revenue Gap. Depreciation on assets funded through Consumer Contribution &

Grants and rebates on power purchase have not been considered as income, as the same is not allowed under regulatory provisions set by the Hon'ble Commission.

6. The DISCOMs submit that every income element from the audited accounts has been considered in accordance with the regulatory provisions for computing the Income and Revenue Gap for FY 2023–24.
7. The DISCOMs submit that no error has been made in projecting total income for FY 2024–25. The income projected for FY 2024–25 is Rs. 38,740.73 crores, comprising Rs. 32,799.56 crores from Sales of Power (Intra + Inter) and Rs. 5,941.17 crores from Government subsidy. In comparison, the True-up for FY 2023–24 considered Rs. 36,189.91 crores, which included Rs. 29,990.24 crores from Sales of Power, Rs. 6,029.23 crores from subsidy, and Rs. 170 crores as write-back on ACD interest. The DISCOMs have applied an escalation of 7% while projecting the income for FY 2024–25. PFTI, however, has considered only Rs. 32,799.56 crores and ignored the subsidy of Rs. 5,941.17 crores, making their submission incorrect and misleading.
8. The DISCOMs submit that regarding the carry-forward surplus of Rs. 1,884.87 crores in FY 2021–22 and the projected gap of Rs. 3,556.97 crores at the end of FY 2024–25, it is clarified that the DISCOMs had proposed a standalone Revenue Gap of Rs. 2,382.79 crores for FY 2023–24, which, after adjusting the surplus of Rs. 1,884.87 crores from FY 2021–22, results in a net Revenue Gap of Rs. 369.13 crores at the end of FY 2023–24. Similarly, the net Revenue Gap of Rs. 212.46 crores from FY 2022–23 has also been appropriately adjusted in FY 2024–25 to compute the projected Revenue Gap.
9. The DISCOMs further submits that all expenses and income have been considered strictly as per regulatory provisions. Due to projected income being lower than expenses, the projected Revenue Gap at the end of FY 2024–25 is Rs. 3,556.97 crores, which is close to the Revenue Gap of Rs. 3,484.76 crores approved by the Hon'ble Commission. The actual expenses, income, and Revenue Gap will be finalized during the True-Up of FY 2024–25, which has been filed along with the Tariff Petition for FY 2026-27 dated 27th November 2025.
10. The DISCOMs submit that the Power Purchase requirement for FY 2024–25 has been projected based on expected Energy Sales in accordance with the HERC MYT Regulations, 2024. The Power Purchase cost was computed using the methodology approved by the Commission in earlier Tariff Orders, applying suitable escalations. The actual Power Purchase requirement and cost will be determined during the True-Up process which may differ from projections due to variations in Energy Sales, which is an uncontrollable factor as per the HERC MYT Regulations, 2024.

Therefore, the submission by PFTI alleging that the projected Power Purchase cost for FY 2024–25 is erroneous, false and misleading.

11. The DISCOMs further submit that regarding the increase in Power Purchase quantum and cost over the past four years (FY 2020–21 to FY 2023–24), the Compounded Annual Growth Rate (CAGR) of Power Purchase quantum and cost has been approximately 5% and 14%, respectively. This is consistent with the increase in Energy Sales, escalation in power procurement costs, and growth in demand. Hence, the observed increase in Power Purchase cost is justified and in line with regulatory and operational expectations.
12. The DISCOMs submit that the tariff determined by the Hon'ble Commission is based on the approved components of expenditure and income after a thorough prudence check in accordance with regulatory provisions. While the DISCOMs submit projections of expenditure and income, these projections serve only as a basis for the determination of ARR and Tariff; consumers are not burdened with the projected costs claimed by the DISCOMs.
13. The DISCOMs further submit that the Hon'ble Commission has verified all expenditure and income projections in accordance with the HERC MYT Regulations while approving the ARR for FY 2025–26, and has allowed only prudent cost to the DISCOMs. Therefore, there is no scope for any undue or erroneous loading of costs onto the consumers. The submission made by PFTI is therefore unfounded, reflects a lack of understanding of the regulatory Tariff determination process, and is misleading.
14. The DISCOMs submit that the Revenue Gap projected at the end of FY 2025–26 has been computed in strict accordance with the HERC MYT Regulations, 2024, and the methodology and precedent established by the Hon'ble Commission in past Tariff Orders. In line with HERC MYT Regulations, holding costs for under- or over-recovered amounts are considered from the close of the relevant year up to the middle of the ensuing year of the control period, and the trued-up amount is factored into the computation of the net Revenue Gap/(Surplus) for the respective financial year.
15. Further, the DISCOMs submit that while determining the Revenue Gap for FY 2025–26, the Hon'ble Commission has appropriately considered the Revenue Gap/Surplus of FY 2023–24 and not FY 2024–25. Therefore, there is no error or inconsistency in the submissions made by the DISCOMs. The claim made by PFTI in this regard is misleading. In addition, as per the regulatory provisions, the net Revenue Gap for FY 2026–27 will be computed based on the carry-forward Revenue Gap/Surplus of FY 2024–25.

16. The DISCOMs submit that nowhere in the Tariff Order has the Commission stated that the DISCOMs have failed to match the figures in their Balance Sheets with those projected in the ARR. So, PFTI has misconstrued the observations of the Hon'ble Commission to support its misleading arguments.
17. As submitted earlier, the filing of expenses and income in the ARR is governed by Regulatory provisions and norms, which may differ from the actual expenses and income of the DISCOMs. Therefore, PFTI's submission in this regard is both factually incorrect and misleading.
18. The DISCOMs submit that the Audited Accounts of the DISCOMs comprising Balance Sheet, Profit and Loss Statements, Cash Flow Statements, and Notes to the Financial Statements are prepared under Section 143(10) of the Companies Act, 2013 in accordance with Accounting Standards. These are based on historical accounting and include provisions/write-backs that are not recognized for regulatory purposes.
19. On the other hand, expenses and income considered in the tariff filings are determined as per HERC determined Regulatory norms that may deviate from the actual accounting figures. Therefore, comparing profits recorded in Audited Accounts with tariff determination under regulatory provisions is inappropriate.
20. The DISCOMs further submits that as per Electricity (Amendment) Rules dated 10.01.2024 formulated by Ministry of Power (GoI), tariffs determined by the Commission must be cost-reflective. There shall not be any gap between approved Annual Revenue Requirement (ARR) and estimated revenue except under natural calamity conditions; even then, the gap cannot exceed 3% of ARR. Relevant extract of the said Rules is as follows:

"23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff.– The tariff shall be cost reflective and there shall not be any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff except under natural calamity conditions: Provided that such gap, created if any, shall not be more than three percent of the approved Annual Revenue Requirement."
21. In the Tariff Order of FY 2024-25, HERC approved a revenue gap of Rs. 3,245 Cr., for FY 2024-25 subject to True-Up. The actual Revenue Gap for FY 2024-25 has now been submitted to the Hon'ble Commission through True-Up Petition for FY 2024-25 filed on 27th Nov 2025 wherein the Revenue Gap at Haryana Level (for both the DISCOMS) is Rs. 5,261.23 Cr.
22. The DISCOMs further submit that FPPAS has been kept at the constant level @ 47 paisa per unit from last two and a half years. The FPPAS currently being levied to

consumer correspond to the accumulated FPPAS of FY 2022-23 only and the FPPAS pertaining to the period of FY 2023-24 and FY 2024-25 has been allowed by the Hon'ble Commission to be recovered at a later stage. However, the Hon'ble Commission has disallowed the carrying cost for FY 2023-24 and FY 2024-25. Due to maintaining the FPPAS at constant levels, interest on the working capital of the DISCOMs increases, however, the Commission has been approving normative Working Capital interest to the DISCOMs. All this adds to the financial distress and impacts the financial health of the DISCOMs.

23. Further, as per the Tariff Order for FY 2025-26, the approved Revenue Gap for FY 2025-26 was Rs. 3,262.38 Cr. at Haryana level and therefore, to bridge this Revenue Gap, the Tariff hike and rationalization of Tariff was done in FY 2025-26 by the Hon'ble Commission. So, the submission made by the objector that tariff hike was not required is falsified and lacks merit.
24. The DISCOMs submit that they provided detailed replies to objections raised by various organizations including FIA, GIA, and individual stakeholders. All replies have been incorporated in the Tariff Order dated 28.03.2025. Hon'ble Commission has explicitly stated that while passing the Order, it considered the following:
 - a. Petition(s) filed by DISCOMs viz. UHBVNL and DHBVNL along with additional submissions.
 - b. Subsequent filings/additional data provided by DISCOMs.
 - c. Objections received from organizations and individuals.
 - d. Reply/comments furnished by UHBVNL and DHBVNL.
 - e. State Advisory Committee (SAC) meeting held on 09.02.2024.
 - f. Relevant data/facts/policies in public domain.
 - g. Feedback received in the public hearing held at Panchkula.
25. Thus, DISCOMs have complied with regulatory requirements, and the claim of casual or inadequate response by the DISCOMs is factually incorrect.
26. The DISCOMs submit that the revision in fixed charges approved by HERC for FY 2025-26 is rational and consistent with national regulatory trends. Haryana's earlier fixed charge structure was significantly below cost-reflective levels, causing under-recovery of distribution costs and cross-subsidization distortions.
27. The DISCOMs further submit that even after the revision, Haryana's Fixed Charges remain modest compared to other States/UTs. For instance, the maximum fixed charge rates across different states are as follows: Maharashtra has a maximum rate of Rs. 600 per kVA per month, Gujarat Rs. 475 per kVA per month, Punjab Rs. 350 per kVA per month, Madhya Pradesh Rs. 719 per kVA of billing demand per

- month, Rajasthan Rs. 380 per kVA of billing demand per month, Himachal Pradesh Rs. 425 per kVA per month, and Uttar Pradesh Rs. 300 per kVA per month
28. Haryana's effective fixed charge of Rs. 290/kVA/month is therefore, within the national average and justified by inflationary and operational cost pressures. The revision aims to gradually align fixed charges with actual system cost and demand-related infrastructure expenses. Strengthening fixed-cost recovery enables DISCOMs to invest in:
- Reliability improvement
 - Smart metering
 - Loss reduction initiatives
29. Ultimately, this benefits consumers through better supply quality and reduced outages.
30. The DISCOMs submit that the short-term power purchase process is necessary to manage real-time mismatches between available power and demand in each 15-min time slot during system operation. Scheduling is revised based on Merit Order Despatch (MOD) to ensure grid security. Short-term arrangements address anticipated deficits during peak summer/paddy season, with real-time dispatch across 96 time slots per day.
31. CERC DSM Regulations 2024 require maintaining over-drawal/under-drawal within 200 MW; exceeding this attracts penalties. To avoid penalties, DISCOMs manage purchases/sales via power exchanges as load-balancing instruments.
32. Additionally, HPPC is strengthening its processes by engaging advisory services for load forecasting, resource adequacy planning, and energy procurement cost optimization. Thus, the assertion that inefficiency in power procurement has led to unjustified tariff hike is misleading, as DISCOMs' power procurement practices align with real-time system requirements and regulatory compliance.
33. The DISCOMs submit that the revenue and expenses for FY 2026-27 will be determined based on the True-Up of FY 2024-25, Mid-Term Review of FY 2025-26, and ARR & Tariff for FY 2026-27, which has been filed on 27th Nov 2025, as per HERC MYT Regulations and the Electricity Act, 2003. The net Revenue Gap/Surplus of FY 2026-27 will dictate whether an increase or decrease in tariff is required.
34. Regarding the applicability of existing tariff, HERC Tariff Order dated 28.03.2025 clearly states that:
- The determined tariff is applicable from 01.04.2024 and continue in force until amended or re-determined by the Commission.

- Subsequent ARR filings may include proposals for tariff design improvements, category/sub-category adjustments, and re-alignment of demand/fixed charges, with the impact on a typical consumer clearly indicated.
35. Thus, the argument that the tariff hike should automatically be withdrawn within one year is incorrect, as the tariff remains in force until the Commission decides otherwise, based on subsequent ARR/Tariff proceedings.
36. In view of the above submissions, the Respondents respectfully submit that the objections raised by the stakeholders are misconceived, factually untenable, and contrary to the statutory and regulatory framework governing tariff determination. The DISCOMs have fully complied with the HERC MYT Regulations, directions of the Hon'ble Commission, and the mandate of cost-reflective tariff under the Electricity Act, 2003 and the Electricity (Amendment) Rules, 2024.
37. It is, therefore, most humbly prayed that the Hon'ble Commission may be pleased to dismiss the objections as well as the petition in entirety, uphold the principles adopted in the Tariff Order, and pass any further orders deemed appropriate in the interest of justice and for ensuring the financial sustainability and operational efficiency of the DISCOMs.

14.4. Haryana Plywood Mfr. Association:

Comments filed by Haryana Plywood Mfr Association are as under: -

1. Sudden Shock on Micro & Small Units:

Soaring tariff without improved supply is making it difficult for Micro and Small units to remain viable. The Commission, as evident from its order, has laboured hard to justify a suo-moto massive increase in tariff as there was no proposal from the Discoms despite the directions of HERC.

2. Commercial and Industrial Consumers:

Commercial consumers have been adversely affected by the merger of categories, leading to increased fixed charges (from Rs. 165 to Rs. 290 per kVA) and per-unit charges (from Rs. 6.65 to Rs. 6.95). Industrial consumers with loads above 50 kW are also facing higher rates (Rs. 7.25 per unit and Rs. 290 per kW).

The manner in which a hike in fixed charge by Rs. 125/kVA/month i.e., more than 76%, will kill industries in Haryana. The Micro & Small size industries are already in financial distress due to competitive market and seasonal demand. This increase in fixed/demand charges would mean that even if electricity drawl is zero/nil due to lack of order book, the C&I consumer will end up paying huge bills based on their contract demand/sanctioned load for the load they did not utilise. Hence, this needs to be rolled back to Rs. 165/kVA/month and even lower.

3. Continuation of Fuel Surcharge Adjustment (FSA):
A 47 paise per unit Fuel Surcharge Adjustment, which was supposed to end in June 2024, has been continued, adding an “unjust and ongoing burden.” HERC has not followed the Ministry of Power notification on recovery of Fuel and Power Purchase Surcharge, which is mandatory. Hence, the illegal levy of 47 paise per unit should be immediately stopped.
4. Unexplained Gap in Power Purchase and Sale Prices:
High Transmission and Distribution losses: while power utilities purchase electricity at around Rs. 3.12 per unit, they sell it to consumers at an average rate of Rs. 7.29 per unit. A significant reason cited for this discrepancy is the high transmission and distribution losses, meaning consumers are being billed for power they never received.
Passing on Losses to Consumers:
Instead of addressing operational inefficiencies and reducing losses, the burden of these losses is allegedly being unfairly passed on to consumers through higher tariffs.
5. Impact on Industrial Growth and Ease of Doing Business:
 - * Discouraging New Investment:
The new fixed electricity tariff for newly established industries, regardless of actual consumption, is seen as a “direct blow” to the State’s industrial progress, potentially hindering investment and leading to job losses.
 - * Uncompetitive Rates:
Haryana’s electricity rates, especially fixed charges, are considerably higher compared to neighbouring states like Delhi and Rajasthan, making Haryana less attractive for industries.
 - * Lack of Transparency and Consultation
 - * Sudden Increase in Fixed Charges
 - * Lack of Stakeholder Consultation: It is a statutory obligation of HERC that any changes in policy be implemented only after consultation with industry stakeholders.
6. The Discoms, despite the directions of HERC and APTEL repeatedly for many years, have not provided Cost of Supply (CoS) studies. Given the HT loss level allocated by HERC of 3.5% (technical, as there ought not to be commercial losses in HT/EHT supply), the Cost of Service ought not to exceed Rs. 5.50 per unit.
However, in the present case, energy charges alone have been pegged higher at Rs. 6.95 per unit, and demand charges of Rs. 290 per kVA. On an average Load Factor basis, this will exceed Rs. 1 per unit. This needs a proper CoS

study/deliberation, and till then, the status quo should be maintained instead of arbitrarily increasing tariff.

7. The discoms should, instead of fixed charges apply the minimum units consumed charges depending upon the connected load, thereby making the effective levy logical meaningful.

Reply filed by DISCOMs:-

1. Sudden shock on Micro & Small units: -
Soaring tariff without improved supply making it difficult for Micro & Small units to remain viable. The Commission, as evident from its order, has laboured hard to justify Suo-moto massive increase in tariff as there was no proposal from the Discoms despite directions of HERC.

Reply

- a) That with regard to Quality of supply and other Standards, the DISCOMs submits that they remain fully bound to comply with the regulatory provisions specified under the HERC Standards of Performance Regulations.
- b) That with regard to increase in Tariff, the Hon'ble Commission, exercising its regulatory powers under Sections 61, 62, and 64 of the Electricity Act, 2003, is fully empowered to determine an appropriate tariff structure Suo-moto based on the Tariff filings, prudence checks and Stakeholder's comments. Further, as also upheld by the Hon'ble APTEL, the Commission has the power to design the tariff as per its own wisdom even in the absence of a detailed tariff proposal by the Distribution utility. (Appeal No. 106 of 2008).
- c) Further, the Tariff determined by the Hon'ble Commission is as per the process specified under Electricity Act, 2003 and the HERC MYT Regulations, 2024. As per the regulatory framework, DISCOMs published Press Note of the Tariff Petition and Commission also issued Public Notice for inviting comments of stakeholders on the Tariff Petition. Additionally, State Advisory Committee was constituted by the Hon'ble Commission which met before the release of the Tariff Order. Views / suggestions of the Members of the State Advisory Committee were also considered in the Tariff Order. In addition, the DISCOMs submitted detailed replies to the objections raised by various stakeholders and organisations. Accordingly, after due consideration of all stakeholder comments and submissions, the tariff order was issued by the Hon'ble Commission.
- d) The tariff revision undertaken by the Hon'ble Commission vide Order dated 28.03.2025 is the first tariff increase since FY 2017–18, despite continuous escalation in power procurement costs, system strengthening requirements, and

operational expenditure over the last seven years. The tariff was kept unchanged for nearly a decade owing to improved operational efficiency, loss reduction and prudent financial management of the DISCOMs. The process adopted is therefore well within the legal and regulatory framework, aimed at ensuring timely tariff determination and financial sustainability of the DISCOMs. Accordingly, the Tariff approved for FY 2025–26 is justified, necessary, and consistent with established regulatory norms.

2. Commercial and Industrial Consumers :-

Commercial consumers have been adversely affected by the merger of categories, leading to increased fixed charges (from Rs. 165 to Rs. 290 per kVA) and per-unit charges (from Rs. 6.65 to Rs. 6.95). Industrial consumers with loads above 50 kW are also facing higher rates (Rs. 7.25 per unit and Rs. 290 per kW).

The manner in which a hike in Fixed Charge by Rs. 125 / kVA / Month i.e. more than 76% will kill the industries in Haryana. The Micro & Small size industries are in financial distress due to competitive market and seasonal demand. This increase in Fixed / Demand charges would mean that even if electricity drawl is zero / nil due to lack of order book, the C&I consumer will end up paying huge bill based on their contract demand / sanctioned load for the load they did not utilise. Hence, this needs to be rolled back to Rs. 165 / kVA / month and even lower.

Reply

- a) The objector has portrayed the revision in fixed charges applicable to HT consumers (with load above 50 kW) as an excessive and arbitrary increase by selectively highlighting the purported increase from ₹165/kVA to ₹290/kVA (76% hike). However, this representation is partial, misleading, and fails to account for the overall impact on the total electricity bill, which comprises both fixed charges and energy charges. In reality, when viewed holistically and based on normative consumption patterns, the actual increase in the electricity bills of HT consumers is estimated to be around 10%, which represents the higher end of the estimate. That the said estimate has been computed through a comparative analysis of projected bills for FY 2024–25 and FY 2025–26, across varying sanctioned loads and monthly consumption levels, and clearly demonstrates that the overall rise in electricity charges remains modest and proportionate.
- b) It is pertinent to note that in FY 2015–16, the fixed charges applicable to the HT industrial category (with load above 50 kW) stood at ₹170/kVA, whereas for FY 2025–26, the same have been revised to ₹290/kVA. This increase, when calculated over a span of approximately ten years, represents a Compound Annual Growth Rate (CAGR) of merely 5.49%, which reflects a moderate and reasonable

annualized rise and cannot, by any standard, be termed excessive or arbitrary. That it is further significant to highlight that for a continuous period of seven years, from FY 2017–18 to FY 2024–25, there has been no revision in the fixed charges for this consumer category, despite consistent escalation in input costs borne by the DISCOMs, including but not limited to power purchase costs, transmission charges, and operations & maintenance (O&M) expenses. Keeping with the principles of consumer protection and tariff stability, the Hon'ble Commission refrained from imposing any upward revision during this period. That the present tariff realignment for FY 2025–26 is therefore the first revision after an extended period of tariff freeze, and has been introduced in a measured and proportionate manner, with due regard to the imperatives of financial sustainability of DISCOMs and affordability for consumers. The revision of fixed charges in the instant ARR Order is part of a rational and structured regulatory exercise aimed at rectifying historical under-recovery of fixed costs, while ensuring that Haryana's tariffs remain both cost-reflective and regionally aligned.

- c) Further, the fixed cost obligations of the DISCOMs constitute approximately 40% of their total ARR. These fixed costs are comprised not only of the fixed components of power purchase expenses payable to generating companies but also the essential operational expenditures necessary to maintain and operate the electricity distribution network. Such expenses include Operation and Maintenance (O&M) costs, depreciation, interest and finance charges, and return on equity (RoE), collectively referred to as "Fixed O&M Costs." Despite the significant share of fixed costs in the overall ARR, the existing tariff structure allows for the recovery of only around 13% of the ARR through fixed charges. This limited recovery significantly hampers the financial sustainability of the DISCOMs and their ability to cover fixed obligations. It is pertinent to highlight that, even after the revision, Haryana's Fixed Charges remain modest compared to other States/UTs. For instance, the maximum fixed charge rates across various states are significantly higher than those in Haryana. Maharashtra levies up to Rs. 600 per kVA per month, Gujarat- Rs. 475 per kVA per month, Punjab- Rs. 350 per kVA per month, Madhya Pradesh- Rs. 719 per kVA of billing demand per month, Rajasthan Rs. 380 per kVA per month, Himachal Pradesh- Rs. 425 per kVA per month, and Uttar Pradesh Rs. 300 per kVA per month while the same in Haryana stood at Rs. 290/kVA/month.
- d) Therefore, the revision in Fixed Charges is aimed at gradually aligning Fixed Charges with actual system costs and demand-related infrastructure expenses, which primarily depend on contracted demand rather than energy consumption. The strengthened recovery of fixed costs enables DISCOMs to invest in system

reliability, smart metering, and loss-reduction initiatives, which ultimately benefit consumers through improved supply quality and reduced outages.

3. Continuation of Fuel Surcharge Adjustment (FSA) :-

The 47 paise per unit Fuel Surcharge Adjustment, which was supposed to end in June 2024, has been continued, adding an “unjust and ongoing burden.” HERC has not followed the Ministry of Power notification on recovery of Fuel and Power Purchase Surcharge which is mandatory. Hence, the illegal levy of 47 Paise / Unit should be immediately stopped.

Reply

- a) The Fuel and Power Purchase Adjustment Surcharge (FPPAS) is levied to account for the increase in the cost of power supplied to consumers arising from changes in fuel costs, power purchase costs, and transmission charges, as compared to the cost of supply approved by the Commission. The levy is applied in accordance with the methodology specified under the MYT Regulations.
- b) The DISCOMs submit that FPPAS has been kept at the constant level @ 47 paise per unit for about two and a half year. The impact of the increase in fuel power purchase costs has not been passed on entirely to the consumers instead it is spread over to longer duration to avoid the tariff shock to the consumers. FPPAS currently being levied to consumer correspond to the accumulated FPPAS of FY 2022-23 only and the FPPAS pertaining to the period of FY 2023-24 and FY 2024-25 has been allowed by the Hon'ble Commission to be recovered at a later stage. However, the Hon'ble Commission has not allowed Carrying cost for the FY 2023-24 and FY 2024-25 and this loss is to be borne by the DISCOM.
- c) Due to maintaining the FPPAS at constant levels, interest on the working capital of the DISCOMs increases, however, the Commission has been approving normative Working Capital interest to the DISCOMs. Further, the DISCOMs book FPPAS every year in their Audited Accounts on Accrual basis. All this adds to the financial distress and impacts the financial health of the DISCOMs. It is imperative to balance the interest and ease financial distress of DISCOMs.
- d) Continuation of the FSA/FPPAS mechanism for all consumer categories is essential not only to comply with statutory provisions but also to maintain the financial health of the power sector and uphold the principle of cost-reflective tariffs formulated by Ministry of Power, Gol.

4. Unexplained gap in Power Purchase and Sale Prices:

High Transmission and Distribution Losses: while power utilities purchase electricity at around Rs. 3.12 per unit, they sell it to consumers at an average rate of Rs. 7.25 per unit. A significant reason cited for this discrepancy is the high transmission and

distribution losses, meaning consumers are being billed for power they never received.

Passing on Losses to Consumers: Instead of addressing operational inefficiencies and reducing losses, the burden of these losses is allegedly being unfairly passed on to consumers through higher tariffs.

Reply

- a) With respect to high losses, this is to submit that UHBVN has consistently reduced its AT&C losses over the years and has attained AT&C loss levels of 9.33% in FY 2024-25, reflecting consistent efforts toward operational efficiency and network strengthening. This reduction demonstrates that the Discom is actively minimizing loss-related impacts on consumers.
- b) To achieve and maintain such lower loss levels, the maintenance of distribution transformers (DTs), substations, feeders, metering systems, and overall network infrastructure requires substantial expenditure. These essential costs are recovered through tariff components to ensure a reliable and continuous power supply to all consumers due to which the cost billed to the consumer differs from the power purchase cost.
- c) With regard to Power Purchase rate this is to submit that, the approved Average Power Purchase Rate (APPC) for FY 2025-26 was 5.59 Rs./kWh, while the approved Cost of Supply is 7.28 Rs./kWh. The objector has only considered Energy Charge Rate (ECR) of 3.12 Rs./kWh in purchase of electricity and has ignored other Costs. It is important to mention that in addition to ECR of Power purchase cost, several other Costs that are incurred by the Discoms including but not limited to Fixed Cost of Power Purchase, O&M expenses, *Interest and Finance Charges* and other statutory expenses. These costs form an integral part of the electricity supply chain and are borne by the Discoms.
- d) The Hon'ble Commission, while determining tariff has acted in accordance with the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2024 (hereinafter referred to as the "MYT Regulations 2024"), and is guided by the provisions of Sections 61 and 62 of the Electricity Act, 2003, the National Electricity Policy, and the National Tariff Policy. The Commission, in its Tariff Order (Page 261), has categorically held that:
"The Commission, in all its previous distribution and retail supply Orders, has been determining the tariff on the basis of the average cost of supply. The HERC Tariff Regulations, 2024 require the licensees to provide the details of the embedded cost

of supply of electricity voltage/consumer category-wise. In the absence of data on the embedded cost of supply for each category of consumers, the Commission has decided to continue with the average cost of supply of the Discoms after taking into account the voltage wise technical losses submitted by the Discoms while computing voltage wise i.e. LT and HT consumer category wise average CoS for determining tariff for the FY 2025-26.”

e) It is, therefore, evident that the Commission has not acted arbitrarily. The tariff has been determined based on the average cost of supply in accordance with the methodology prescribed under the MYT Regulations, 2024, and as duly explained in the Tariff Order. Accordingly, the objector's contention is misconceived and devoid of merit.

5. Impact on Industrial Growth and Ease of Doing Business :-

- *Discouraging New Investment:* The new fixed electricity tariff for newly established industries, regardless of actual consumption, is seen as a “direct blow” to the state’s industrial progress, potentially hindering investment and leading to job losses.
- *Uncompetitive Rates:* Haryana’s electricity rates, especially fixed charges, are considerably higher compared to neighbouring states like Delhi and Rajasthan, making Haryana less attractive for industries.
- *Lack of Transparency and Consultation:*
- *Sudden Increase in Fixed Charges:*
- *Lack of Stakeholder Consultation:* It is statutory obligation of HERC that any changes in policy be implemented only after consultation with industry stakeholders.

Reply

- a) The concerns raised regarding the fixed electricity tariff for newly established industries, it is important to note that fixed charges are a standard component of electricity tariff structures. These charges are levied as per the directions and Tariff Schedule approved by the Hon’ble Commission. UHBVN continuously invests in infrastructure upgrades to ensure uninterrupted supply, reduced outages, and improved voltage levels, all of which are foundational requirements for industrial growth. These investments need to be recovered through a rational tariff structure.
- b) The fixed cost obligations of the DISCOMs constitute approximately 40% of their total ARR. These fixed costs are comprised not only of the fixed components of power purchase expenses payable to generating companies but also the essential operational expenditures necessary to maintain and operate the electricity distribution network. Such expenses include Operation and Maintenance (O&M)

costs, depreciation, interest and finance charges, and return on equity (RoE), collectively referred to as "Fixed O&M Costs." Despite the significant share of fixed costs in the overall ARR, the existing tariff structure allows for the recovery of only around 13% of the ARR through fixed charges. This limited recovery significantly hampers the financial sustainability of the DISCOMs and their ability to cover fixed obligations.

- c) Further, it is pertinent to note that even after the Tariff revision, Haryana's Fixed Charges remain modest compared to other States/UTs. For instance, the maximum fixed charge rates across various states are significantly higher than those in Haryana. Maharashtra levies up to Rs. 600 per kVA per month, Gujarat- Rs. 475 per kVA per month, Punjab- Rs. 350 per kVA per month, Madhya Pradesh- Rs. 719 per kVA of billing demand per month, Rajasthan Rs. 380 per kVA per month, Himachal Pradesh- Rs. 425 per kVA per month, and Uttar Pradesh Rs. 300 per kVA per month.
- d) That with respect to Transparency and consultation for determination of Tariff, the Tariff is determined by the Hon'ble Commission as per the process specified under Electricity Act, 2003 and the HERC MYT Regulations, 2024. As per the regulatory framework, DISCOMs publish Press Note of the Tariff Petition. Further, Commission also issues Public Notice for inviting comments of stakeholders on the Tariff Petition. Additionally, State Advisory Committee has been constituted by the Hon'ble Commission which met before the release of the Tariff Order. Views / suggestions of the Members of the State Advisory Committee were also considered in the Tariff Order. Further, the DISCOMs provided reply to Objections raised by various organisations such as FIA, GIA, etc. and individuals on the Tariff Petition.
- e) That the sudden increase in Tariff, the Hon'ble Commission, exercising its regulatory powers under Sections 61, 62, and 64 of the Electricity Act, 2003, is fully empowered to determine an appropriate tariff structure Suo-moto based on the Tariff filings, prudence checks and Stakeholder's comments. Further, as also upheld by the Hon'ble APTEL, the Commission has the power to design the tariff as per its own wisdom even in the absence of a detailed tariff proposal by the Distribution utility. (Appeal No. 106 of 2008).
- f) The tariff revision undertaken by the Hon'ble Commission vide Order dated 28.03.2025 is the first tariff increase since FY 2017-18, despite continuous escalation in power procurement costs, system strengthening requirements, and operational expenditure over the last seven years. The tariff was kept unchanged for nearly a decade owing to improved operational efficiency, loss reduction and prudent financial management of the DISCOMs. The process adopted is therefore

well within the legal and regulatory framework, aimed at ensuring timely tariff determination and financial sustainability of the DISCOMs. Accordingly, the Tariff approved for FY 2025–26 is justified, necessary, and consistent with established regulatory norms.

6. The Discoms, despite the directions of HERC and APTEL, repeatedly for many years now, have not provided Cost of Supply studies, given the HT loss level allocated by HERC of 3.5% (Technical as there ought not to be commercial losses in HT/ EHT supply), the Cost of Service ought not to exceed Rs. 5.50/Unit. However, in the present case energy charges itself have been pegged higher at Rs. 6.95 / Units and demand charges of Rs. 290/kVA, on an average Load Factor basis will exceed Rs. 7/unit. This needs a proper CoS study / deliberations and till then the status quo should be maintained instead of arbitrarily increasing tariff.

Reply

- a) The tariff is determined by Hon'ble HERC in accordance with the provisions of the Electricity Act, 2003. Further, HERC calculates Cross- Subsidy Surcharge (CSS) in accordance with the methodology prescribed under the National Tariff Policy, 2016. The formula comprises of (a) per unit weighted average cost of Power Purchase including meeting the Renewable Purchase Obligation; (b) transmission and distribution losses applicable to the relevant voltage level and commercial losses allowed by the SERC; (c) transmission, distribution and wheeling charges up to the relevant voltage level; and (d) per unit cost of carrying regulatory assets, if applicable. The surcharge is capped at 20% of the cost of supply applicable to the category of consumers seeking open access.
 - b) Further, as per the directions of Hon'ble HERC, the Discoms have also submitted category wise cost of service for FY 2024-25 to HERC to enable the Commission to undertake a transparent and informed assessment of category wise Cost of Supply. The determination made by HERC is therefore based on verified submissions and established regulatory norms, leaving no scope for arbitrariness.
7. The Discoms should, instead of fixed charges, apply the minimum units consumed charges depending upon the connected load, thereby making the effective levy logical and meaningful.

Reply

- a) The DISCOMs submit that for major industrial consumers, the Fixed/Demand Charge structure is essential to recover costs associated with network infrastructure, substation capacity, and standby power—investments incurred irrespective of actual energy consumption. Replacing this with a consumption-linked MMC would lead to substantial under-recovery of fixed costs, thereby undermining the financial stability

of the distribution utility. No State Commission, including those in Maharashtra, Gujarat, Punjab, or Rajasthan, has applied MMC for HT industrial consumers. On the contrary, national Tariff regulatory practice is moving toward strengthening demand-based billing to ensure equitable recovery of costs based on the use of system capacity.

b) The Fixed/Demand Charge mechanism continues to be the most appropriate approach for ensuring cost-reflective tariffs, equitable treatment of consumers, and long-term financial health of the power sector. It is pertinent to mention that the fixed cost obligations of the DISCOMs constitute approximately 40% of their total ARR. These fixed costs are comprised not only of the fixed components of power purchase expenses payable to generating companies but also the essential operational expenditures necessary to maintain and operate the electricity distribution network. Such expenses include O&M costs, depreciation, interest and finance charges, and RoE, collectively referred to as "Fixed O&M Costs." Despite the significant share of fixed costs in the overall ARR, the existing tariff structure allows for the recovery of only around 13% of the ARR through fixed charges. This limited recovery significantly hampers the financial sustainability of the DISCOMs and their ability to cover fixed obligations

c) Even after the recent Tariff revision, Haryana's Fixed Charges remain modest compared to other States/UTs. For instance, the maximum fixed charge rates across various states are significantly higher than those in Haryana. Maharashtra levies up to Rs. 600 per kVA per month, Gujarat- Rs. 475 per kVA per month, Punjab- Rs. 350 per kVA per month, Madhya Pradesh- Rs. 719 per kVA of billing demand per month, Rajasthan Rs. 380 per kVA per month, Himachal Pradesh- Rs. 425 per kVA per month, and Uttar Pradesh Rs. 300 per kVA per month.

It is, therefore, most humbly prayed that the Hon'ble Commission may be pleased to dismiss the objections as well as the petition in entirety, uphold the principles adopted in the Tariff Order, and pass any further orders deemed appropriate in the interest of justice and for ensuring the financial sustainability and operational efficiency of the DISCOMs.

14.5. **Princess Park Residents Welfare Association**

Princess Park Residents Welfare Association have filed their comments as under:-

Princess Park RWA, Sector-86, Faridabad, submitted that they are fully prepared to implement the Unified Billing System as mandated under the HERC Single Point Regulation, 2020 and DHBVN Sales Circular No. D-04/2025 dated 11.04.2025.

However, during their detailed review of the regulations and billing framework, we encountered serious confusion regarding the applicable tariff structure for Single-Point Bulk Supply RWAs. This is because two different tariff systems appear to apply, leading to major differences in billing impact.

1. Domestic Supply (DS Category – Slab III)

(As per HERC Tariff Order dated 28.03.2025)

- 0–500 units → ₹6.50 per unit
- 500–1000 units → ₹7.15 per unit
- Above 1000 units → ₹7.50 per unit
- Fixed Charge → ₹75 per kW

These DS Slab-III tariff rates are being used by BPTP at another residential project, and we obtained a copy of that bill only for the purpose of studying and understanding the Unified Billing model.

2. Bulk Supply (Domestic) – DHBVN Circular D-04/2025 (11.04.2025)

- 0–800 units → ₹5.80 per unit
- Above 800 units → ₹6.60 per unit
- Fixed Charge → ₹150 per kW per month (based on Recorded Demand / MDI)

3. Core Issue Identified – DHBVN Billing vs Unified Billing Portal

A. DHBVN charges Fixed Charges on MDI (Recorded Demand):

This results in a significantly lower fixed-charge liability.

B. Unified Billing Portal requires uploading “Sanctioned Load”:

- 3 BHK → 8 kW
- 2 BHK → 5 kW

The portal then computes fixed charges based on *sanctioned load x fixed charge rate*, which inflates the bill drastically.

C. This creates a massive discrepancy:

Billing Method	Monthly Fixed Charge Outcome
DHBVN (MDI-based)	≈ ₹1,68,000
Unified Portal (Sanctioned Load-based)	≈ ₹5,80,000

This results in an excess burden of over ₹4,00,000 per month, only due to the method of fixed-charge calculation.

4. Unit Rate Difference Also Causes a Heavy Burden

System	Unit Rate	Impact
DHBVN Bulk Supply (Domestic)	₹5.80 per unit	Lower
Unified DS Slab III	₹6.50 per unit (0–500)	Higher
	₹7.15 per unit (500–1000)	Higher
	₹7.50 per unit (1000+)	Higher

Thus, under the Unified Portal, both energy charges and fixed charges rise sharply, resulting in a heavy financial burden on residents.

Princess Park RWA is committed to not charging even ₹1 more than what DHBVN itself charges ordinary domestic consumers.

Prayer:

1. A written clarification may kindly be issued specifying whether RWAs under Single-Point Supply must apply:
 - Domestic Slab Tariff (Slab III – DS Category), or
 - Bulk Supply (Domestic) Tariff under DHBVN Circular D-04/2025.
2. In the interest of thousands of residents, kindly permit RWAs to use the Domestic Slab (Slab III) tariff, which avoids excess billing.
3. If Bulk Domestic tariff is mandatory, we respectfully request the Hon'ble Commission to:
 - Allow MDI-based fixed charges only, instead of sanctioned-load-based charges, OR
 - Provide relaxation / modification in the ₹150 per kW fixed charge rate, as the sanctioned load method results in unaffordable bills.
4. RWA made a request regarding issuance of a uniform, state-wide policy resolving the mismatch between DHBVN's Bulk Supply billing and the Unified Billing Portal calculations, so that all RWAs can bill residents transparently and without disputes.

Reply filed by DISCOMs:-

1. At the very outset, it is respectfully submitted that the supply of electricity to Residential Welfare Associations (RWAs) or Group Housing Societies under the Single-Point Bulk Supply mechanism constitutes a distinct and well-defined class of

supply under the electricity regulatory framework. This category is governed strictly by statute, regulations and tariff orders. Neither the consumer nor the distribution licensee has the discretion to alter its character based on convenience or internal arrangements.

2. The statutory and regulatory framework governing Single-Point Supply includes, inter alia:
 - i. The Electricity Act, 2003, particularly Sections 45, 61 and 62, which mandate that electricity charges must be levied strictly in accordance with the tariff determined by the Appropriate Commission;
 - ii. The HERC Electricity Supply Code Regulations, 2014, as amended;
 - iii. The HERC (Single Point Supply to Residential Colonies, Group Housing Societies and Commercial Complexes) Regulations, 2020, which specifically regulate such connections;
 - iv. The Tariff Orders issued by the Hon'ble Haryana Electricity Regulatory Commission from time to time, determining tariff categories, fixed charges, energy charges and other billing parameters; and
 - v. The DHBVN Sales Circular No. D-04/2025 dated 11.04.2025, issued for implementation of the tariff orders and regulatory directions.
3. Under this framework, an RWA or Group Housing Society receiving electricity through a single bulk meter is, for all regulatory, commercial and billing purposes, treated as one consumer of the distribution licensee. The contractual and statutory relationship of supplier and consumer exists only between the DISCOM and the RWA at the bulk meter level.
4. The individual dwelling units situated downstream of the bulk meter do not fall within the definition of "consumer" under Section 2(15) of the Electricity Act, 2003, and they have no direct billing, contractual or enforcement relationship with the distribution licensee.
5. Consequently, billing at the DISCOM–RWA interface is necessarily governed by the tariff applicable to the bulk supply consumer. It cannot, in law or in practice, be equated with billing of individual domestic consumers under the DS category. Any such interpretation would amount to rewriting the tariff approved by the Hon'ble

Commission, which is impermissible under Sections 45, 61 and 62 of the Electricity Act, 2003.

6. It is submitted that RWAs receiving supply under the Single-Point Supply mechanism are mandatorily required to be billed under the “Bulk Supply – Domestic” tariff category, as approved by the Hon’ble Commission and operationalized vide Sales Circular No. D-04/2025 dated 11.04.2025.
7. The Domestic Supply (DS) tariff, including DS Slab-III, is expressly designed for individual domestic consumers having independent connections, independent sanctioned loads, separate meters, and a direct billing relationship with the distribution licensee. In contrast, an RWA under Single-Point Supply has:
 - One consolidated sanctioned load;
 - One bulk meter at the incomer;
 - One billing and collection interface with the Discom; and
 - Internal distribution managed entirely by the RWA.
8. Therefore, the DS Slab-III tariff cannot be applied to RWAs under Single-Point Supply merely because the ultimate consumption within the complex is residential in nature.
9. This distinction flows directly from:
 - The tariff categorisation approved by the Hon’ble Commission;
 - The Schedule of Tariff Categories read with Regulation 4 of the HERC Supply Code; and
 - Well-established tariff-setting principles distinguishing retail supply from bulk supply.
10. Accordingly, any comparison between DS Slab-III and Bulk Supply (Domestic) is regulatory misconceived, legally untenable, and contrary to the approved tariff framework.

Basis for Levy of Fixed Charges
11. As per the Tariff Orders and the Sales Circular No. D-04/2025, fixed charges under the Bulk Supply (Domestic) category are levied strictly on the basis of Sanctioned Load / Contract Demand.

12. The Unified Billing System (UBS) accordingly mandates entry and computation based on sanctioned load. Any billing based on MDI in place of sanctioned load would constitute:
- A deviation from the tariff approved by the Hon'ble Commission; and
 - A violation of Section 45 of the Electricity Act, 2003, which bars recovery of charges except as per the approved tariff.

13. The billing logic embedded in the UBS is therefore not discretionary but is a statutory and tariff-mandated requirement.

Alleged Discrepancy in Fixed Charge Outcome

14. The difference between fixed charges computed on the basis of:
- Recorded Demand (MDI), and
 - Sanctioned Load, does not reflect any error, arbitrariness or defect. It is a natural and intended outcome of the tariff design approved by the Hon'ble Commission.
15. The distribution licensee is legally bound to recover charges strictly in accordance with the approved tariff, and has no authority to alter billing methodology on the basis of internal allocation practices or perceived equity considerations within the RWA.

Energy Charges

16. The Bulk Supply – Domestic energy rates incorporate considerations such as:
- Diversity benefits due to combined consumption,
 - Administrative efficiency of single-point metering, and
 - Reduced transaction costs.
17. DS slab tariffs, on the other hand, are retail-oriented and incorporate progressive slabs and cross-subsidy elements applicable only to individual domestic consumers. Applying DS slab tariffs to RWAs would:
- Distort the tariff philosophy;
 - Dilute cross-subsidy design; and
 - Violate Sections 61 and 62 of the Electricity Act, 2003.

While the licensee appreciates the stakeholder's assertion that the RWA does not intend to over-recover charges from individual residents, it is clarified that:

- The DISCOM's jurisdiction and billing responsibility end at the bulk meter; and
- Internal apportionment among residents is governed solely by the RWA's bye-laws and internal arrangements.

18. The distribution licensee has no statutory authority to examine, regulate or supervise such internal allocation.

19. In view of the above, it is respectfully submitted that the objections raised stem from an incomplete appreciation of the statutory and regulatory distinction between individual domestic supply and single-point bulk supply. The billing methodology followed by the distribution licensee is in strict conformity with the Electricity Act, 2003, the applicable HERC Regulations, and the tariff orders duly approved by the Hon'ble Commission.

It is, therefore, most humbly prayed that the Hon'ble Commission may be pleased to dismiss the objections as well as the petition in entirety, uphold the principles adopted in the Tariff Order, and pass any further orders deemed appropriate in the interest of justice and for ensuring the financial sustainability and operational efficiency of the DISCOMs.

14.6. **Faridabad Industries Association (FIA):**

The Haryana Electricity Regulatory Commission (HERC) may already be aware that the Government of India, vide its Notification No. 09/2025–Compensation Cess (Rate) dated 12.09.2025, has increased the GST rate on coal from 5% to 18% and vide Notification No. 23/2025–Compensation Cess (Rate) dated 27.09.2025 has abolished the Compensation Cess of ₹400/MT, which was effective for the last 7 years. The abolition of the Cess and enhancement in GST on coal shall lead to a major change in the cost of coal and the increase of the GST rate on coal. Consequently, the cost of which will be procured by the generating company (HPGCL) and power purchase company (HPPC), on behalf of Haryana Distribution Utility (DHBVNL & UHBVNL). The impact of the same during future billing year and onward distribution to the electricity consumers of Haryana will also undergo significant change.

CERC, in the *Suo Moto* proceedings, has noted that the statutory changes brought about by the notification dated September 17, 2025, squarely falls within the ambit of a change in law event applicable to all IPPs.

It may be appreciated that the impact on CPSUs like NTPC, DVC, etc. will be taken care of by the Central Commission, for which CERC has already started regulatory proceedings. However, it would be appropriate for proper consideration and adoption that the power purchased and operated by HPGCL, UJVN (HPPC), Adani Power, Khedar, Gajju, Talwandi Sabo, which falls under the exclusive jurisdiction of HERC.

Tentatively, the financial impact of the higher GST on coal (from 5% to 18%) for Haryana may increase the landed cost of coal by approx. 10–12% per tonne. This, when added further to the abolition of compensation cess on coal, leads to an overall increase in the landed cost of coal and hence an impact on fuel cost. It is, therefore, earnestly requested that HERC may take up this matter at the earliest with the appropriate authorities, so that the net increase of approx. ₹110–120/MT in power tariff (unit) may be passed accordingly. This becomes inevitable, as variable cost (WT) of coal consumption directly impacts both the supply side & distribution side of power utilities, further aligning the benefit of the current change for those eligible.

In the view of the explanation above, the HERC may quantify the benefits of the change and its impact accordingly so that the consumers are being compensated for other goods and services produced under “bachat udhyam” popularised by the Hon’ble Prime Minister himself.

Reply to the comments filed by FIA:

In this regard, it is submitted that the impact of Change in Law arising from the revision of GST on coal from 5% to 18% and the abolition of Compensation Cess of ₹400 per MT, effective from 22.09.2025 has not yet been reflected in the invoices of certain thermal generators, as coal procured at the earlier tax rates is still under consumption.

Accordingly, HPPC has taken up the matter with the concerned thermal generators and requested them to furnish the impact of the Change in Law (revised GST and abolished Cess on Coal) on the energy charges. Thermal generators such as Adani Power Limited, SKS Power, PTC-APNRL, PTC-Lanco (KPL), PTC GMR Kamalanga, GMR warora and NTPC–NVVN (Medium-term) have submitted the requisite information. However, information from the remaining generators namely JIPL, SEIL(Sembcorp), Tata Power Trading (Medium-term), CLP(JPL), Sasan

Power, PTC Jindal, TRN Energy, RKM (Talcher and IB Valey), DVC, HPGCL, Aravali power, NTPC is still awaited.

Moreover, the comments received from some generators that:

1. The impact will be analysed based on the invoices for November 2025.
2. The complete impact will be submitted only after issuance of the November 2025 invoice.
3. M/s RKM Power, vide its letter dated 10.11.2025, has stated that in the absence of uniform regulatory directions from CERC, the company is unable to take a decision regarding the revised computation of variable charges.

The generator (Thermal power plant) wise details for the month of October-2025 as provided by Generators are as under: -

Generator (Thermal)	Period	Energy Scheduled (In kwh)	Net Benefit (due to change in GST rate) per unit (₹/Kwh)	Difference net benefit (in ₹)
Adani power limited	Oct-25	594073835	0.0736	4,37,00,105/-
SKS power	Oct-25	16076105	0.2085	33,51,309/-
PTC APNRL	Oct-25	45906096	0.1303	59,83,113/-
PTC Lanco KPL	Oct-25	125349007	0.1901	2,38,25,352/-
PTC GMR Kamalanga	Oct-25	191307043	0.2033	3,88,98,666/-
GMR warora	Oct-25	97128418	0.0331	32,18,770/-
Jindal power limited (M)	Oct-25	56791215	0.1093	62,05,400/-
NTPC NVVN Medium	Oct-25	90675500	0.0813	73,73,841/-
Total		1217307219	0.1287	13,25,56,555/-

On the basis of average impact of Rs. 0.1287/- per kwh as mentioned in table-A, Differential benefit calculated on Generator wise Schedule generation are as under:-

Generator (Thermal)	Period	Energy Scheduled as per REA & invoices (In kwh)	Net Benefit (due to change in GST rate) per unit (₹/Kwh)	Difference net benefit (in ₹)
JIPL (60MW)	Oct-25	43230015	0.1287	5,56,31,06/-
JIPL (110MW)	Oct-25	78828565	0.1287	1,01,44,149/-
Sembcorp	Oct-25	54397820	0.1287	70,00,249/-
Tata power trading	Oct-25	78539715	0.1287	1,01,06,978/-
CLP(JPL)	Oct-25	362168880	0.1287	4,66,06,138/-
Sasan power	Oct-25	254140268	0.1287	3,27,04,346/-
PTC Jindal	Oct-25	97528125	0.1287	1,25,50,524/-
TRN energy	Oct-25	13090670	0.1287	16,84,589/-
RKM (Talcher)	Oct-25	60422450	0.1287	77,75,536/-
RKM (IB Valey)	Oct-25	60422450	0.1287	77,75,536/-
DVC	Oct-25	117667940	0.1287	1,51,42,240/-
HPGCL	Oct-25	507002609	0.1287	6,52,44,241/-
Aravali power	Oct-25	320056810	0.1287	4,11,86,896/-
NTPC	Oct-25	313895351	0.1287	4,03,94,001/-
Total		2361391668	0.1287	30,38,78,527/-

The current status of firm-wise submissions is mentioned above. However, the actual impact of Change in Law cannot be conclusively determined at this stage. Further, the remaining information shall be submitted as and when received from the concerned generators.

Commission's Analysis and Order

15. The Commission heard the arguments of the parties at length as well as perused the written submissions placed on record, as ordered in Interim Order dated 08.01.2026.
16. The Commission, vide its order dated 28.07.2025, has already condoned the delay of 45 days in filing of the review petition no. 5 of 2025, considering the submissions of the review petitioner that the delay occurred primarily due to the fact that the true impact of the enhanced fixed charges, as determined by the Commission vide Tariff Order dated 28.03.2025, was realised only after the first billing cycle. Additionally, the time taken in compiling the relevant documents and analysing the billing impact across industrial consumers particularly MSMEs led to the delay of 45 days in filing the review petition. However, IA 37 of 2025 has been filed seeking condonation of delay of 180 days in filing the Review Petition no 10 of 2025. Although, the Commission is of the view that technical objections should not defeat substantive adjudication, but, M/s. FIA could not justify the reasons for filing the review petition after a delay of 180 days when the review petition containing the similar issue was already filed after a delay of 45 days. However, the Commission has condoned the delay in larger public interest.
17. The Commission observes that seven stakeholders/intervenors including several industrial associations, trade bodies, and residential representatives as well as

review petitioners raised objections and filed their comments regarding the tariff revision and other concerns:

17.1. Industrial Associations:-

- a. Yamuna Nagar Jagadhari Chambers of Commerce & Industry: Represented industrial consumers in review proceedings and petitioner in RA 5 of 2025, seeking a rollback of the 76% fixed charge increase for HT consumers.
- b. Laghu Udyog Bharati (Haryana Prant Unit): Jointly filed petition with the Yamuna Nagar Jagadhari Chambers of Commerce & Industry in RA 5 of 2025, representing small-scale industrial interests.
- c. Faridabad Industries Association (FIA): Filed the review petition RA 10 of 2025 challenging the legality of the tariff order, specifically citing non-compliance with the mandatory procedure under Section 64 of the Electricity Act, 2003.
- d. Haryana Chamber of Commerce & Industry (HCCI): Filed objections regarding the steep increase in fixed charges and the lack of transparent justification for the hike.
- e. Haryana Rice Exporters Association (HREA): Objected to the "tariff shock" caused by the revision and raised concerns regarding the financial burden on seasonal industries like rice mills.
- f. Progressive Federation of Trade and Industry (PFTI): Objected to the tariff hike by pointing out discrepancies between the Discoms' audited financial statements (which showed profits) and their ARR filings.
- g. Haryana Plywood Mfr. Association: Argued that the sudden tariff increase caused a financial shock specifically to micro and small units.
- h. Confederation of Haryana Industrial Associations (CHIA): Objected to the tariff hike due to its negative impact on Haryana's industrial competitiveness.

17.2. Residential and Individual Objectors:-

- a. Princess Park Residents Welfare Association (RWA): Raised objections regarding the applicable tariff category for Single-Point Bulk Supply and expressed concerns over inflated bills under the Unified Billing System.
 - b. Sh. Pankaj Bhalotia: An individual objector who contested the domestic supply tariff structure, specifically seeking the removal of fixed charges and the reinstatement of telescopic slab-based tariffs.
18. The primary issues, as identified upon perusal of the review petitions and the comments filed by stakeholders, along with the Commission's observations thereon, are summarized as under:-

18.1. Steep Hike and Financial Impact on Industry:

The stakeholders contended that the increase in fixed charges (approximately 76% to 95%) amounts to a “tariff shock”. It was submitted that such an increase adversely affects the economic viability of Micro, Small and Medium Enterprises (MSMEs) and undermines industrial competitiveness vis-à-vis neighboring States.

Commission’s observation:

The Commission has taken note of the submissions of the DISCOMs that the fixed cost obligations of the DISCOMs constitute approximately 40% of their total ARR, which comprises of not only of the fixed components of power purchase expenses payable to generating companies but also the essential operational expenditures necessary to maintain and operate the electricity distribution network. Despite the significant share of fixed costs in the overall ARR, the existing tariff structure allows for the recovery of only around 13% of the ARR through fixed charges. This limited recovery significantly hampers the financial sustainability of the DISCOMs and their ability to cover fixed obligations. DISCOMs have further submitted that even after the recent Tariff revision, Haryana’s Fixed Charges remain modest compared to other States/UTs. For instance, the maximum fixed charge rates across various states are significantly higher than those in Haryana. Maharashtra levies up to Rs. 600 per kVA per month, Gujarat- Rs. 475 per kVA per month, Punjab- Rs. 350 per kVA per month, Madhya Pradesh- Rs. 719 per kVA of billing demand per month, Rajasthan Rs. 380 per kVA per month, Himachal Pradesh- Rs. 425 per kVA per month, and Uttar Pradesh Rs. 300 per kVA per month.

In view of the above, DISCOMs have prayed that the Commission may dismiss the objections as well as the petition in entirety, uphold the principles adopted in the Tariff Order, for ensuring the financial sustainability and operational efficiency of the DISCOMs.

The Commission observes that the fixed charges applicable to HT consumers were last revised in FY 2015–16 and remained unchanged for nearly nine years, despite a sustained increase in the cost of supply. The present revision translates into a modest annualized increase, with a CAGR of approximately 5.49%. Further, the impact of the revised fixed charges on the overall electricity bill of consumers is estimated to be only around 10%.

18.2. Procedural and Legal Non-Compliance

M/s FIA contended that the Distribution Licensees failed to file any specific proposal for tariff hike in their Annual Revenue Requirement (ARR) petition. According to the petitioner, this omission deprived stakeholders of a meaningful opportunity to object during the public consultation process and was in violation of Section 64 of the Electricity Act, 2003, which envisages an application-driven tariff determination process.

Commission's observation:

The Commission does not find merit in the above contention. It is observed that the due process of public consultation was scrupulously followed. Notices inviting suggestions and objections were duly published in leading newspapers and on the websites of both the Commission and the Distribution Licensees. The matter was thereafter deliberated in the public hearing as well as before the State Advisory Committee, thereby fully complying with the principles of natural justice.

At this juncture, the Commission is apposite to rely upon the judgment of the Hon'ble Appellate Tribunal for Electricity in *Appeal No. 106 of 2008, Mumbai International Airport Pvt. Ltd. v. Maharashtra Electricity Regulatory Commission & Ors.*, wherein it was categorically held as under:

"14. The Commission has the power to design the tariff as per its own wisdom. The Commission need not, before issuing the actual order, publicly announce the tariff it proposed and call for public comments."

“15. The rule of natural justice requires the Commission to issue a public notice about the ARR and Tariff petition of the licensee and to allow the public to make its submissions on the ARR and Tariff proposals. The Commission has, thereafter, to design the scheme for recovery of the ARR keeping in view various relevant factors.”

Thus, it is settled law that while stakeholders are entitled to comment on the ARR and tariff proposals, the Commission is vested with the statutory authority to design and realign the tariff structure in accordance with its regulatory wisdom, to cover the ACS-ARR gap, after considering all relevant factors. Further, the Commission has complied with the principles of natural justice by issuing public notice and allowing stakeholders to make representations. The Commission, in its impugned order, has decided to continue with the average cost of supply of electricity after taking into account the voltage-wise technical losses submitted by the DISCOMs including voltage-wise i.e. LT and HT consumer category-wise average CoS.

Further, the Commission in its impugned dated 28.03.2025, has taken note of the similar objections raised by M/s FIA that Discoms have not filed the specific proposal regarding the consumer category-wise tariff hike (page 42-43 of the impugned order) and accordingly gave the detailed reasoning leading to the arriving at its decision (page 259-262 of the impugned order). The operative part of which is reproduced as under:-

“The Discoms, in their petition, submitted that the Aggregate Revenue Requirement for FY 2025-26 is estimated based on the audited accounts for FY 2023-24 and in accordance with the HERC MYT Regulations. Discoms have submitted that for True-up year FY 2023-24, Haryana Discoms are in a revenue deficit of 369.13 crores, whereas revenue deficit for the ARR year FY 2025-26 has a revenue deficit of Rs 4520.24 Cr.

Considering the same, the Commission, after holding a public hearing in the matter, in its interim order dated 16.01.2025, directed the Discoms to file the specific

proposal regarding the consumer category-wise tariff hike as well as the amount (Rs/crore), in order to meet the revenue gap. However, even after a lapse of two and half months, the same was not filed in the Commission. The Commission has examined the provisions of Section 64 (3) of the Electricity Act, 2003, which provides that the appropriate Commission shall, within one hundred and twenty days from receipt of an application under sub-section (1) and after considering all suggestions and objections received from the public, issue a tariff order accepting the application with such modifications or such conditions as may be specified in that order.

In view of the above, the Commission observes that it is duty bound to pass the order within the specified time frame.

The Commission observes that largely on account of increase in power purchase cost caused by inflationary factors, there is an addressed revenue gap of Rs. 3262 crore has emerged in the FY 2025-26, taking the revenue at current tariff and restricting the RoE to 12%. Resultantly, the tariff is required to be realigned to garner about Rs. 3262 Crore. The Commission observes that power purchase cost including operations & maintenance expenses are increasing due to average inflation rate. Whereas, there is no corresponding tariff hike in the last seven years.

The primary objectives of the Electricity Act, 2003 includes that the generation, distribution and supply of electricity are conducted on commercial principles as well as safeguarding of consumers interest and at the same time, recovery of the cost of electricity in a reasonable manner. Hence, the Commission has to strike a fine balance between the Distribution Licensee(s) as well as the electricity consumers so that quality power is delivered at a reasonable cost. The Commission, while rationalizing the consumer category wise tariff, has kept in mind the principles of tariff

determination as per Sections 61 and Section 62 of the EA, 2003, the Tariff Policy, 2016 including the limits of Cross – Subsidy surcharge and the MYT Regulations in vogue.

The Commission is conscious of the fact that the Discoms have not proposed any change in the rates or in the tariff design per.se. However, as also upheld by the Hon'ble APTEL that the Commission has the power to design the tariff as per its own wisdom and the Commission need not, before issuing the actual order, publicly announce the tariff it proposed and call for public comments. (Cf. Appeal No. 106 of 2008).

Section 61 of the Electricity Act 2003, provides that the Commission, is to be guided inter-alia, by the National Electricity Policy, the National Tariff Policy and the following factors, while, determining the tariff as under: -

- 1. The distribution and supply of electricity are conducted on commercial principles;*
- 2. Encourage competition, efficiency, economical use of resources, good performance, and optimum investment;*
- 3. Safeguarding of consumers interest and at the same time, recovery of the cost of electricity in a reasonable manner;*
- 4. That the tariff progressively reflects the cost of supply of electricity, and also reduces cross subsidies in the manner specified by the Commission;*
- 5. That efficiency in performance is to be rewarded; and*
- 6. That a multi-year tariff framework is adopted.*

Section 62(5) of the Electricity Act 2003, empowers the Commission to specify, from time to time, the methodologies and the procedure to be observed by the licensees in calculating the Expected Revenue from the tariff and charges. The Commission had accordingly notified the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2024 on 29.10.2024 and determines the tariff as per these regulations and various orders / directions issued by this Commission from time to time.

Tariff Philosophy

The Haryana DISCOMs, cater to a wide spectrum of consumers ranging from small and marginal domestic consumers to large HT consumers including Bulk Supply, Railways as well as supply availed by State Government agencies such as Public Water Works, Lift Irrigation as well as Street Light Supply. All these categories of electricity consumers in Haryana have different ability to pay for the cost of supply of electricity as well as their ability to absorb or pass on the cost of electricity imposed on them. The Industrial/Commercial consumers including the bulk supply and Railways are better positioned to pass on wholly or partly the cost of electricity to their respective consumers which may not be true for the Domestic and small Industrial/Commercial consumers. Thus, the small and marginal consumers with limited paying capacity may not be able to pay the full cost of supply, whereas consumers with higher paying capacity would be able to pay the full cost of supply or beyond the full cost of supply i.e. such consumers would be able to cross subsidize the consumers who would be paying less than the cost of supply. Considering the socio-economic conditions in Haryana, the Commission is of the considered view that cross-subsidy as determined within the limits specified in the National Tariff Policy has to continue for some more time. Hence, the Commission, for the FY 2025-26, decides to continue with the approach of fixing tariff at less than average cost of supply to consumers who are not able to pay the full cost of supply and fixing tariff at more than the average cost of supply to consumers who are able to pay full cost of supply. In the case of AP Consumers, the Haryana Government has been traditionally paying the subsidy to the extent of the difference between the existing tariff and cost to serve for such consumers estimated by this Commission for the relevant financial year taking into consideration the AP sales as allowed by the Commission. Thus, in accordance with section 65 of the Electricity Act 2003, Haryana Government shall pay subsidy at the Commission determined tariff.

The Commission, in all its previous distribution and retail supply Orders, has been determining the tariff on the basis of the average cost of supply. The HERC Tariff Regulations, 2024 require the licensees to provide the details of the embedded cost of supply of electricity voltage/ consumer category-wise. In the absence of data on the embedded cost of supply for each category of

consumers, the Commission has decided to continue with the average cost of supply of the Discoms after taking into account the voltage wise technical losses submitted by the Discoms while computing voltage wise i.e. LT and HT consumer category wise average CoS for determining tariff for the FY 2025-26. Hence, besides Discoms average CoS the Commission has also seen Consumer Category Wise voltage wise CoS to ensure that the realigned tariff falls within the +/- 20% NTP limits of cross-subsidy.

Accordingly, the Commission has proceeded to suitable re-align consumer category-wise tariff and while doing so the Cross-subsidy limits as provided in the National Tariff Policy vis-a-vis the combined Average Cost of Supply of the Discoms has been kept in view.”

(Emphasis supplied)

It is evident from the above that the Commission was aware of the provisions of Section 61,62 and 64 of the Electricity Act, 2003 as well as National Tariff Policy, 2016. Accordingly, the Commission has addressed the issue of requirement of holding a public hearing or inviting suggestions and objections from public.

The Commission observed that due to significant escalation in power purchase cost and inflationary pressures, an unaddressed revenue gap of Rs. 3262 crore had emerged for FY 2025-26, even after restricting Return on Equity to 12%. The Commission was therefore required to realign tariffs to ensure recovery of legitimate costs while balancing consumer interest.

While determining tariff, the Commission has been guided by the principles enshrined under Sections 61 and 62 of the Electricity Act, 2003, the National Tariff Policy, 2016, and the applicable HERC MYT Regulations, 2024, including:

- Conduct of electricity supply on commercial principles
- Safeguarding of consumer interest alongside reasonable cost recovery
- Progressive reduction of cross-subsidy within permissible limits
- Adoption of a multi-year tariff framework

The Commission has also taken into account the socio-economic realities of the State of Haryana and the differential paying capacity of various consumer

categories. Accordingly, tariffs were realigned in a manner that protects vulnerable consumer categories while allowing recovery of costs from consumers with higher paying capacity. Subsidy payable to eligible categories continues to be borne by the State Government in accordance with Section 65 of the Electricity Act, 2003.

Upon perusal of the records available and averments made by the parties, the Commission is of the considered view that the impugned order was passed after following due public consultation process and is not in violation of Section 64 of the Electricity Act, 2003.

18.3. Voltage-wise and consumer category-wise CoS studies

The review petitioner alleged that the Distribution Licensees failed to submit voltage-wise and consumer category-wise Cost of Supply (CoS) studies, which, according to the petitioner, are essential to ensure cost-reflective tariffs and to prevent inequitable cross-subsidisation among consumer categories.

Commission's observation:

The Commission observes that the issue relating to availability and consideration of voltage-wise and consumer category-wise Cost of Supply has already been examined in detail in the preceding paragraphs of this order. The Commission has recorded its reasons for continuing with the average cost of supply approach, after taking into account voltage-wise technical losses. The individual consumer category-wise, reliable, validated and complete embedded cost data, is presently evolving and constrained by data limitations.

Further, the Commission has perused the submissions of M/s. FIA that the Discoms have failed to comply with multiple APTEL mandates, i.e. Appeal No. 82 of 2017 dated 12.08.2025 directing fresh adjudication within 2 years, Appeal No. 109 of 2012 directing voltage-wise CoS determination and Appeal No. 303 of 2019 mandating separate tariffs at each voltage level. The Commission observes that, in response to the Judgement of Hon'ble APTEL in Appeal No 82 of 2017, the

Distribution Licensees are actively engaged in the formulation of a comprehensive voltage-wise and consumer category-wise CoS framework, which is presently being addressed through a separate petition.

Pending finalisation of the aforesaid framework, the Commission has ensured that the tariff realignment for FY 2025–26 remains within the cross-subsidy limits prescribed under the National Tariff Policy.

18.4. **Recovery of Fixed Costs vs. Actual Usage**

The stakeholders have contended that fixed charges are levied on Contract Demand rather than on the actual Maximum Demand Indicator (MDI), resulting in billing for capacity not actually utilised. It was further suggested that fixed charges for industrial consumers be replaced with Monthly Minimum Charges (MMC).

Commission's observation:

The Commission notes that the issue of recovery of fixed costs through demand-based charges has already been examined in the preceding paragraphs of this order and in the tariff order dated 28.03.2025. The Commission reiterates that fixed charges are intended to recover the fixed costs of the distribution system, which are largely independent of actual energy consumption. The Commission has taken note of the submissions of the Distribution Licensees that fixed costs account for approximately 40% of the Aggregate Revenue Requirement, whereas recovery through fixed charges is presently limited to around 13%. The Commission also takes note of the submission that the distribution infrastructure is planned, augmented and maintained based on the contracted demand of consumers, and not on their actual short-term usage or monthly demand variation.

The Commission observes that demand-based billing linked to contract demand is a well-established and nationally adopted practice in electricity tariff design. Replacement of fixed charges with Monthly Minimum Charges, as suggested by the

petitioner, would distort the tariff structure and may lead to significant under-recovery of legitimate fixed costs, thereby affecting the financial sustainability of the Distribution Licensees.

The Commission also takes cognizance of the submission of the Distribution Licensees that a separate petition has been filed seeking approval of a *Flexible Load Reduction Scheme* and relaxation in MDI penalties, with the objective of mitigating consumer hardship while balancing system requirements.

In view of the above, the Commission finds that the issue has already been consciously examined and addressed. Accordingly, no further discussion is warranted.

18.5. **Efficiency Gains and Cross-Subsidization**

The stakeholders contended that efficiency gains achieved through reduction in Aggregate Technical and Commercial (AT&C) losses ought to translate into tariff relief for consumers, rather than being offset by increased charges. They further objected to what was described as cross-loading of domestic subsidy gaps—such as waiver of Monthly Minimum Charges for small domestic consumers—onto industrial and commercial consumers.

Commission's Observations

The Commission takes note of the submissions of the Distribution Licensees that sustained reduction in AT&C losses has contributed significantly to maintaining a tariff freeze for several years despite increase in power purchase cost and other inflationary pressures. The Commission observes that efficiency gains are one of the relevant factors considered in tariff determination; however, such gains cannot be viewed in isolation from the overall cost structure of the Distribution Licensees.

The Commission further observes that cross-subsidisation, within the limits prescribed under the National Tariff Policy, is an inherent feature of the prevailing

tariff framework and continues to be applied keeping in view the socio-economic conditions of the State. The Commission reiterates that any subsidy extended to specific consumer categories is governed by Section 65 of the Electricity Act, 2003, and the financial impact thereof is addressed in accordance with the statutory framework.

The Commission is satisfied that the present tariff structure strikes a reasonable balance between safeguarding consumer interest and ensuring financial viability of the power sector. The stakeholders have not demonstrated any error apparent on the face of record or any violation of statutory provisions warranting interference in exercise of review jurisdiction.

Accordingly, the objections raised under this head are rejected.

18.6. Fuel and Power Purchase Adjustments (FSA/FPPAS)

The consumers objected to the continued levy of Fuel Surcharge Adjustment / Fuel and Power Purchase Adjustment Surcharge (FSA/FPPAS) at the rate of 47 paise per unit, contending that it amounts to a “double burden” when imposed in addition to the revised base tariff.

Commission’s observation:

The Commission in its impugned dated 28.03.2025, has taken note of the similar objections raised by M/s FIA and accordingly gave its views on the same (page 42 of the impugned order). The operative part of which is reproduced as under:-

“Commission’s Observations

The Commission has carefully examined the observations of the intervener. As also pointed out by the Nigam, the petition has been duly filed in accordance with Section 61, 62 and 64 of Electricity Act 2003 read with the MYT Regulations occupying the field. In order to keep the cost and price (tariff) aligned and in line with the Electricity Act, 2003, the formula/methodology for working out FSA has been made part of the HERC MYT Regulations, 2019 including its subsequent amendments. Having said so,

FSA is formula driven, it is up to the State Government to provide subsidy support to a particular class / category of consumers by taking over its FSA liability or not. In its absence, FSA is recoverable as per the relevant Regulations. Thus, the Discoms have levied FSA in accordance with the provisions of HERC MYT Regulations, in vogue. Hence, no further discussion on this issue is required.”

The Commission notes the submissions of the Distribution Licensees that FPPAS is a statutory pass-through mechanism intended to address uncontrollable variations in power purchase costs, which are largely beyond the control of the licensees. Such adjustments are an integral component of the tariff framework and are distinct from base tariff determination.

The Commission further takes note of the submission that recovery of FPPAS pertaining to recent years has been deferred without levy of any carrying cost. This deferment has resulted in increased financial pressure on the Distribution Licensees rather than on the consumers.

The Commission observes that the levy of FSA/FPPAS does not amount to double recovery, as the base tariff is determined on normative and projected cost parameters, whereas FPPAS reflects actual variations in power purchase cost on a periodic basis. The mechanism is designed to ensure financial stability of the Distribution Licensees while avoiding frequent tariff revisions.

In view of the above, the Commission finds no merit in the contention raised by the consumers. Accordingly, the objection is rejected.

18.7. Domestic and Residential Welfare Association (RWA) Issues

Princess Park RWA has sought removal of fixed charges applicable to domestic consumers and reinstatement of telescopic slab-based tariffs. The RWAs also expressed ambiguity regarding their billing classification, contending that they

should be billed under Domestic Supply (Slab–III) instead of Bulk Supply (Domestic), as billing under the latter allegedly results in inflated electricity bills.

Commission’s observation:

The Commission takes note of the submissions of the Distribution Licensees that fixed charges applicable to domestic consumers in the State of Haryana are among the lowest in the country. The Commission reiterates that fixed charges form an essential component of tariff design for recovery of fixed costs associated with network infrastructure, which are incurred irrespective of energy consumption.

With regard to billing of RWAs, the Commission notes the clarification of the Distribution Licensees that under the applicable *Single Point Supply Regulations*, RWAs are treated as a single bulk consumer and are, therefore, required to be billed under the *Bulk Supply (Domestic)* category. The manner of internal distribution of electricity charges among individual dwelling units is governed by the bye-laws and internal arrangements of the RWA and does not fall within the regulatory domain of the Commission.

The Commission further observes that the issues raised concerning removal of fixed charges, reintroduction of telescopic slabs, and reclassification of RWAs pertain to the tariff design and regulatory policy already examined and consciously decided in the tariff order dated 28.03.2025.

In view of the above, the Commission is of the considered opinion that the review petitioners / objectors are seeking appellate relief under the guise of a review, which is legally impermissible. The scope of review is confined to correction of errors apparent on the face of record—errors which are self-evident and do not require a long-drawn process of reasoning. The petitioners have failed to demonstrate any such error or patent illegality in the impugned order.

Accordingly, the objections raised under this head are rejected.

Conclusion:-

19. Upon examination of the scope of review jurisdiction and the record of the case, the Commission is of the considered opinion that the Review Petitioners have failed to identify any error apparent on the face of record or bringing forth new facts or figures that were not available at the time of passing of the impugned order. Therefore, no manifest illegality or patent error is demonstrated by the Review Petitioners in Review Petition No. 5 of 2025 or Review Petition No. 10 of 2025.
20. It is not out of the place to mention that Review Petition No. 10 of 2025 has been filed after an unexplained delay of approximately 180 days, at a time when the proceedings in Review Petition No. 5 of 2025 were already underway. The Review Petitioner has failed to furnish any satisfactory explanation or sufficient cause for such inordinate delay. The Commission notes that review jurisdiction is equitable and discretionary in nature, and a petition suffering from unexplained delay and laches is liable to be dismissed on this ground alone. Entertaining a belated review petition, particularly when parallel proceedings on identical issues are already in progress, would defeat the principles of finality and procedural discipline.
21. The Commission has considered the averments regarding high tariff, increase in fixed charges and continuation of FSA. Upon examination, it is observed that the tariff revision carried out vide order dated 28.03.2025 was undertaken strictly in compliance with the provisions of Section 64 of the Electricity Act, 2003, after following due process including public notice and hearing.
22. Further, FSA is a statutory mechanism employed by the Distribution Licensees, namely UHBVN and DHBVN, to recover variations in power purchase and fuel costs incurred due to fluctuations in market prices and procurement through short-term arrangements. The same is levied in accordance with the applicable MYT Regulations and does not suffer from any legal infirmity.

23. With regard to the comments filed by Princess Park RWA, the Commission observes that the tariff determined in the ARR and Tariff Order dated 28.03.2025 and the tariff notified through DHBVN Sales Circular No. D-04/2025 are identical. The tariff structure, however, differentiates between individual domestic consumers and Bulk Supply (Domestic) consumers. The Commission observes that the fundamental objective of the Unified Billing System is to ensure that residents of single-point connections are charged at par with regular individual domestic consumers. The system is designed to ensure that individual residents receive the benefit of telescopic slab-based domestic tariffs based on their actual consumption, thereby preventing RWAs or developers from levying higher bulk supply rates or flat charges. Accordingly, individual residents are required to be billed under the applicable Domestic Supply slab tariff, ensuring availability of lower slab benefits for initial units of consumption. The internal apportionment and recovery mechanism remains governed by the RWA's own bye-laws and administrative arrangements.
24. The Commission reiterates that electricity tariffs are determined based on the cost of supply of the Distribution Licensees, in accordance with the norms specified under the Tariff Regulations, after following due process including public consultation.
25. The Government of Haryana provides subsidy every year to specified categories of consumers to mitigate tariff impact. Determination of the nature, extent and beneficiaries of such subsidy falls within the exclusive domain of the State Government, and the role of the Commission is limited to determination of tariff in accordance with law. Electricity (Amendment) Rules, 2024 dated 10/01/2024 notified by Ministry of Power, GoI, stipulates that tariff shall be cost reflective and there shall not be any gap between approved annual revenue requirement and estimated annual revenue from approved tariff. Relevant extract of the said Rules is as follows:

“23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff.–

The tariff shall be cost reflective and there shall not be any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff except under natural calamity conditions:

Provided that such gap, created if any, shall not be more than three percent of the approved Annual Revenue Requirement.”

Accordingly, the tariff structure was realigned in the impugned order dated 28.03.2025 in order to address the revenue gap of Rs. 3262 crore which emerged in the FY 2025-26, largely on account of increase in power purchase cost as well as operations & maintenance expenses caused by inflationary factors. Whereas, there was no corresponding tariff hike in the last around nine years.

The primary objectives of the Electricity Act, 2003 includes that the generation, distribution and supply of electricity are conducted on commercial principles as well as safeguarding of consumers interest and at the same time, recovery of the cost of electricity in a reasonable manner. Hence, the Commission has to strike a fine balance between the Distribution Licensee(s) as well as the electricity consumers so that quality power is delivered at a reasonable cost.

26. Accordingly, Review Petition No. 5 of 2025 and Review Petition No. 10 of 2025, along with the accompanying Interlocutory Applications, are rejected as being devoid of merit.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 22.04.2026.

Date: 22.04.2026
Place: Panchkula

Sd/-
(Shiv Kumar)
Member

Sd/-
(Mukesh Garg)
Member

Sd/-
(Nand Lal Sharma)
Chairman