UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Suo - Motu Case No. 04 of 2013

SUO MOTU DETERMINATION OF ANNUAL REVENUE REQUIREMENT (ARR)

AND TARIFF FOR FY 2013 – 14

FOR

PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED

ORDER UNDER SECTION 64 OF

THE ELECTRICITY ACT, 2003

31st May, 2013

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UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Suo - Motu Case No. 04 of 2013

IN THE MATTER OF:

Suo-motu Determination of Aggregate Revenue Requirement and Tariff for FY 2013-14 of Paschimanchal Vidyut Vitran Nigam Limited (PVVNL)

ORDER

The Commission having initiated suo-motu proceedings for determination of Aggregate Revenue Requirement (ARR) and Determination of Tariff for FY 2013-14 and having considered the views / comments / suggestions / objections / representations received from the stakeholders during the course of the above proceedings and also in the public hearings held, in exercise of power vested under Sections 61, 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as 'the Act'), hereby pass this Order signed, dated and issued on 31st May, 2013. The Licensee, in accordance with Section 139 of the Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2004, shall publish the approved tariffs and regulatory surcharge within three days from the date of this Order. The tariffs so published shall become the notified tariffs and shall come into force after seven days from the date of such publication of the tariffs, and unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order. The regulatory surcharge so published shall come into force after seven days from the date of its publication and shall be in force till 31st March, 2014, unless amended or extended by the Commission through an Order.

1. BACKGROUND AND BRIEF HISTORY

1.1 BACKGROUND:

1.1.1 The Uttar Pradesh Electricity Regulatory Commission (UPERC) was formed under U.P. Electricity Reform Act, 1999 by Government of Uttar Pradesh (GoUP) in one of the first steps of reforms & restructuring process of the power sector in the State. Thereafter, in pursuance of the reforms & restructuring process, the erstwhile Uttar Pradesh State Electricity Board (UPSEB) was unbundled into the following three separate entities through the first reforms Transfer Scheme dated 14^{th} January, 2000:

- Uttar Pradesh Power Corporation Limited (UPPCL): vested with the function of Transmission and Distribution within the State.

- Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL): vested with the function of Thermal Generation within the State

- Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL): vested with the function of Hydro Generation within the State.

1.1.2 Through another Transfer Scheme dated 15^{th} January, 2000, assets, liabilities and personnel of Kanpur Electricity Supply Authority (KESA) under UPSEB were transferred to Kanpur Electricity Supply Company Limited (KESCO), a company registered under the Companies Act, 1956.

1.1.3 After the enactment of the Electricity Act, 2003 (EA 2003) the need was felt for further unbundling of UPPCL (responsible for both Transmission and Distribution functions) along functional lines. Therefore, the following four new distribution companies (hereinafter collectively referred to as 'Discoms') were created vide Uttar Pradesh Transfer of Distribution Undertaking Scheme, 2003 dated 12^{th} August, 2003 to undertake distribution and supply of electricity in the areas under their respective zones specified in the scheme:

- Dakshinanchal Vidyut Vitran Nigam Limited (Agra Discom or DVVNL)
- Madhyanchal Vidyut Vitran Nigam Limited (Lucknow Discom or MVVNL)
- Paschimanchal Vidyut Vitran Nigam Limited (Meerut Discom or PVVNL)
- Purvanchal Vidyut Vitran Nigam Limited (Varanasi Discom or PuVVNL)

1.1.4 Under this scheme, the role of UPPCL was specified as "Bulk Supply Licensee" as per the license granted by this Commission and as "State Transmission Utility" under sub-section (1) of Section 27-B of the Indian Electricity Act, 1910 as notified by the State Government.

1.1.5 Subsequently, the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), a Transmission Company (Transco), was incorporated under the Companies Act, 1956 by an amendment in the 'Object and Name' clause of the Uttar Pradesh Vidyut Vyapar Nigam Limited. The Transco is entrusted with the business of transmission of electrical energy to various utilities within the State of Uttar Pradesh. This function was earlier vested with UPPCL. Further, Government of Uttar Pradesh (GoUP), in exercise of power under the Section 30 of the EA 2003, vide notification No. 122/U.N.N.P/24-07 dated 18th July, 2007 notified Uttar Pradesh Power Transmission Corporation Limited as the "State Transmission Utility" of Uttar Pradesh. Subsequently, on 23rd December 2010, the Government of Uttar Pradesh notified the Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities Including the Assets, Liabilities and Related Proceedings) Scheme, 2010 which provided for the transfer of assets and liabilities from UPPCL to UPPTCL with effect from 1st April, 2007.

1.1.6 Thereafter, on 21st January, 2010, as the successor distribution companies of UPPCL (a deemed Licensee), the Discoms which were created through the notification of the UP Power Sector Reforms (Transfer of Distribution Undertakings) Scheme, 2003 and were issued fresh distribution licenses which replaced the UP Power Corporation Ltd (UPPCL) Distribution, Retail & Bulk Supply License, 2000.

1.2 DISTRIBUTION& TRANSMISSION TARIFF REGULATIONS:

1.2.1 Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006 (hereinafter referred to as the "Distribution Tariff Regulations") were notified on 6th October, 2006. These Regulations are applicable for the purposes of ARR filing and Tariff determination to all the Distribution Licensees within the State of Uttar Pradesh from FY 2007-08 onwards.

1.2.2 Similarly, the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2006 (hereinafter referred to as the "Transmission Tariff Regulations") were notified on 6^{th} October, 2006. These Regulations are applicable for the purposes of ARR filing and Tariff determination of the Transmission Licensees within the State of Uttar Pradesh from FY 2007-08 onwards.

1.2.3 The Distribution Tariff Regulations and Transmission Tariff Regulations have been collectively referred to as 'Tariff Regulations' in this Order.

2. PROCEDURAL HISTORY

2.1 ARR & TARIFF PETITION FILING BY THE LICENSEES

2.1.1 As per the provisions of the UPERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006, the Distribution Licensees' are required to file their ARR / Tariff Petitions before the Commission latest by 30th November each year so that the tariff can be determined and be made applicable from the 1st of April of the subsequent financial year.

2.1.2 The ARR / Tariff Petition for FY 2013-14 was filed by PVVNL (hereinafter referred to as the 'Licensee' or the 'Petitioner') under Section 64 of the Electricity Act, 2003 on 7th December, 2012 (Petition No. 868 / 2012).

2.1.3 The Commission observed that the Licensee had submitted the provisional accounts for FY 2011-12 along with the calculations of revenue gap for FY 2013-14 and the projected revenue for FY 2013-14 based on current tariff in their ARR Petitions. However, the ARR Petitions did not contain a proposal to bridge the revenue gap through tariff hike or through any other mechanism.

2.2 PRELIMINARY SCRUTINY OF THE PETITIONS:

2.2.1 A preliminary analysis of the Petition was conducted by the Commission wherein it was observed that the audited accounts for the period (i.e., FY 2010-11) as stipulated by the Regulations, were not submitted by the Licensee. The matter of submission of audited accounts was also reaffirmed in the Hon'ble Appellate Tribunal for Electricity (hereinafter referred to as the 'Hon'ble APTEL') judgment dated 21st October, 2011 in Appeal No. 121 of 2010 in the Licensee's case.

2.2.2 The ARR Petition did not propose any mechanism to bridge the revenue gap which was in contravention to the stipulation of Regulations 2.1.4 of the Distribution Tariff Regulations.

2.2.3 In this regard, a deficiency note was issued by the Commission on 27th December, 2012 directing the Licensee to submit their proposal for bridging the revenue gap. Such deficiency note also sought clarifications on other issues in regard to the ARR Petition filed. The Commission had granted a time of 2 weeks to respond on the deficiency note i.e., by 10th January, 2013.

2.2.4 Thereafter, the Licensee requested for a time extension by two weeks vide a letter dated 18th January, 2013 to respond on the deficiency note.

2.2.5 Vide the judgement dated 11th November, 2011 in the matter OP No. 1 of 2011, the Hon'ble APTEL has directed the State Commissions that *"In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy."*

2.2.6 Considering the directives of the Hon'ble APTEL, the Commission issued a notice dated 16th January, 2013 intimating the Licensee to remain present on 28th January, 2013 and explain the reasons to the Commission for non submission of audited accounts of relevant years as required by the Regulations, lack of proposal for bridging the revenue gap and as to why suo-motu proceedings for determination of ARR and Tariff not be initiated in the Licensees' case.

2.2.7 During the hearings held on 28th January, 2013, the following oral submissions were made by the Licensee:

- **On the issue of Audited Accounts for FY 2010-11 –** The Licensee submitted that the statutory audited accounts for FY 2010-11 would be submitted by 28th February, 2013. The Licensee informed that the statutory auditor in its case is an independent chartered accountant firm appointed by the Comptroller and Auditor General of India (CAG), New Delhi.

- **On the issue of Supplementary Audit Report of the Accountant General of Uttar Pradesh for FY 2010-11 -** The Licensee submitted that the supplementary audit report of the Accountant General of Uttar Pradesh (AGUP) would take further time as the office of the AGUP being a constitutional body is not under any control of the Licensee and hence the Licensee is not in a position to expedite the process of their audit.

- **On the issue of Tariff Proposal –** The Licensee stated that the Tariff Proposal has been prepared and is pending approval by higher authorities.

- **On the issue of Preparation of Fixed Asset Registers –** The Licensee stated that in the Transfer Scheme, only broad level balances were approved. The bifurcations of unit wise and asset wise balances, is still pending as the Transfer Scheme is still not finalised. The Licensee stated that due to this reason, it was not in a position to prepare the Fixed Asset Registers and submit / publish them along with the proceedings for the ARR / Tariff determination for FY 2013-14.

2.2.8 The Commission observed that the Licensee was not in a position to remove the deficiency in its ARR filings in respect of submission of audited accounts, supplementary audit report of the AGUP, fixed asset registers and tariff proposal. In this background, the Commission informed the Licensee that it would be constrained to initiate suo-motu proceedings for tariff determination if there is continuing failure of the Licensee to remove the deficiency in its ARR filings. In this regard, the Petitioner stated that the Commission may proceed further with suo-motu proceedings, as it was not possible for it to ensure submission of supplementary audit report of the AGUP and fixed asset registers within the time frame indicated by the Commission.

2.2.9 The oral submissions made in the hearing held on 28th January, 2013 were reaffirmed on affidavit by the Licensee on 13th February, 2013 on the directions of the Commission. The Licensee submitted that the fixed asset registers are under preparation and would *"be submitted after the work is completed."* However, the Licensee did not provide a timeframe for its submission.

2.2.10 Subsequently, on 6th February, 2013, the Licensee submitted the response to the Deficiency Note. Thereafter, on 4th March, 2013, the Licensee filed the Proposal for Revision of Tariff for FY 2013-14 along with a proposal for bridging the revenue gap.

2.2.11 The statutory audited accounts for FY 2008-09 and 2009-10 were submitted by the Licensee vide Letter No. 129/RAU/ARR FY 2013-14 on 17th January, 2013, and for FY 2010-11 were submitted vide Letter No. 572/RAU/ARR FY 2013-14 on 13th March, 2013. The supplementary audit report of the AGUP for FY 2008-09 was submitted by the Licensee on 129/RAU/ARR FY 2013-14 on 17th January, 2013. The supplementary audit report of the AGUP for FY 2009-10 and 2010-11 has not been submitted by the Licensee.

2.2.12 The role of the Commission in timely and regular tariff approval is paramount and has been fairly established in law. The same has also been reaffirmed in OP No. 1 of 2011 issued by the Hon'ble APTEL on 11th November, 2011. The Commission could not have waited beyond a point of time for the Licensees to remove the deficiency in the ARR filings and delay the tariff determination process endlessly. At the same time, the Licensee needs to be discouraged from delaying the tariff determination process on the pretext of unavailability of supplementary audit report of the AGUP and fixed asset registers.

2.2.13 As the ARR filings were not accompanied by the audited accounts as stipulated by the Tariff Regulations, the Commission, in pursuance with the directions of the Hon'ble APTEL, powers conferred under Section 64 of the Electricity Act, 2003 and the Regulation 2.1.12 of the Distribution Tariff Regulations, initiated suo-motu proceedings for determination of ARR and Tariff for FY 2013-14.

2.2.14 The Commission even under suo-motu proceedings would require necessary data to assess the revenue requirement and fix the tariff. In this respect, it would place reliance on the audited accounts, provisional accounts and other submissions of the Licensee. The Licensee had made a detailed ARR / Tariff Petition as per the terms and conditions of the Tariff Regulations. The Commission found that the ARR / Tariff filings for FY 2013-14 along with the provisional accounts for FY 2011-12 enclosed therewith, and statutory audited accounts for FY 2010-11 submitted thereafter were the most reliable data available with it for estimation of revenue requirement of the Licensee.

2.2.15 Considering this, the Commission through Orders dated 11th and 12th March, 2013, directed the Licensee to publish the salient features of the ARR / Tariff Petition, in at least two daily newspapers (one English and one Hindi) for two successive days, and on its websites for inviting views / comments / suggestions / objections / representations by all stakeholders and public at large with a view to ensure wide publicity of the decision of the Commission to initiate suo-motu proceedings for tariff determination. The Commission also directed the Licensee to upload the submitted petitions along with the response to the deficiency note and all subsequent submissions made in respect of these proceedings on their & UPPCL's website for the same purpose. This was done to ensure that the suo-motu proceedings are initiated with greater transparency and wide participation of the stakeholders.

2.3 PUBLICITY OF THE PETITION

2.3.1 The Public Notice detailing the salient features of the ARR petitions were made by UPPCL on behalf of the Licensee and they appeared in daily newspapers as detailed below inviting objections from the public at large and all stakeholders:

- Times of India (English) : 22nd March, 2013; 23rd March, 2013
- Hindustan Times (English) : 22nd March, 2013; 23rd March, 2013
- Dainik Jagran (Hindi) : 22nd March, 2013; 23rd March, 2013
- Amar Ujala (Hindi) : 22nd March, 2013; 23rd March, 2013
- Rashtriya Sahara (Urdu) : 22nd March, 2013; 23rd March, 2013
- Rashtriya Sahara (Hindi) : 22nd March, 2013; 23rd March, 2013
- HIndustan (Hindi), Bareli Edition : 22nd March, 2013; 23rd March, 2013

3. PUBLIC HEARING PROCESS

3.1 OBJECTIVE

3.1.1 The Commission, in order to achieve the twin objective i.e. to observe transparency in its proceedings and functions and to protect interest of consumers has always attached importance to the views / comments / suggestions / objections / representations of the public on the ARR / Tariff determination process. The process gains significant importance in a "cost plus regime", where the entire cost allowed to the Licensee gets transferred to the consumer.

3.1.2 The comments of the consumers play an important role in the determination of tariff and the design of the rate schedule. Factors such as quality of electricity supply and the service levels need to be considered while determining the tariff. The Commission takes into consideration the submissions of the consumers before it embarks upon the exercise of determining the tariff.

3.1.3 The Commission, by holding public hearings, has provided the various stakeholders as well as the public at large, a platform where they were able to share their views / comments / suggestions / objections / representations for determination of the retail tariff for FY 2013 - 14. This process also enables the Commission to adopt a transparent and participative approach in the process of tariff determination

3.2 PUBLIC HEARING:

3.2.1 To provide an opportunity to all sections of the population in the State to air their views and to also obtain feedback from them, combined public hearings were held by the Commission at various places in the State. The public hearings were conducted from 15th April, 2013 to 22nd April, 2013 as per details given below.

Table 3-1: SCHEDULE OF PUBLIC HEARING AT VARIOUS LOCATIONS OF THE STATE

S.No	Date	Place of Hearing	Hearings in the matter of
1.	15.04.2013	Kanpur	UPPTCL, DVVNL, MVVNL, PVVNL, PuVVNL and UPPTCL
2.	17.04.2013	Lucknow	UPPTCL, DVVNL, MVVNL, PVVNL, PuVVNL and UPPTCL
3.	22.04.2013	Greater Noida	NPCL
4.	22.04.2013	Noida	UPPTCL, DVVNL, MVVNL, PVVNL, PuVVNL and UPPTCL

3.2.2 Consumer representatives, industry associations as well as several individual consumers participated actively in the public hearing process.

3.2.3 The views / suggestions / comments / objections / representations received from the stakeholders and public at large were forwarded to the Licensee for their comments / response. The Commission considers these submissions of the consumers and the response of the Licensee before it embarks upon the exercise of determining the tariff for FY 2013-14.

3.2.4 Besides this, the Commission, while determining the ARR / Tariff for FY 2013-14, has also taken into consideration the oral and written views / comments / suggestions / objections / representations received from various stakeholders during the public hearings or through post or by e-mail.

3.2.5 The Commission has taken note of the views and suggestions submitted by the various stakeholders which provided useful feedback on various issues and the Commission appreciates their keen participation in the entire process.

3.3 VIEWS / COMMENTS / SUGGESTIONS / OBJECTIONS / REPRESENTATIONS ON ARR / TARIFF

3.3.1 The Commission has taken note of the various views / comments / suggestions / objections / representations made by the stakeholders and would like to make specific mention of the following stakeholders for their valuable inputs:

- Mr. Awadhesh Kumar Verma, Chairman, Uttar Pradesh Rajya Vidyut Upbokta Parishad (UPRVUP)
- Mr. Rama Shankar Awasthi, Lucknow

3.3.2 The list of the consumers, who have submitted their views / comments / suggestions / objections / representations, is appended at the end of this chapter at Annexure 10.5. The major issues raised therein, the replies given by the Licensee and the views of the Commission have been summarised as detailed below

3.4 SUO MOTU DETERMINATION OF TARIFF

A) *Comments / Suggestions of the Public*

3.4.1 The comments / suggestions submitted by Mr. Rama Shanker Awasthi, Lucknow, are stated below:

3.4.2 The stakeholder has stated that the Commission by initiating suo-motu proceedings for determination of tariff has adopted a novel method to circumvent the statutory regulations and the order passed by the Hon'ble APTEL in OP No. 1 of 2011. The stakeholder has suggested that the Commission instead of initiating suo-moto proceedings for tariff determination should have directed the Distribution Licensees to remove the deficiencies in the ARR / Tariff proposal.

3.4.3 The stakeholder has cited the Hon'ble APTEL judgment in Appeal No. 204 of 2011 dated 11^{th} August, 2011 wherein the Hon'ble APTEL held, that the State Commission can initiate suo-motu proceeding and determine tariff in the absence of the proposal by the utilities. Further, the stakeholder has stated that a State Commission can initiate suo-motu proceedings only in the absence of ARR Petition / Tariff proposal and not as in the current case, where the Commission has initiated suo-motu proceedings due to deficiency in the

ARR filings of the Licensees. The stakeholder has purported that under the terms of Regulation 2.1.12 of the Distribution Tariff Regulations, the Commission can initiate suo-motu proceedings only in case the Licensees fail to file an ARR / Tariff Petition.

3.4.4 The stakeholder has stated that the Licensees have themselves requested the Commission to proceed with suo-motu tariff determination and that the Commission has merely accepted the request of the Licensees.

3.4.5 The stakeholder has alleged that the tariff petitions of the Licensees are still pending and the same have not been rejected by the Commission. The stakeholder has objected to the publication of the Tariff proposal and salient features of the ARR in newspapers and websites of the Licensees. The stakeholder has purported, that this goes to show that neither the Commission has rejected the tariff petition of the Licensees, nor initiated suo-motu proceedings for determination of tariff.

3.4.6 Considering all of the above, the stakeholder has requested the Commission to reject the entire proceedings of determination of tariff.

3.4.7 In addition to the above, the stakeholder has objected that all the documents and information regarding determination of distribution tariff are being issued and supplied by Chief Engineer (Regulatory Affairs Unit), UPPCL and not the functional heads of the Licensees. The stakeholder has questioned the role of UPPCL in the entire tariff determination exercise.

B) ***The Licensee's response:***

3.4.8 The Licensee clarified that the Hon'ble Commission had issued a notice on 16th January, 2013, directing the Licensees to remain present on 28th January, 2013 and explain the reasons to the Commission for non-submission of audited accounts of relevant years as required by the Regulations, lack of proposal for bridging the revenue gap and as to why suo-motu proceedings for determination of ARR and Tariff not be initiated.

3.4.9 During the hearing, the Licensees explained to the Hon'ble Commission that the supplementary audit report by the AGUP would take time to complete and that the office of the AGUP being a constitutional body, the Licensees are not in a position to expedite their audit. The Discoms had agreed to submit the audited accounts for FY 2010-11 (without supplementary audit report of the AGUP) by 28th February, 2013. Further, the Licensees conveyed their inability to prepare the fixed asset registers as the asset wise opening balances were not available as the Transfer Scheme had not been finalised. Considering that the Licensees were unable to remove the deficiency in its ARR filings, the Hon'ble Commission informed the Licensees during the hearing, that in such a circumstance, it would proceed further with suo-motu proceedings for tariff determination. At this moment, the Licensee stated that the Commission may proceed further with suo-motu proceedings as it was not possible for it to ensure submission of supplementary audit report of the AGUP and fixed asset registers within the time frame indicated by the Commission. Hence, there was no request from the Licensee's side to initiate suo-motu proceedings for tariff determination.

3.4.10 The salient features of the ARR Petition and Tariff Proposal were published in newspapers and on the websites of the Licensees based on the directives contained in Orders of the Hon'ble Commission dated 11^{th} and 12^{th} March, 2013.

3.4.11 The Licensee clarified that the Regulatory Affairs Unit (RAU) plays a coordinating role between the distribution companies and the Hon'ble Commission. The affidavits are filed by the respective functional heads of the Licensees or their authorised representatives. However since the RAU cell is located in Lucknow, it plays an interface between the Discoms and the Commission.

C) ***The Commission's view:***

3.4.12 The Commission was constrained to initiate suo-motu proceedings for tariff determination considering the continuing failure of the Licensees in furnishing audited accounts for the periods as stipulated by the Tariff Regulations. The sequence of events from the filing of the ARR Petitions by the Licensees up to the public hearings in respect of suo-motu proceedings for determination of tariff have been detailed in the foregoing sections. The same are not repeated here for the sake of brevity.

3.4.13 The allegations of the stakeholder that the decision of the Commission to initiate suo-motu proceedings is to circumvent the statutory regulations and the order passed by the APTEL in OP No. 1 of 2011 is baseless and devoid of facts. On the contrary, the Hon'ble APTEL in OP No. 1 of 2011 has stated that it should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the financial year. The Commission could not have waited beyond a point of time for the Licensees to remove the deficiency in the ARR filings and delay the tariff determination process endlessly. The role of the Commission in timely and regular tariff approval is paramount and has been fairly established in law.

3.4.14 As the ARR filings were not accompanied by the audited accounts as stipulated by the Tariff Regulations, the Commission initiated suo-motu proceedings for determination of ARR and Tariff for FY 2013-14. As the irregular filings were never admitted by the Commission, it cannot be said that there were any valid ARR Petitions filed by the Licensees. The suo-motu proceedings were initiated to discourage the Licensees from delaying the tariff determination process on the pretext of unavailability of supplementary audit report of the AGUP and fixed asset registers.

3.4.15 The Commission had initiated the suo-motu proceedings after issuing a notice to the Licensees. It gave adequate time and opportunity to the Licensees to remove the deficiency in their ARR filings. On expiry of the time frame provided to the Licensee and upon its failure to remove the deficiency, the Commission initiated suo-motu proceedings. The contention of the stakeholder in stating that the Commission initiated the suo-motu proceeding on the request of the Licensees is misplaced.

3.4.16 The Commission even under suo-motu proceedings would require necessary data to assess the revenue requirement and associated costs such as power purchase expenses, O&M expenses, interest on loan, depreciation, etc. and fix the tariff. In this respect, it would place reliance on the audited accounts, provisional accounts and other submissions of the Licensee. The Licensees had made a detailed ARR / Tariff Petition as per the terms and conditions of the Tariff Regulations. The Commission has found that the ARR / Tariff filings for FY 2013-14 along with provisional accounts for FY 2011-12 enclosed therewith, and the audited accounts for FY 2010-11 submitted thereafter were the most reliable data available with it for revenue requirement estimation and associated costs such as power purchase expenses, O&M expenses, interest on loan, depreciation, etc.. Considering this, the Commission had directed the Licensees to publish the salient features of the ARR / Tariff Petitions in various newspapers and on their websites with a view to ensure wide publicity of the decision of the Commission to initiate suo-motu proceedings for tariff determination. This was done to ensure that the suo-motu proceedings are initiated with greater transparency and wide participation of the stakeholders. In this backdrop, the Commission also held Public Hearing at 4 cities of Uttar Pradesh to encourage active participation of the stakeholders and the public at large to obtain their views and suggestions.

3.4.17 On the issue of the role of the RAU wing, the Commission clarifies that in the process of suo-motu proceedings, the distribution companies only play a passive role. The Commission has received the data required by it, from the Licensees, directly sometimes from RAU wing and sometimes through the distribution companies. Nevertheless, it has been ensured that the rights of the consumers have not been prejudiced due to the coordinating role played by the RAU wing.

3.4.18 The scheme of the Act requires the Licensee to work with complete functional autonomy and independence. The Commission, with a view to ensure functional autonomy, independence, transparency and regulatory discipline, and considering the suggestions of the stakeholder, hereby direct, that in case of all future ARR submissions, each Distribution Licensee shall file independent ARR petitions, rate schedule, response to deficiency notes, additional submissions, response to stakeholder queries, etc directly before the Commission and not through its holding company namely UPPCL.

3.5 PROPOSAL FOR SUPPLY HOURS LINKED TARIFF FOR LMV-1 CONSUMERS

A) Comments / Suggestions of the Public:

3.5.1 The comments / objections submitted by Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad, Mr. Rama Shanker Awasthi, Lucknow and Mr. Vijay Kumar Agarwal, Upbhokta Jan Kalyan Samiti are as under:

3.5.2 The stakeholders stated that the distribution companies have proposed to link tariff for LMV-1 category consumers based on the hours of supply. In case of Ghaziabad, Lucknow and Noida, where electricity is being supplied purportedly for 24 hours, the tariff has been proposed at the highest level. The claim of the distribution companies that electricity is being supplied to Ghaziabad, Lucknow and Noida for 24 hours itself has been contested by the stakeholders. The stakeholders have expressed their fears that such a proposal has been made only as a back door entry for higher tariff revision.

3.5.3 The stakeholders have alleged that there are other cities / districts such as Etawah, Mainpuri, Kannauj, Rae Bareli, Amethi, Sambhal, Deoband Nagar, Auraiya, etc which are getting 24 hours supply, but the same being VVIP areas have been kept aloof from the proposed hourly linked tariff for LMV-1 consumers. The stakeholders have stated that this is discriminatory and is contrary to the spirit and provisions of the Electricity Act, 2003 and in particular to Section 62 (3) of the Act which states that *"Appropriate Commission shall not while determining the tariff under this Act, show undue preference to any consumer of electricity, but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which supply is required".*

3.5.4 The stakeholders expressed their concern over how the distribution companies would implement such a proposal if approved as there is no preparedness within the distribution companies.

3.5.5 The stakeholders have suggested that the hours of supply to all areas should be similar and no discrimination may be done for power supply to different areas.

3.5.6 The stakeholders have stated that the proposal of the distribution companies to reduce the first slab of LMV-1 consumers from 0-200 units to 0-100 units may be rejected by the Commission. Instead the stakeholders have suggested that such slab may be increased to 0-250 units or retained at the existing level.

B) The Licensee's response:

3.5.7 The Licensee has submitted that the hourly linked tariff proposal made by it, is to ensure that the consumers pay tariff which is commensurate with the hours of supply ensured to such consumers. There is a considerable demand supply gap in the state. In such a case, there is scheduled rostering across the state except in few major cities. The intention of the Licensee in proposing such a tariff structure was to ensure that tariff for LMV-1 consumers is fixed at a level where best supply is provided i.e., in major cities where electricity is being supplied for 24 hours and for consumers of other areas provide a tariff linked with the hours of supply thereby giving a discounted rate for areas getting less than 24 hours of supply.

3.5.8 The Licensee has submitted that reduction in the slab proposed for LMV-1 category (metered consumers) is in line with the slabs of the neighbouring states for domestic category consumers. Hence, the same may be considered by the Commission in final rate schedule which it may approve.

C) The Commission's views:

3.5.9 The Licensees have not detailed the rationale and justifications towards the proposed hourly linked tariff rates for LMV-1 consumers. The Commission is also not satisfied regarding the preparedness of the Licensees in terms of metering, billing, etc., to implement such a graded tariff structure, if approved. The Commission feels that the time is not ripe for approving such a tariff structure in this suo-motu proceeding. The Commission would need to be satisfied regarding the maintainability, acceptability and practicality of such a graded tariff structure for LMV-1 consumers before its consideration in the rate schedule.

3.6 SUPPLY RELATED ISSUES

A) Comments / Suggestions of the Public:

3.6.1 The comments / suggestions submitted by Mr. Ram Dutt Sharma, Mr. Arvind Kumar Sharma, Mr. R.K. Jain, Secretary, Western UP Chamber of Commerce & Industry, Meerut, Mr. Chotebhai Naronha, Convenor, Kanpur Nagrik Manch, Mr. Kanhaiyalal Gupta 'Salil', Secretary, Kanpur Nagrik Manch, Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad and Mr. S.B. Agarwal, Secy. Gen., Associated Chambers Of Commerce And Industry of UP are as under:

3.6.2 The stakeholders stated that there is unscheduled rostering in Taj Trapezium area to the extent of 4 hours daily. The stakeholders also alleged that they are exploited by the distribution companies on the issue of connected load.

3.6.3 The stakeholders have expressed their concern over the turnaround time of the distribution companies for restoration of supply in case of outages due to technical faults in the line, transformers, feeders, etc.

3.6.4 The stakeholders have expressed their concern over the growing demand-supply gap in the state.

B) The Licensee's response:

3.6.5 The Licensee submitted that the hours of supply is normally as per schedule, however sometimes it may be less than that of schedule hours due to emergency rostering which is beyond the control of the Licensee.

3.6.6 The Licensee stated that complaints of quality of supply, turnaround time for fault repair, etc. are not related to present tariff Petition. However it assured that these issues will be dealt by the concerned local officers of the Discoms.

3.6.7 Regarding, the demand supply gap, the Licensee has stated that it is endeavouring to reduce the distribution losses. Capacity augmentation is being planned by the State Government. The growth in the capacity addition has been outnumbered by the growth in the demand.

C) The Commission's views:

3.6.8 The Commission has considered the views of the stakeholders while approving the tariff.

3.7 TRANSMISSION & DISTRIBUTION LOSSES

A) Comments / Suggestions of the Public:

3.7.1 The comments / suggestions submitted by Mr. R. K. Jain, Secretary, Western UP Chamber of Commerce & Industry, Mr. Rakesh Goyal, Secretary, State Committee, Akhil Bhartiya Matadhikari Sangh, Mr. Umang Agarwal, Facilitation of Industries and Traders Association, Kanpur, Mr. Chotebhai Naronha, Convenor, Kanpur Nagrik Manch, Mr. Kanhaiyalal Gupta 'Salil', Secretary, Kanpur Nagrik Manch, Mr. D.S Verma. Executive Director, Indian Industries Association, Mr. Vishnu Bhagwan Agarwal, Chairman, National Chamber of Industries and Commerce, U.P., Mr. N.P. Singh, Federation of Noida Residents Welfare Associations, Mr. Rama Shanker Awasthi, Lucknow, Mr. S.B. Agarwal, Secy. General, Associated Chambers of Commerce & Industry, Lucknow and Mr. Shashi Bhushan Mishra, Sachiv, Upbhokta Sanrakshan Evam Kalyan Samiti, Mathura are as under:

3.7.2 The stakeholders have stated that there is no prudent and sound basis of information available in respect of T&D losses and other physical parameters.

3.7.3 The stakeholders suggested that the line losses should be reduced to 15%. One of the stakeholder submitted that the actual line losses are to the tune of 40% and this has led to huge revenue gap of the distribution companies. The stakeholders have stated that the burden of inefficiency of distribution companies should not be passed on to the consumers.

3.7.4 One of the stakeholders has stated that the T&D loss reduction projections of the distribution companies lack credibility.

3.7.5 The stakeholders raised the issue that UPPCL is not reducing the losses to the desired level as per the directions of UPERC. Some serious efforts are required to reduce the huge T&D losses.

3.7.6 One of the stakeholders has stated that the distribution companies are not depicting segregated technical and commercial losses.

3.7.7 The stakeholders have stated that as per Clause 3.2.2 and 3.2.3 of the Distribution Tariff Regulations, the Commission with a view to set the base line of distribution loss estimate, may either require the Licensee to carry out proper loss estimation studies for assessment of technical and commercial losses under its supervision, or initiate a study itself. The study shall segregate voltage-wise distribution losses into technical loss (i.e. Ohmic / Core loss in the lines, substations and equipment) and commercial loss (i.e. unaccounted energy due to metering inaccuracies / inadequacies, pilferage of energy, improper billing, no billing, unrealized revenues etc). The stakeholder has stated that the Commission has failed to initiate technical and commercial loss assessment studies as mandated by its own Regulations. In this background, the verification of actual technical and commercial losses is not possible.

B) The Licensee's response:

3.7.8 The Licensee submitted that they have planned and proposed a gradual reduction in distribution losses up to FY 2022-23 under the Financial Restructuring Plan.

3.7.9 The Licensee submitted that all efforts are being made to reduce the losses as the same is beneficial to the utility as well. Tariff revision exercise is done on the basis of assumption of loss level. It may be noted that when losses are assumed on lower side then tariff will automatically be lesser. Hence loss level projection is not against the interest of the consumers.

3.7.10 The Licensee informed that the infrastructure is sufficient to cater for supply to all consumers. However to cater for future growth, action is being taken for addition of matching infrastructure.

3.7.11 The Commission has already issued directions to the Licensees to initiate base line loss estimation studies for assessment of technical and commercial losses. The distribution companies would be appointing consulting firms for undertaking the said studies.

C) The Commission's views:

3.7.12 The Commission recognises the fact that the Licensee has been taking measures to reduce T&D losses by implementing schemes such as laying Aerial Bunch Conductors (ABC), APDRP, R-APDRP, etc., but these efforts are yet to yield satisfactory results. On the aspect of T&D losses, the Licensee should undertake necessary strengthening and R&M of the distribution networks to reduce losses which would result in higher availability of power for sale to consumers.

3.7.13 The Hon'ble APTEL vide its Order dated 15th February, 2013 have given directions to the State Commissions to frame the Multi Year Tariff (MYT) Regulations in accordance with Section 61 of the Act. The Hon'ble APTEL has directed the State Commissions to frame the MYT Regulations immediately so that the MYT framework be implemented at least w.e.f 1st April, 2014.

3.7.14 In this regard, the Commission has issued fresh directives vide Letter No. UPERC/Secy./D(Tariff)/13-074 dated 11th April, 2013 to the Licensee for conducting the base line loss estimation studies for assessment of technical and commercial losses. The Commission stresses that the Discoms may act speedily upon these directives and report the status on a regular fortnightly basis to the Commission.

3.8 NON-AVAILABILITY OF AUDITED FIGURES AND ORDER ON TRUE-UP PETITIONS

A) Comments / Suggestions of the Public:

3.8.1 The comments / suggestions submitted by Mr. R.K.Jain, Secretary, Western UP Chamber Of Commerce & Industry, Mr. Rakesh Goyal, Secretary, State Committee, Akhil Bhartiya Matadhikari Sangh, Mr. Shashi Bhushan Mishra, Sachiv, Upbhokta Sanrakshan Evam Kalyan Samiti, Mathura, Mr. D.S Verma. Executive Director, Indian Industries Association, Mr. Vishnu Bhagwan Agarwal, Chairman, National Chamber of Industries and Commerce, U.P., Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad, Mr. S.B. Agarwal, Secy. Gen., Associated Chambers Of Commerce and Industry of UP and Mr. Rama Shanker Awasthi, Lucknow are as under:

3.8.2 The stakeholders have stated that the prudent and sound information relating to finance / books of accounts are not available. Another stakeholder suggested that the Commission should reject the proposal for tariff revision till the satisfactory audited accounts are submitted by the Licensee.

3.8.3 The stakeholders have submitted that ARR proposal for FY 2013-14 should be rejected by the Commission as the audited accounts and CAG report has not been submitted by the Licensee.

3.8.4 One of the stakeholders has purported that the accounts of the distribution companies have not been audited since 2008.

3.8.5 One consumer representative organisation stated that since the Commission is suo-motu determining the ARR / Tariff for FY 2013-14, it should approve the ARR / Tariff based on the audited accounts up to FY 2007-08 after issuing the order on the true up petitions filed by the distribution companies.

B) The Licensee’s response:

3.8.6 The Licensee has submitted that it has already submitted the accounts duly audited by the statutory auditors up to FY 2010-11 to the Hon’ble Commission. Further, the provisional balance sheet for FY 2011-12 duly verified by an independent chartered accountant firm has also been submitted along with the ARR Petition for FY 2013-14. The audited balance sheets and provisional balance sheets have been published on the websites of all the Licensees and that of the UPPCL.

3.8.7 All clarification sought / deficiency notes issued by the Commission have been duly replied by the Licensees and the same have also been published by the Licensees.

3.8.8 The Licensee clarified on the issue of supplementary audit report by the AGUP that the process of their audit and the time frame for its completion is not under its control as the office of the AGUP is a constitution body not under the influence and control of the Licensee.

3.8.9 The Licensee submitted that the backlog in respect of audit of accounts was created due to the delay in the notification of the Transmission Transfer Scheme. Subsequent to its notification on 23rd December, 2010, the process of finalisation of audit was undertaken at a fast pace with the result that as of today, the audit of accounts up to FY 2010-11 has been completed. The audit of accounts for FY 2011-12 is expected to be completed by 30th June, 2013. In fact, in the case of KESCO, the audit for FY 2011-12 has been completed and true up petition for the financial years 2008-09 to 2011-12 has been filed before the Hon'ble Commission. In the case of the other state Discoms, the true up petitions for the period FY 2008-09 to 2010-11 have been filed before the Hon'ble Commission. Thus, it has been demonstrated that the issue of timely audit of accounts has been addressed by the Licensees.

3.8.10 The tariff is determined based on the principles enshrined in the Tariff Regulations. The major elements of the ARR such as power purchase cost, O&M expenses, capital expenditure, interest on loan, depreciation, etc. are based on projections for the ensuing year and only reference to past years results are relevant for estimation point of view. The audited accounts for the years up to FY 2010-11 and provisional accounts for FY 2011-12 would provide the required data for such an estimation analysis.

C) The Commission's views:

3.8.11 The Commission has issued orders on 21st May, 2013 in Petition No. 809 / 2012 and Petition No. 813 / 2012 in respect of final truing up for the financial years 2000-01 to 2007-08 in respect of DVVNL, MVVNL, PVVNL, PuVVNL, UPPCL, UPPTCL and KESCO respectively.

3.8.12 UPPTCL has filed the true up petition along with statutory audited accounts for FY 2008-09 on 19th November, 2012 (Petition No. 849 / 2012). The supplementary audit report of the AGUP for FY 2008-09 has also been submitted by the Licensee. Further, the true up petition for FY 2009-10 and 2010-11 along with statutory audited accounts have been filed by the UPPTCL on 29th April, 2013 (Petition No. 883 / 2013). However, the supplementary audit report of the AGUP for FY 2009-10 and 2010-11 has not been filed by the Transmission Licensee till date. Both the aforementioned Petitions were admitted by the Commission on 6th May, 2013 and directions were issued to the Licensee to publish the salient features of the true up petitions in newspapers and on its websites. A public hearing in these matters was conducted by the Commission on 22nd May, 2013 in Lucknow. The Commission while determining the ARR / Tariff of the Transmission Licensee for FY 2013-14 has adjusted the revenue gap / (surplus) for the years up to FY 2010-11 along with a directive to the Transmission Licensee to submit the supplementary audit report of the AGUP immediately upon its finalisation. Appropriate adjustment, if any, arising out of the supplementary audit report of the AGUP would be passed by the Commission upon its submission.

3.8.13 The Hon'ble APTEL in its judgment dated 9th April, 2013 in Appeal No. 242 of 2012, had directed the Commission to carry out the true up of the accounts up to FY 2009-10 on priority and adjust the surplus / deficit in the ARR of the transmission tariff for FY 2013-14. Accordingly, in compliance with the directives of the Hon'ble APTEL, the Commission has conducted a final truing up of UPPTCL for the financial years up to 2010-11 and have adjusted the surplus in the ARR of the transmission tariff for FY 2013-14.

3.8.14 The DVVNL, MVVNL and PVVNL have filed the true up petitions for FY 2008-09 to 2010-11 along with statutory audited accounts before the Commission on 13th May, 2013 (Petition No. 887, 885 and 886 / 2013) and PuVVNL has filed its true up petition for FY 2008-09 to 2010-11 along with statutory audited accounts before the Commission on 14th May, 2013 (Petition No. 888 / 2013). The supplementary audit report of the AGUP for FY 2008-09 has also been submitted by the Licensee. However, the supplementary audit report of the

AGUP for FY 2009-10 and 2010-11 has not been filed by the Distribution Licensee till date. In the true up petitions filed, the Licensees have proposed a revenue gap of Rs. 4,450.84 Crores, Rs. 3,184.38 Crores, Rs. 3,429.61 Crores and Rs. 4,403.56 Crores in case of DVVNL, MVVNL, PVVNL and PuVVNL respectively. The Licensees have prayed for adjustment of the net gap pursuant to the truing up for the years 2008-09 to 2010-11 in the revenue gap of FY 2013-14 so that the Licensees may recover the amounts so trued up.

3.8.15 The KESCO has filed the true up petitions for FY 2008-09 to 2011-12 along with statutory audited accounts before the Commission on 14th May, 2013 (Petition No. 889 / 2013). The supplementary audit report of the AGUP for FY 2008-09 and 2009-10 has also been submitted by the Licensee. However, the supplementary audit report of the AGUP for FY 2010-11 and 2011-12 has not been filed by the Distribution Licensee till date. In the true up petition filed, KESCO has proposed a revenue gap of Rs. 796.16 Crores. The KESCO has prayed for adjustment of the net gap pursuant to the truing up for the years 2008-09 to 2011-12 in the revenue gap of FY 2013-14 so that it may recover the amounts so trued up.

3.8.16 The Commission had already proceeded with the finalisation of the revenue requirement for the Licensees for FY 2013-14 by the time the distribution Licensees filed the true up petitions. As the technical validation of the petitions, public consultation process, etc would take substantive time, the Commission has proceeded with the tariff determination for FY 2013-14 without approving the truing up for the FY 2008-09 to 2010-11 (up to FY 2011-12 in case of KESCO). This has been done to avoid further delay in approval of tariff for FY 2013-14. However, the past trends in respect of O&M costs and yearly flow of Gross Fixed Asset (GFA) balances, Capital Work in Progress (CWIP) balances, capital investments, loan balances, consumer contributions, etc have been considered from the audited accounts for years up to FY 2010-11 (FY 2011-12 in case of KESCO) so as to arrive at realistic levels of expenses being approved for FY 2013-14.

3.8.17 The amount of net recoverable gap / surplus subsequent to final truing up for FY 2008-09 to 2010-11 (FY 2011-12 in case of KESCO) would be adjusted with the amount of the ARR of the distribution companies namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO for the year 2014-15 or that for any other ensuing year or through a separate order, as may be decided by the Commission.

3.9 POWER PROCUREMENT COST

A) Comments / Suggestions of the Public:

3.9.1 The comments / suggestions submitted by Mr. Rama Shanker Awasthi, Lucknow, are as under:

3.9.2 The stakeholder has stated that the power procurement cost would be reduced substantially if the distribution Licensees are permitted to purchase the electricity independently and not through UPPCL.

B) The Licensee's response:

3.9.3 The Licensee clarified that currently UPPCL procures power centrally and then the distribution companies are supplied power by UPPCL. However, UPPCL does not charge any trading margin on the power supplied by it. Hence, there is no additional financial implication on the distribution companies under the current arrangement.

C) The Commission's views:

3.9.4 The Commission has always advocated providing complete autonomy to the distribution companies including allocation of PPAs. However from the point of view of the concern of the stakeholders, it is clarified that no margin has been allowed to UPPCL for supplying to the distribution companies.

3.10 OTHER INCOMES / REVENUE ASSESSMENT

A) Comments / Suggestions of the Public:

3.10.1 The comments / suggestions submitted by Mr. Vishnu Bhagwan Agarwal, Chairman, National Chamber of Industries and Commerce, U.P., are as under:

3.10.2 The stakeholder has stated that the distribution companies are not including the revenue on account of late payment surcharge, 'shaman shulk', assessment on theft cases, etc in their ARR.

B) The Licensee's response:

3.10.3 The Licensee stated that the late payment surcharge is treated as part of revenue for the ensuing year. In the case of previous year, the late payment surcharge has been depicted as part of other incomes. Even in the case of true up petitions, the Licensees have claimed credit of late payment surcharge. The 'shaman shulk' is remitted to the revenue authorities and is not the income of the Licensee. The assessment on theft cases is also considered as part of the revenue assessment.

C) The Commission's view:

3.10.4 The Commission has ensured that the late payment surcharge and assessment on theft cases has been appropriately accounted for in the ARR Petitions of the Licensee. Further, the Commission has ensured that late payment surcharge has been duly accounted for under the revenue side truing up in the True up Orders. The Commission agrees with the replies of the Licensee on the issue of 'shaman shulk'.

3.11 UNIFORM DISTRIBUTION TARIFF ACROSS THE STATE

A) Comments / Suggestions of the Public:

3.11.1 The comments / suggestions submitted by Mr. J.L. Bajaj, Former Chairman, UPERC and Mr. N.P. Singh, Federation of Noida Residents Welfare Association are as under:

3.11.2 The stakeholders suggested that the Commission should not allow uniform tariff for all Discoms with different consumer mix, AT&C losses, recovery and gaps between requirements and expenses.

B) The Licensee's response:

3.11.3 The Licensee clarified that the Retail Tariff within the State has been kept uniform as per guidelines provided in the Sec 8.4 (2) of the National Tariff Policy issued by Ministry of Power, Government of India.

C) The Commission's views:

3.11.4 The current tariff of consumers justifies the rationalization policy of the Commission and is totally in line with the National Tariff Policy.

3.12 CAPITAL EXPENDITURE

A) Comments / Suggestions of the Public:

3.12.1 The comments / suggestions submitted by Mr. J.L. Bajaj, Former Chairman, UPERC, Mr. D.S. Verma, Executive Director, Indian Industries Association, are as under:

3.12.2 The distribution loss reduction trajectory is ambitious but plan for its implementation is not indicated in the Petition.

3.12.3 The stakeholders submitted that the distribution Licensee spends Crores of rupees in procuring materials such as transformers, cables, conductors, meters etc. but due to poor quality of materials procured, Crores of rupees are lost. To recover this loss from consumers is not appropriate.

3.12.4 The stakeholders have submitted that right since inception of the reforms, the distribution companies have been getting enormous funds for 100% metering, system improvement, APDP, APDRP, R-APDRP, RGGVY, etc, but they have not shown any improvement and progress in terms of operational efficiency.

B) The Licensee's response:

3.12.5 The Licensee clarified that they have planned a number of schemes to reduce line losses such as installation of ABC in theft prone areas, feeder separation program, special drive for checking consumer ledger and R-APDRP program.

3.12.6 The Licensee submitted that electronic meters are being purchased to cater to the requirement of theft prevention.

3.12.7 The Licensee clarified that all materials are purchased from reputed firms through open tender and in every Discom, there is a Committee for checking the quality of material. If it is found that a particular firm has supplied poor quality material, then appropriate action is taken against that firm. At a further level, there is also an equipment Quality Control Committee formed by the Commission which examines the quality of material from time to time.

3.12.8 The Licensee submitted that over the years it has been able to reduce the technical and commercial losses, although not up to the expectations of the Commission. However, it is taking all possible steps to curb theft which is highly prevalent across the state. Theft prevention would be a significant measure to bring down commercial losses.

C) The Commission views:

3.12.9 Though the Discoms have standard procedures for material procurement, yet, with no control mechanism, it is always questionable, as to whether the procedures were strictly followed. Periodical and timely audit of books of accounts and records is one of several control mechanisms that could be adopted. The Commission has time and again directed the Licensee to expedite the process of finalization and auditing of accounts as it would render sanctity to the procurement processes.

3.12.10 The Commission is also aware of the large scale theft which is prevalent in the State and consequent commercial losses. However, a large part of the blame is to be shouldered by the Licensees themselves for their failure to curb theft.

3.13 TARIFF FOR TELECOM TOWERS

A) Comments / Suggestions of the Public:

3.13.1 The comments / objections submitted by M/s Viom Networks Limited and Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad are as under:

3.13.2 The stakeholder has requested that tariff for mobile towers be specified as essential services maintenance category and its tariff may be fixed in such a manner that it is less than Non-domestic and Industrial category looking at the public interest and importance of these services as these are essential infrastructure services.

3.13.3 In support of their contention, the stakeholder has cited some judgments including the APTEL judgment in Appeal No. 195 of 2009 in the matter of Mumbai International Airport Pvt. Ltd Vs Hon'ble MERC and Reliance Infrastructure Limited. The stakeholder has stated that unlike commercial and non domestic sector, telecom is a regulated sector and its tariffs are set by Telecom Regulatory Authority of India (TRAI) and it cannot be compared with commercial sector.

3.13.4 One of the stakeholders has stated that the proposed new category would complicate the tariff determination for such category of consumers.

B) The Licensee's response:

3.13.5 The Licensee clarified that the activity of consumers under this category is commercial in nature and so the category and tariff proposed for this category is justified and hence request of the stakeholder need not be considered.

C) Views of the Commission:

3.13.6 The Commission does not agree with the contention of the stakeholder that telecom cannot be compared with commercial sector merely on the pretext that its tariffs are regulated. The Commission understands that the telecom companies are allowed to pass over the burden of legitimate costs through increase in tariffs to consumers. The judgment cited by the stakeholder also does not apply in the current case.

3.13.7 The Commission does not agree with the proposal to create a separate category for mobile tower in this Tariff Order.

3.14 ACCOUNTING FOR FIXED ASSETS

A) Comments / Suggestions of the Public:

3.14.1 The comments / objections submitted by Mr. Rama Shanker Awasthi, Lucknow are as under:

3.14.2 The stakeholder has stated that all the Distribution Licensees except KESCO have failed to provide any detail regarding fixed assets, inventories, depreciation, etc and this has been expressed by the auditors as well, in their report annexed with the audited accounts.

3.14.3 The stakeholder has stated that the Commission should reject the amount of capitalisation claimed by the Licensees as Clause 4.5.8 of the Distribution Tariff Regulations provide that the Commission will not accept any capitalisation that does not have work completion certificate and work is put to beneficial use of consumers.

B) The Licensee's response:

3.14.4 The Licensee clarified the fixed asset registers could not be prepared as the Transfer Scheme is yet to be finalised. Considering this, the asset wise opening balances are yet to be finalised. Further, the Licensee stated that the broad level opening balances have been adopted from the Transfer Scheme approved by the GoUP. Further, year wise capitalisations, as provided in the audited financial statements, have been considered for tariff purposes. The same have been approved by the independent statutory auditor as well as by the CAG. The growth in the distribution network and growth in consumer base is also a testimony of the large capital investment undertaken by the Licensee in the state. Hence it cannot be denied that the capital investment has not been put to beneficial use.

3.14.5 The Licensee submitted that the accounting policy in relation to fixed assets is provided as part of the audited accounts. The fixed assets are shown at the value transferred as per the second Transfer Scheme as opening balance. All costs relating to the acquisition and installation of fixed assets till the date of their commissioning are capitalised in the accounts. Based on this policy, the capitalisations have been accounted for in each year's audited accounts. The statutory auditors have expressed their confidence in this policy and have given their true and fair view to the overall balance sheet of the Licensees. Even the supplementary audit report of the AGUP has not found any discrepancy in this policy

C) The Commission's views:

3.14.6 The Commission has already expressed its displeasure on the non-availability of fixed asset registers of the Licensee. However, the Commission has initiated suo-motu proceedings for tariff determination based on its best judgment of the actual capital investments and capitalisation in the distribution segment by various Licensees.

3.14.7 As a first step towards reprimanding the Licensees over the issue of non-preparation of fixed asset registers, the Commission has withheld 20% of the allowable depreciation for FY 2013-14. The same would be released for recovery through tariff, upon submission of fixed assets registers up to the current year i.e., FY 2012-13 by 30th November, 2013. The Commission is also not satisfied with the explanation provided that the fixed asset registers could not be prepared as the Transfer Scheme finalisation is pending. The responsibility of the Transfer Scheme finalisation also rests with the Licensee. The Licensee needs to pursue with the GoUP to get the Transfer Scheme finalised. Nevertheless, it cannot be argued, that fixed asset registers capturing at least the yearly capitalisations could always have been prepared. The Commission directs the Licensee to prepare the fixed asset registers duly accounting for the yearly capitalisations from FY 2012-13 onwards. The capitalisations for the period before that may be shown on gross level basis. Upon finalisation of the Transfer Scheme, the Licensees may update the fixed asset registers appropriate by passing necessary adjustments.

3.14.8 The Commission while approving the past years capitalisation in true up orders have relied on the gross fixed asset balances as per audited accounts. While approving the investment for the FY 2013-14, the Commission has disallowed 30% of the investment proposed in the ARR Petitions.

3.15 CONSUMPTION OF UNMETERED CATEGORY CONSUMERS

A) ***Comments / Suggestions of the Public:***

3.15.1 The comments / objections submitted by Mr. Rama Shanker Awasthi, Lucknow are as under:

3.15.2 The stakeholder has stated the Commission should not proceed with tariff determination without strict compliance with the Clause 3.1.3 of the Distribution Tariff Regulations which provide that metering shall be completed by March 2007 and in case where exemption towards metering obligations is sought by the Licensee for any consumer category, it must provide the Commission with fresh revised norms, based on fresh studies, for assessment of consumption for the unmetered categories. The sales forecasts for such unmetered categories shall be validated with norms approved by the Commission on the basis of above studies carried out by the Licensee.

B) The Licensee's response:

3.15.3 The Licensee clarified that it has already adequately detailed its methodology for estimation of consumption of unmetered category under the sections titled "Load Forecast and Revenue Assessment" in its ARR / Tariff Petition.

C) The Commission's views:

3.15.4 The Commission has noted the points raised by the stakeholder. It is a matter of concern and the Licensee must take up this issue very seriously. It should draw up a plan of 2 years with quarterly milestones to achieve 100% metering and submit the same within 2 months of this Order. However, based on the ground realities, if the Distribution Licensee seeks exemption towards its metering obligation for any particular category of consumers, it must provide the Commission revised norms, based on fresh studies, for assessment of consumption for these categories. Sales forecast for such un-metered categories shall be validated with norms approved by the Commission on the basis of above study carried out by the Licensee.

3.16 REGULATORY ASSETS

A) Comments / Suggestions of the Public:

3.16.1 The comments / objections submitted by Mr. Rama Shanker Awasthi, Lucknow are as under:

3.16.2 The stakeholder has stated that as per Clause 6.12 of the Distribution Tariff Regulations, the Commission should reject amount of such regulatory assets exceeding three years immediately following the year in which it is created.

B) The Licensee's response:

3.16.3 The Licensee submitted that the stakeholder has interpreted the regulation wrongly. The intent of the regulations is that the regulatory assets have to be amortised over a maximum period of 3 (three) years from the date of their creation.

C) The Commission's views:

3.16.4 The Commission does not agree with the interpretation of the stakeholder. The intent of the regulations is that the regulatory assets have to be amortised over a maximum period of 3 (three) years from the date of their creation.

3.17 INTEREST AND FINANCE CHARGES

A) Comments / Suggestions of the Public:

3.17.1 The comments / objections submitted by Mr. Rama Shanker Awasthi, Lucknow are as under:

3.17.2 The stakeholder has stated that interest on loans for R-APDRP projects should not be allowed in tariff as the scheme formulated by the Central Government provides that the R-APDRP loans would be converted into grant in case the distribution companies achieve the target efficiency levels fixed.

3.17.3 The stakeholder has stated that the Licensee has failed to comply with Clause 4.8(c) of the Distribution Tariff Regulations because Licensee has not filed any document related to project approval granted by the Commission.

B) The Licensee's response:

3.17.4 The Licensee clarified that it has not claimed any interest on R-APDRP loans proposed in the ARR Petitions filed by it. The Licensee clarified that there is automatic approval of investments up to a threshold limit of Rs. 1 Crores in terms of Proviso to Clause 4.5 (2) of the Distribution Tariff Regulations.

C) The Commission's views:

3.17.5 The Commission is aware of the features and administration of the funds for R-APDRP scheme. The Commission has not allowed any interest on R-APDRP related loans in the ARR.

3.17.6 As per Proviso to Clause 4.5 (2) of the Distribution Tariff Regulations, prior approval of the Commission in respect of capital investment towards projects / works below Rs. 1 Crores is not required.

3.17.7 While approving the investment for the FY 2013-14, the Commission has disallowed 30% of the investment proposed in the ARR Petitions.

3.18 SYSTEM LOADING CHARGES

A) Comments / Suggestions of the Public:

3.18.1 The comments / objections submitted by Mr. Rama Shanker Awasthi, Lucknow are as under:

3.18.2 The stakeholder has stated that the Licensee has not shown the amounts realised towards system loading charges. The stakeholder has requested the Commission to ensure avoidance of double counting of the capital expenses carried out from system loading charges for the purpose of returns to the Licensee in compliance of APTEL judgment in Appeal No. 121 of 2010.

B) The Licensee's response:

3.18.3 The Licensee clarified that it has already elaborated during the proceedings for determination of ARR / Tariff for FY 2012-13 that the system loading charges are accounted for as part of consumer contributions under Accounting Group Code 55 (AG-55).

3.18.4 The Licensee for the purpose of claiming depreciation for FY 2013-14 has excluded the projected capital investment through consumer contributions.

C) The Commission's views:

3.18.5 The Commission, in the proceedings for determination of ARR / Tariff for FY 2012-13, had gone into the detailed procedure for accounting of system loading charges. The Commission had observed that the system loading charges were accounted for by the Licensee as part of consumer contributions under Accounting Group Code 55 (AG-55).

3.18.6 The Commission while truing up the interest on long term loan has considered a normative tariff approach with a gearing of 70:30. In this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be funded through equity contributions. The portion of capital expenditure financed through consumer contributions (including system loading charges), capital subsidies and grants has been separated as the depreciation and interest thereon would not be charged to the consumers. Allowable depreciation for the year has been considered as normative loan repayment. The actual weighted average rate as per audited accounts has been considered for computing the interest. The approved interest capitalisation has been considered at a rate equivalent to the rate as per audited accounts.

3.18.7 The same philosophy has been extended while determining the ARR / Tariff for FY 2013-14.

3.18.8 This has ensured that no charges in respect of assets created out of consumer contributions (including system loading charges), capital subsidies and grants are imposed on the consumers' beginning from FY 2000-01 to FY 2013-14.

3.19 BAD AND DOUBTFUL DEBTS

A) Comments / Suggestions of the Public:

3.19.1 The comments / objections submitted by Mr. Rama Shanker Awasthi, Lucknow are as under:

3.19.2 The stakeholder has stated that the provision for bad and doubtful debts may be disallowed to the Licensee as they have failed to frame a policy for identification of arrears and their writing off.

B) The Licensee's response:

3.19.3 The Licensee has submitted that such expenses are legitimate business expenses and are an accepted accounting principle even in sector like Banking where the provisioning of un-collectable dues is considered as a normal commercial practice.

3.19.4 The Licensee has submitted that it has claimed such expenses in line with the stipulations of the Distribution Tariff Regulations.

C) The Commission's views:

3.19.5 The Commission in the Tariff Order has disallowed the claims towards provision for bad and doubtful debts due to the absence of a clear policy and procedure for identifying and writing off receivables. Any provisioning towards bad and doubtful debts needs to be backed up with processes to identify consumers who are not paying up and then making adequate attempts to collect from such consumers. In the absence of proper policy in place for identifying and writing off receivables, the Commission has disallowed the claims towards provision for bad and doubtful debts.

3.20 INTER UNIT ADJUSTMENTS

A) Comments / Suggestions of the Public:

3.20.1 The comments / objections submitted by Mr. Rama Shanker Awasthi, Lucknow are as under:

3.20.2 The stakeholder has expressed concerns over the increasing trend in the balance of inter-unit adjustments as per the audited accounts of the Licensee.

B) The Licensee's response:

3.20.3 The Licensee clarified the inter-unit adjustments are within the subsidiary companies on accounting of various accounting entries on both capital and revenue side. However, since the ARR is determined as per the principles enshrined in the Tariff Regulations, the Licensee doesn't see any merit in the stakeholder's objections on this issue.

C) The Commission's views:

3.20.4 The Commission has determined the tariff of the Licensees as per the principles stipulated in the Tariff Regulations. However in order to rationalise the un-reconciled inter unit balances within the subsidiary distribution companies, directions are being issued to the Licensee to take steps to reconcile the inter unit balances either itself or through independent chartered accountant firms.

3.21 REQUEST FOR SPECIAL TARIFF FOR COLD STORAGE

A) ***Comments / Suggestions of the Public:***

3.21.1 The comments / objections submitted by Mr. Mahendra Swarup, President, Cold Storage Association, Lucknow, are as under:

3.21.2 The stakeholder has requested the Commission to frame a new concessional tariff for Cold Storages on the lines of the tariff scheme framed by Maharashtra State Electricity Distribution Co. Limited (MSEDCL) which puts cold storage at par with Agricultural Tariff. The stakeholders have stated that cold storage is an agro based industry and is solely for the benefit of agriculturists. The stakeholder has stated that cold storages in Uttar Pradesh are incurring heavy losses because of high rates of electricity. The stakeholder has estimated that if the scheme proposed by them is adopted, then UPPCL would incur a loss of Rs. 125 Crores on this account.

B) The Licensee's response:

3.21.3 The Licensee has submitted that private cold storages run with commercial motives. The cold storages pass the incidence of their cost on to their consumers in terms of hike in the charges of their services.

3.21.4 Any move to reduce the tariff of such consumers would hurt the Licensee who are already reeling under severe financial crisis.

3.21.5 No subsidy is being received from the State Government towards such cold storage consumers. Hence, any reduction in their tariffs would be uncovered gap for the Licensee.

C) The Commission's views:

3.21.6 The proposal for reduction in tariff to put it at par with agricultural tariff needs to be backed by subsidy provision by the State Government. The Commission does not see any merit in separating the tariff for cold storage from the current scheme of rate schedule.

3.22 RECOVERY OF ARREARS

A) *Comments / Suggestions of the Public*

3.22.1 The comments / suggestions submitted by Mr. R.K. Jain, Secretary, Western UP Chamber of Commerce & Industry, Mr. Shashi Bhushan Mishra, Sachiv, Upbhokta Sanrakshan Evam Kalyan Samiti, Mathura, Mr. Jag Mohan Lal Vaish, Mr. S.B. Agarwal, Secy. Gen., Associated Chambers Of Commerce and Industry of UP, Mr. Vishnu Bhagwan Agarwal, Chairman, National Chamber of Industries and Commerce, U.P., Mr. Awadhesh Kumar Verma, Chairman, UPRVUP and Mr. Rama Shanker Awasthi, Lucknow, are as under:

3.22.2 The stakeholders have expressed concern over the large arrears towards receivable from sale of power as the Licensee has failed to realise the dues from the consumers.

3.22.3 The stakeholders have purported that the Licensee has not declared the position of arrears in the ARR filing.

3.22.4 One consumer representative organisation stated that the arrears of the distribution companies as on January, 2013 were to the tune of Rs. 27,750 Crores, out of which the Government dues were about Rs. 9,000 Crores.

3.22.5 The stakeholders have alleged that the amount of arrears exceeds the claims made by the Licensee in the ARR Petition to such an extent, such that, if all arrears are recovered, then there would be no need for passing any recoverable amounts in the ARR for FY 2013-14 as they would be in surplus.

B) *The Licensee's response:*

3.22.6 The Licensee submitted that arrear in the books of accounts include a huge amount against the consumers whose permanent disconnection are pending for final settlement. Further in the past, One Time Settlement schemes were launched, wherein old arrears were settled; but in some cases the arrears are still shown in commercial records. Further true-up petitions up to FY 2010-11 (FY 2011-12 in case of KESCO) have already been filed on the basis of audited accounts, so every concern of the consumers would be taken care of in yearly calculation which will depict the correct picture of the revenue and expenditure. The Tariff and True-up Petitions have been filed in accordance with the Tariff Regulations. The burden of arrears and the recovery thereof, if any, would have no impact of the allowable True-up and ARR of any year.

3.22.7 Further, the ARR / Tariff for FY 2013-14 would be determined by the Commission backed by audited accounts which reflect true and fair view of the financial transaction. Further this exercise will be carried on yearly basis which will take care of the concern of the stakeholders.

C) *The Commission's view:*

3.22.8 The tariff of the Distribution Licensee is determined on accrual basis. The past dues cannot be treated as income of the Distribution Licensee. Thus, it will have no effect on determination of tariff. The electricity charges are recognised as income once the bills are raised on accrual basis. Hence they cannot be recognised as income source when arrears are collected. The Commission fixes the tariff on accrual basis and not on the cash basis.

3.22.9 Treating the realization of arrears as income would amount to double counting of income. Therefore, it cannot be treated as income again on realization. This issue has been fairly established by the Hon'ble APTEL in its judgment in Appeal No. 15 of 2012 and Appeal No. 152 of 2011.

3.22.10 The Commission has ensured that truing up and tariff determination has been done in accordance with the philosophies and principles laid in the past Tariff Orders and Tariff Regulations framed by the Commission. In the True up Orders passed by the Commission in Petition No. 809/2012 and 813/2012, it has also conducted a revenue side truing up, which has ensured that the burden of poor collection efficiency and consequent larger arrears is not passed on to the consumers.

3.22.11 The Commission in the Order on Petition No. 809/2012 and 813/2012 has already directed the Distribution Licensee to formulate a policy for identifying and writing off fictitious arrears within a period of 6 months from the date of Order and submit a copy of such report before the Commission.

3.23 INTEREST ON CONSUMER SECURITY DEPOSIT

A) *Comments / Suggestions of the Public:*

3.23.1 The comments / suggestions submitted by Mr. Mahendra Swaroop, President, Cold Storage Association, Lucknow and Mr. Rama Shanker Awasthi, Lucknow are as under:

3.23.2 President, Cold Storage Association, Lucknow has alleged that the cold storages are not getting credit of interest on consumer security deposits in their bills. Similar concern has been expressed by other stakeholders.

3.23.3 The stakeholders have stated that the distribution companies have claimed interest on consumer security deposit at the rate of 6% instead of the bank rate published by the Reserve Bank of India which is higher than 6%.

B) The Licensee's response:

3.23.4 The Licensee clarified that interest on consumer security deposit is being given to consumer as per Orders of the Hon'ble Commission.

C) The Commission's views:

3.23.5 The provisions related to security deposit and the interest payable on the same are amply clear and are dealt with in detail in the Distribution Tariff Regulations. It needs to be followed in the same spirit by both, the Licensee as well as the consumers.

3.23.6 The Reserve Bank of India vide circular no. RBI/2012-13/492 dated 3rd May, 2013 has revised the bank rate from 8.50% to 8.25% w.e.f 3rd May, 2013. The Commission in this Order has approved a rate of 8.50% on interest on consumer security deposit for the period 1st April, 2013 to 2nd May, 2013 and a rate of 8.25% from 3rd May, 2013 to 31st March, 2014.

3.24 RELATIONSHIP BETWEEN HOLDING COMPANY UPPCL AND ITS SUBSIDIARY DISTRIBUTION COMPANIES

A) Comments / Suggestions of the Public:

3.24.1 The comments / objections submitted by Mr. B.B. Jindal, Lucknow are as under:

3.24.2 The stakeholder has expressed his concern over the governance issues and the relationship between the holding company, namely UPPCL and its subsidiary distribution companies. The stakeholder has alleged that all policy, manpower, financial, legal and accounting matters continue to be de-facto controlled by UPPCL. The stakeholder has stated that there is lack of a well defined and documented understanding or MoU between UPPCL and its subsidiaries. The stakeholder has further suggested that the Licensee should enter into a comprehensive agreement which may provide a transparent charter of working, sharing of accountability and coordination between the holding company and the subsidiary distribution companies, preferably on the lines of the agreement done by Madhya Pradesh Power Management Company Limited.

B) The Licensee's response:

3.24.3 The Licensee has submitted that the matter raised by the stakeholder does not pertain to the issue of tariff determination. Further, it has stated that the working between the distribution companies and the holding company UPPCL has been very seamless.

C) The Commission's views:

3.24.4 The Commission has considered the views of the stakeholders.

3.25 INCENTIVE TO CONSUMERS IN LOW LOSS AREAS

A) Comments / Suggestions of the Public:

3.25.1 The comments / objections submitted by Mr. J.L. Bajaj, Former Chairman, UPERC, Mr. N.P. Singh, Federation of Noida Residents Welfare Association, are as under:

3.25.2 Many stakeholders have requested that the Licensee should take cognizance of the fact that the loss level in their region such as NOIDA, etc. is very low, compared to that in the rest of the State and therefore they should be given discount in their electricity bills or a separate tariff category should be fixed for such areas. Also they should be supplied power for more as compared to areas with higher losses.

B) The Licensee's response:

3.25.3 The Licensee has submitted that discrimination among consumers of a particular region or area would not be suitable as it would create discontent among the consumers. The Licensee submitted that it has proposed a supply hour linked tariff proposal. The intention of the Licensee in proposing such a tariff structure was to ensure that the tariff for LMV-1 consumers is fixed at a level where best supply is provided i.e., in major cities where electricity is being supplied for 24 hours and for consumers of other areas, provide a tariff linked with the hours of supply thereby giving a discounted rate for areas getting less than 24 hours of supply.

C) The Commission's views:

3.25.4 The Commission has noted the comments of the Licensee. However it would not be suitable for the Commission to direct the Licensee on the hours of supply to a particular area under its control.

3.26 IMPOSITION OF CHARGES FOR USE OF INDUCTION HEATER / COOKING HEATER

A) *Comments / Suggestions of the Public*

3.26.1 The comments / suggestions submitted by Mr. Jag Mohan Lal Vaish, President, Vidyut Pensioners Parishad, Mr. Om Prakash Pandey, Mahasachiv, Uttar Pradesh Rajya Vidyut Parishad Abhiyanta Sangh, Lucknow, Mr. D.K. Jain, Branch Secretary, Uttar Pradesh Rajya Vidyut Parishad Abhiyanta Sangh, Gautam Budh Nagar are as under:

3.26.2 The stakeholders have stated that the proposal for imposition of separate charges for use of induction heater / cooking heater for LMV-10 consumers is discriminatory and should not be approved. The fixed charges and fixed energy charges are already imposed on LMV-10 consumers to mitigate the cost of concessional power which is available to them. Hence, the proposal for additional charge for use of induction heater / cooking heater may not be allowed.

B) *The Licensee's response:*

3.26.3 The Licensee has submitted that the rates proposed by it may be accepted by the Commission.

C) *The Commission's view:*

3.26.4 The Commission has decided to maintain the existing framework of tariff for LMV-10 consumers with changes only in the fixed charges and fixed energy charges.

3.27 TARIFF REVISION OF LMV & HV CONSUMERS AND MINIMUM CONSUMPTION CHARGES

A) Comments / Suggestions of the Public:

3.27.1 The comments / suggestions submitted by Mr. Rajesh Kumar Verma, Mr. R. K. Jain, Secretary, Western UP Chamber Of Commerce & Industry, Mr. Baleshwar Tyagi, Sangrakshak, Harish Chandra Tyagi Sarvajanik Pustakalaya, Mr. Vijay Kumar Agarwal, Upbhokta Jan Kalyan Samiti, Sahaswan, Badaun, Mr. S.B. Agarwal, Secy. Gen., Associated Chambers Of Commerce and Industry of UP, Mr. N.P. Singh, Federation of Noida Residents Welfare Association, Mr. Rama Shanker Awasthi, Lucknow, Meerut and Mr. Shashi Bhushan Mishra, Sachiv, Upbhokta Sanrakshan Evam Kalyan Samiti, Mathura are as under:

3.27.2 The stakeholders have proposed withdrawal of minimum charges on all categories and suggested that provision of no minimum charges for HV-1 and HV-2 category should also apply to LMV categories.

3.27.3 One of the stakeholders has purported that the total sanctioned load of U.P. is 34,000 MW against power supply of 7,000 MW and the Licensee has been levying fixed charges on the basis of the connected load which is manifold than the available power supply. Hence there is no justification to charge fixed charges and hence they should be abolished.

3.27.4 The stakeholders further submitted that no demand charge should be allowed till there is power shortage in the State or it should be linked with supply hours and further added that, if at all, fixed and minimum charges are required to be charged then 24 hour supply should be ensured.

3.27.5 One of the stakeholders has suggested that the tariff for LMV-2, LMV-4, LMV-5 and LMV-10 may be fixed based on hours of supply. Further, it has been suggested that Ashrams, Goushalas, Guest Houses, Buildings, etc built along with places of worship may also be allowed to get connection under LMV-1 (a)

3.27.6 One of the stakeholders has requested that libraries may be removed from commercial category LMV-2 and may be provided a concessional tariff.

3.27.7 The stakeholders have objected to the proposal of the Licensee to reduce the rebate to consumers getting supply up to 11 kV as per rural schedule from the existing level of 15% on demand and energy charges to 5% on the energy charges as proposed in the tariff proposal by the Discoms.

3.27.8 Some of the stakeholders have stated that the Licensees are reluctant in supplying MRI reports to the consumers.

3.27.9 The stakeholders stated that the condition of minimum load based on per ton capacity of furnace has already been reviewed by the Commission based on the representations of the industrial associations of the State and considering the technology adopted by the manufacturers of the furnace. Considering this, the Commission had approved 400 kVA capacity of the furnace on the basis of the documents and materials supplied by the manufacturer of the induction furnace. The proposal to again increase it to 500 kVA does not merit approval as the Licensee has not shown that the report submitted by the manufacturers are incorrect or the induction furnace consumes extra electrical energy which warrants 500 kVA load for one ton of the furnace. The stakeholders have requested for rejection of this proposal.

B) The Licensee's response:

3.27.10 The Licensee highlighted that fixed charges / minimum charges are part of tariff and are levied for developing the required infrastructure and to meet the expenses incurred to maintain the supply at all the times. These charges cannot be withdrawn, as they are levied as per provisions of Electricity Act,

2003. The Licensee submitted that the minimum charges have been designed to ensure minimum recovery from the consumers considering that they get electricity for about 3 - 4 hours only during the day. The Licensee added that at the minimum of 8-10 hours of electricity supply, is being given to rural consumers and all other categories of consumers are getting supply for more than the above mentioned duration and this is despite of vast demand-supply gap. Industries are given top priority and scheduled for getting maximum supply but sometimes system condition and availability of power effects the schedule adversely.

3.27.11 In respect to minimum charges for small & medium industries the Licensee has clarified that the minimum consumption guarantee is required where a consumer has to pay every month a certain bill amount which is levied to recover the fixed expenses since the Licensee has to incur some expenditure to keep supply always ready for the consumer to the extent of their contracted demand. The Licensee further added that In the Tariff Order for FY 2002-03, the Hon'ble Commission has defined the said charges as below :-

> *"Fixed / Demand Charge is meant to defray the capital related and other fixed costs while Energy Charges is meant to meet the running expenses i.e. fuel cost / variable portion of power purchase cost, etc. A Licensee requires machinery, plant equipment, sub-stations, and transmission lines, etc., all of which need a large capital outlay. For this purpose it has to raise funds by obtaining loans. The loans have to be repaid with interest. In the total cost, provision is also to be made for depreciation on machinery, equipment and buildings, plants, machines, sub-stations and lines that have to be maintained. All these activities require large staff and their related cost. These costs are largely fixed in nature and are levied as a part of tariff to recover such costs."*

It has been further mentioned in the said order that:

> *"the minimum charges are recovered as Licensee keeps in readiness of energy for the consumer to the extent of contracted demand. If the consumer does not avail of it, energy cannot be stored or preserve. The consumer is therefore, required to pay a fixed sum for energy generation/purchase, even if he does not consume electricity at the contractual level. The levy of minimum charges has been upheld legally,*

and is being used in several states to enable the utility to recover a part of fixed cost. The difference between levy of fixed charges and minimum charges is that while fixed charges are charged from consumer irrespective of consumption the minimum charges comes into effect only when the bill amount is less than certain prescribed amount. If the minimum charges are not levied than there will be increase in some other charges as the utility has to recover on its prudently incurred cost from consumer."

Therefore these charges are logical and necessary.

3.27.12 The Licensee submitted that for LMV-5 category, the Government is providing subsidy but for other categories subsidy is not provided therefore the tariff for LMV-4, LMV-5 and LMV-8 cannot be the same. The tariff for departmental employees is governed by the service rules of employees.

3.27.13 Separate tariff category for libraries is not possible as the Licensee cannot discriminate among its consumers and that too for such a small class of consumers. Similarly, the request for Ashrams, Goushalas, Guest Houses, Buildings, etc built along with places of worship to get connection under LMV-1 (a), may not be considered as the consumers can always defray the incidence of the tariff burden on to the users of such Ashrams, guest houses, buildings, etc.

3.27.14 The Licensee submitted that the proposal to reduce the rebate to consumers getting supply up to 11 kV as per rural schedule from the existing level of 15% on demand and energy charges to 5% on the energy charges as proposed in the tariff proposal may be accepted. The Licensee has stated that the quantum of the rebate needs to be scaled down to avoid abnormal aberrations in tariff between industries on rural and urban schedule.

3.27.15 In respect of MRI report, the Licensee has stated that it is supplying MRI reports to the consumers.

3.27.16 Regarding, the condition of minimum load based on per ton capacity of furnace, it is prayed that the Commission may accept the proposal of the Licensee considering, that this was the case prescribed by the FY 2009-10 Tariff Order.

C) The Commission's views :

Minimum consumption charges / Fixed charges / Demand charges:

3.27.17 Fixed / Demand Charge is meant to defray the capital related and other fixed costs. A distribution Licensee requires machinery, plant equipment, sub-stations, and transmission lines etc., all of which need a large capital outlay. Laying down the said infrastructure requires funds which are raised either through debt or equity; both of which come at a cost. Further debt funds are to be repaid and equity has to be serviced through return. In the total cost, provision is also to be made for depreciation on machinery, equipment and buildings, plants, machines, sub-stations and lines that have to be maintained. All these activities require large staff and their related cost. These costs are largely fixed in nature and are levied as a part of tariff to recover such costs. The Commission has, only after considering the interest of consumer as well as of the Licensee, approved the hike in fixed charges as it reflects cost of supply.

3.27.18 The demand charges and energy charges have been increased in consideration of the Electricity Act, 2003 and the National Tariff Policy.

3.27.19 The MRI reports may be provided to the consumers. In case, there is specific micro level issues, in getting MRI reports, the consumers may approach the Consumer Grievance and Redressal Forums (CGRF) for such issues.

3.27.20 As regards to minimum charges, the Commission has decided to remove the minimum charges in respect of LMV-2 and LMV-6 categories.

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3.27.21 Special dispensation for libraries, etc is not possible. Similarly the request for Ashrams, Goushalas, Guest Houses, Buildings, etc built along with places of worship to get connection under LMV-1 (a) is not approved as the consumers can always defray the incidence of the tariff burden on to the users of such Ashrams, guest houses, buildings, etc.

3.27.22 The supply hour linked tariff structure is not being allowed due to reasons provided in the other sections of this Order.

3.27.23 Regarding the issue of resentment of the consumers in respect of the increase of tariff and improving efficiency on the part of Licensee, the present power situation in the State indicates that the supply is far short of the demand due to poor augmentation in generating capacity and higher T&D losses. The current shortage in fuel supply in the country and increase in fuel prices are also likely to aggravate the situation further. This will definitely have an impact on tariff despite expectations of reasonable efficiency in operating parameters of the Licensee. The Licensee should initiate immediate steps to procure more long term power at reasonable rates to mitigate the demand supply gap.

3.27.24 As for the issue of reduction in the rebate to consumers getting supply up to 11 kV as per rural schedule from the existing level of 15% on demand and energy charges to 5% on the energy charges, the Commission does not find any merit in the same.

3.28 TOD TARIFF

A) Comments / Suggestions of the public:

3.28.1 The comments / suggestions submitted by Mr. R.K. Jain, Secretary, Western UP Chamber of Commerce & Industry, Mr. S.B. Agarwal, Secy. Gen., Associated Chambers Of Commerce and Industry of UP, Mr. Rama Shanker Awasthi, Lucknow, Mr. Mahendra Swaroop, President, Cold Storage Association, Lucknow and Mr. Vishnu Bhagwan Agarwal, Chairman, National Chamber of Industries and Commerce, U.P., are as under:

3.28.2 The stakeholders have raised their concern towards withdrawal of TOD rates of energy charges for LMV-6 consumers. The stakeholders have expressed concern over the proposed reduction of rebate on energy charges for supply duration during night hours which have been reduced from 7.50% to 2.50% for HV-2 category consumers. Further, the stakeholders also expressed concern over the duration for such concessional rate of energy which has been proposed to be reduced by 1 hour (from 22-06 hours to 23-06 hours). Further, it has been stated that for normal duration also, duration has been proposed to be reduced by 1 hour and for higher rate, it has been increased by 2 hours. The stakeholders have alleged that this proposed change would result in effective increase in power bills by around 12% to 15%.

B) The Licensee's response:

3.28.3 The Licensee clarified that concession and penalty for off-peak and peak timings have been proposed keeping in mind system conditions and availability of supply.

C) ***The Commission's views:***

3.28.4 TOD tariff is to balance the consumption between peak and off-peak period as well as to maintain the grid stability. The Commission, in the FY 2009-10 Tariff Order, had revised TOD tariff with an aim to incentivise consumers to optimise their consumption and to stagger their load in accordance to these charges.

3.28.5 In this suo-moto proceeding, the Commission is not inclined to re-visit the basic framework of the tariff structure, including the TOD tariff structure. If there is merit in the change in the TOD tariff structure, it would have to be substantiated by the Licensee in its future ARR / Tariff filings.

3.28.6 The Discoms should initiate immediate steps to curb T&D losses in the system and procure more long term power to improve the supply situation so that consumers can balance energy consumption.

3.29 CROSS-SUBSIDIZATION OF TARIFF AND TARIFF SUBSIDY

A) Comments / Suggestions of the Public:

3.29.1 The comments / suggestion submitted by Mr. R.K. Jain, Secretary, Western UP Chamber of Commerce & Industry, Mr. D.S Verma. Executive Director, Indian

Industries Association, Mr. Rama Shanker Awasthi and Mr. S.B. Agarwal, Secy. Gen., Associated Chambers Of Commerce and Industry of UP are as under:

3.29.2 The stakeholders highlighted that the Licensee are submitting their ARR without disclosing the levels of cross subsidisation. Further, as per Clause 8.3 of National Tariff Policy, the average cost of tariff should be within the range of +/- 20% of the cost of supply but the tariff proposal submitted by the utility is not as per this policy. Therefore they have objected to the increase in tariff. The stakeholders resented that under present circumstances, how far it is justified to increase the tariff. The stakeholders have requested the Commission to look into this matter while approving the tariff.

3.29.3 The stakeholders have opposed the cross-subsidization of electricity charges and have submitted that the subsidy to the consumers and cross subsidy between different categories of consumers should be phased out gradually which is in line with the statement of objectives and reasons of Electricity Act-2003. Further cross subsidization of tariff between Discoms should be eliminated. There should be independent tariff formulation for all Distribution Licensee.

3.29.4 The stakeholders have expressed concern over high cross subsidisation by industrial consumers and have alleged that no efforts are visible in removing the discriminatory burden of higher charges on industries for providing subsidised power to other categories of consumers.

3.29.5 The stakeholder has submitted that the distribution companies have projected lower than feasible level of distribution losses which has a direct impact on lowering the quantum of GoUP subsidy that otherwise would have been available. This ultimately manifests into shortfall in revenues, which further escalates already high revenue gaps.

3.29.6 The stakeholders have pointed out that the distribution Licensees had earlier submitted that the subsidy available from GoUP was to the tune of Rs. 4,500 Crores for FY 2012-13. However, in a letter dated 7th February, 2012, the GoUP acknowledged subsidy of Rs. 3,800 Crores only. The stakeholder suggested that the difference in such subsidy must be realised from the Government and the said difference in the amount of subsidy cannot be recovered from the consumers through the tariff.

3.29.7 The stakeholders have stated that as per the provisions of Section 65 of the Electricity Act, 2003, that in case where the State Government requires the grant of any subsidy to any consumer or class of consumers, it shall pay in advance and in the manner as may be specified, the amounts to compensate by grant of subsidy, in such manner as the State Commission may direct. However, the direction of the State Government shall not be operative if the payment is not made in the aforesaid manner and the tariff fixed by the State Commission shall be applicable from the date of issue of Order by it. The stakeholder has stated that in cases where the State Government has not provided commensurate amount of subsidy towards subsidised categories, then balance amount of subsidy over the amount of cross subsidisation should be assumed to be received from Government by Licensees and treated as revenue from Licensee side and the burden of this gap, if any, should not be passed on to the consumer for recovery through tariff.

B) The Licensee's response:

3.29.8 The Licensee submitted that the proposed tariff hike in all consumer categories are within +/- 20% of the estimated cost of supply.

3.29.9 The Licensee submitted that the subsidy is being provided to the needy category of consumers as per section 8.3 of the National Tariff Policy. Also, as stated in the Policy, the tariff has been kept uniform across the State. Further, the uniform tariff across the State is in no way, cross subsidizing other Licensees, as they are functioning independently and any Profit / Loss arising due to tariff hike will be reflected in their financial statements. Moreover profit making Distribution Licensees' utilize the additional revenue for improving the quality of service to the consumers. The details of the budgeted subsidy as approved by the State Government, has already been furnished to the Hon'ble Commission. The complete copy of the State Budget is available at www.upbudget.nic.in.

3.29.10 The Licensee stated that the tariff proposal has been put up before the Hon'ble Commission and the Commission will take a suitable decision on the cross-subsidy.

3.29.11 The Licensee clarified that the matter of subsidy is decided by the State Government and its consideration in the ARR projects is decided by the Commission.

C) The Commission's view:

3.29.12 The Commission is of the view that tariff should be rationalized. However, it is also aware of the socio-economic condition of different groups of the population. Therefore, it is of the opinion, that there is a need to have a feasible solution that helps the cause of rationalization. The Commission has ensured that the tariff payable by these consumers is low, keeping in mind that they belong to the most disadvantaged sections of the society. The current tariff for this category of consumers, well justifies the rationalization policy of the Commission and is in line with the National Tariff Policy.

3.29.13 Phasing out of subsidy is an ongoing process. However, needy consumers have to be given subsidy as per the guidelines provided by the Tariff Policy. Also, uniform tariff and cross subsidy are two different issues altogether.

3.29.14 In accordance with the National Electricity Policy, consumers below poverty line who consume electricity below a specified level may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Commission has ensured that the tariffs approved in this Order are within ± 20 % of the average cost of supply approved for FY 2013-14.

3.29.15 The Commission in the true up Order dated 21st May, 2013 had computed the additional subsidy requirement from GoUP as the difference between actual cost of sales to subsidised categories and the revenue assessment to the subsidised categories of LMV-1 (a): Consumer getting supply as per "Rural Schedule" and LMV-5: Private Tube wells (PTW). Similarly, the Commission in this Order also, has computed the additional subsidy requirement from GoUP which ensures that commensurate subsidy from GoUP is factored in the ARR being approved for FY 2013-14.

3.30 TARIFF FOR PRIVATE TUBE WELL CONSUMERS, LIFE LINE CONSUMERS AND RURAL CONSUMERS

A) Comments / Suggestions of the Public:

3.30.1 Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad and Mr. Gokul Bhai, Lucknow Footpath Vyapar Samanvyay Samiti, have suggested that a scheme for providing electricity connections to footpath vendors be framed by the Commission / Distribution Licensee which may end the exploitation of footpath vendors and would also lead to increased revenue for the Distribution Licensees'.

3.30.2 Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad requested that the tariff for agriculture pump sets (LMV-5) may be retained at the existing rates as the hours of supply to such consumers is the lowest in the state and since agriculturists need electricity to irrigate their farms.

3.30.3 Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad requested that the slab for lifeline consumers be increased from 150 units to 200 units per month. He also objected on the proposed hike in the tariff of rural consumers.

B) The Licensee's response:

3.30.4 The Licensee submitted that the proposed tariff hike in rural category and private tube wells is aimed at tariff rationalisation. The subsidy available from State Government is not commensurate to cover the loss of supply to rural and PTW consumers' vis-à-vis the cost of service. Hence the proposal of the Licensee for tariff revision may be considered.

3.30.5 The Licensee has proposed a reduction in the eligible quantum (in terms of units) of life line consumers and has proposed a tariff hike to make the tariff for lifeline consumers consistent with the Electricity Act, 2003, National Electricity Policy and Tariff Policy, 2006. In accordance with the National Electricity Policy, consumers below poverty line who consume electricity below a specified level may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.

C) The Commission's view:

3.30.6 The Commission is entrusted with the role of protecting the interests of the consumers as well as those of the Licensees. Tariff rationalisation is crucial to achieve the objectives of the Electricity Act, 2003. The subsidy provided by the State Government is not commensurate to cover the gap in the sales to subsidised categories. Hence, the Commission is constrained to increase the tariff of the private tube wells and rural consumers.

3.30.7 The tariff for the life line consumers has been approved by the Commission considering the stipulations of the Electricity Act, 2003, National Electricity Policy and Tariff Policy.

3.31 GENERAL ISSUES AND COMMENTS:

A) *Comments / Suggestions of the Public*

3.31.1 The comments/ suggestions submitted by Mr. Dharam Veer Singh, Mr. Shashi Bhushan Mishra, Sachiv, Upbhokta Sanrakshan Evam Kalyan Samiti, Mathura, Mr. Anil Gupta, Mr. Chotebhai Naronha, Convenor, Kanpur Nagrik Manch, Mr. Kanhaiyalal Gupta 'Salil', Secretary, Kanpur Nagrik Manch, Mr. N.P. Singh, Federation of Noida Residents Welfare Association, Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad and Mr. Rama Shanker Awasthi, Lucknow, are as under:

3.31.2 The stakeholders stated that the principles and methodologies specified by the Central Commission have not been adopted by the Distribution Licensees'. The stakeholders have stated that the tariff allowed for departmental employees is contrary to the principles enshrined in the Electricity Act, 2003 and Distribution Tariff Regulations. The stakeholders have alleged that around 35% of the energy is consumed by the departmental employees' category.

3.31.3 The stakeholders stated, that the directions be given to the Distribution Licensees' for installation of electronic meters in the premises of departmental employees.

3.31.4 The stakeholders stated that the directions given to the Licensee by the Commission (on issues such as short term and long term power procurement, installation of electronic meter in the premises of departmental employees, replacement of electro-mechanical and defective electronic meters, installation of electronic meters at the premises of new connection, no new connection be released without a installing a meter, distribution transformer level metering, double metering at the premises having connected of load 10KVA and above, voltage wise cost of service study and maintenance of fixed asset register etc.) are yet to be fully complied with. ARR / Tariff determination exercise is not only about approving the expenses and revenue of the distribution Licensee, but it is also an exercise in taking stock of the past work done. It also defines the road map for future performance. The stakeholder stated that the Commission has failed to exercise its power under law in regulating the Licensees.

3.31.5 The stakeholders have stated that as per Tariff Policy, 2006 and Clause 2.17 and 6.2 of the Distribution Tariff Regulations, the Licensee had to submit a long term business plan for adopting the Multi-year tariff framework. However no submission in this regard has been made.

3.31.6 The stakeholders have stated that the Commission as per Clause 2.1.8 of the Distribution Tariff Regulations had to initiate benchmarking studies to determine the desired performance standard for each Distribution Licensee. The stakeholder has stated that without such benchmarking studies, the Commission cannot pass tariff order through suo-motu proceedings.

3.31.7 One of the stakeholders has stated that the losses incurred by the Distribution Licensee due to One Time Settlement (OTS) scheme and other incentive scheme should be either borne by the Government or by the Discoms. In any case, the losses due to such schemes should not be made part of the ARR.

3.31.8 One of the stakeholders has stated that the Licensee has not submitted information pertaining to peak demand and off peak demand along with sales projections as required by Clause 3.1.4 of the Distribution Tariff Regulations.

3.31.9 The stakeholders raised concern on account of OTS scheme as unscrupulous consumers create artificial arrears in connivance with authorities of Distribution Licensee in order to get their legitimate dues waived too. They expressed that the OTS scheme is dangerous for Licensee.

3.31.10 The stakeholders have expressed concern over the multiplicity of consumer categories and sub-categories. The stakeholders have requested the Commission to simplify the rate schedule by reducing the tariff categories and sub-categories.

3.31.11 One of the stakeholders has also stated that the Licensee has not submitted Formats S10, S11, P1 to P14 which have been prescribed by the Distribution Tariff Regulations. Hence the Petition filed by the Licensee is incomplete.

B) ***The Licensee's response:***

3.31.12 The Licensee clarified that the ARR / Tariff petitions are submitted by it in concurrence to the principles laid down in the UPERC (Terms and Conditions of Distribution Tariff) Regulations, 2006 and not in accordance with the regulations framed by the Central Commission.

3.31.13 The Licensee refuted the allegations made by some of the stakeholders that the departmental employees consume 35% of the energy handled by the state distribution companies. The Licensee submitted that the actual sales to LMV-10 category are less than 1% of the total sales of the Distribution Licensee.

3.31.14 The Licensee clarified that all efforts are being made to comply with each and every directive given by the Commission in the tariff order and the reasons for the non-compliance or partial compliance are submitted to the Commission from time to time. Further, reasons for delay in submission of ARR have already been explained to the Hon'ble Commission.

3.31.15 The Commission has already issued directions to the Licensee to prepare a long term business plan for adopting the Multi-year tariff framework and benchmarking studies to determine the desired performance standard for each Distribution Licensee. The Licensee would be appointing consulting firms for undertaking the said studies.

3.31.16 The Licensee clarified that it has submitted the details of the peak and off peak demand in the replies to the Deficiency Note.

3.31.17 The Licensee emphasised that the OTS scheme is implemented to liquidate the arrears as well as to help those consumers who are not in a position to deposit the arrears which includes interest. Only interest portion of the arrears is waved off in OTS scheme.

3.31.18 The Licensee has clarified it that it endeavours to keep the rate schedule as simple as possible. However different categories have been created to discriminate among consumers considering their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which supply is required.

3.31.19 The Licensee submitted that Formats S10, S11, P1 to P14 which have been prescribed by the Distribution Tariff Regulations have been submitted by it in response to the Deficiency Note.

C) ***The Commission's view:***

3.31.20 The Commission has framed the Distribution Tariff Regulations and Transmission Tariff Regulations which provide for the principles for the determination of distribution and transmission tariff respectively.

3.31.21 The consumption by departmental employees under LMV-10 category is around 0.77% and not as alleged by some of the stakeholders. The Commission has encouraged the installation of meters by departmental employees and have also provided a rebate to such consumers.

3.31.22 The Hon'ble APTEL vide its Order dated 15th February, 2013 have given directions to those State Commissions which are yet to frame the Multi Year Tariff (MYT) Regulations in accordance with Section 61 of the Act. The Hon'ble APTEL has directed the State Commission to frame the MYT Regulations immediately so that the MYT framework be implemented at least w.e.f 1st April, 2014.

3.31.23 In this regard, the Commission has issued fresh directives to the Distribution Licensee vide Letter No. UPERC/Secy./D(Tariff)/13-074 dated 11th April, 2013, to prepare a long term business plan for adopting the Multi-year tariff framework and for conducting benchmarking studies to determine the desired performance standard for each distribution Licensee The Commission stresses that the Licensee may act speedily upon these directives and report the status on a regular monthly basis to the Commission.

3.31.24 The details pertaining to the peak and off peak demand and Formats S10, S11, P1 to P14 have been submitted by the Licensees in the response to the deficiency note.

3.31.25 The Commission has allowed the waiver of surcharge amount of those unmetered consumers who have signed an unconditional undertaking to take up metered connections. Waiver of arrears of all other consumers under the OTS scheme is borne by the Discoms through its own resources or through GoUP subsidy. Further, no amount of surcharge waived off is passed onto consumers in future ARR / True-up exercises.

3.31.26 The Commission has always designed the rate schedule with a view to simplify it for the common consumer to understand it easily. However different categories have been created to discriminate among consumers considering their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which supply is required as mandated by the Electricity Act, 2003.

3.32 BILLING AND COLLECTION

A) Comments / Suggestions of the Public:

3.32.1 The comments / suggestions submitted by Mr. R.K.Jain, Secretary, Western UP Chamber Of Commerce & Industry, Mr. S.B. Agarwal, Secy. Gen., Associated Chambers Of Commerce And Industry of UP, Mr. Vijay Pratap, Retd. G.M., UPPCL, Mr. N.P. Singh, Federation of Noida Residents Welfare Associations and Mr. Rama Shanker Awasthi, Lucknow, are as under:

3.32.2 One of the stakeholders has proposed that the provision of late payment surcharge be amended from the current % basis to slab wise basis.

3.32.3 One of the stakeholders has suggested that proposed charges for late payment surcharge be rejected and the existing scheme of late payment surcharge be retained.

3.32.4 The stakeholders suggested that rebate scheme for timely payment of bills, be re-introduced.

3.32.5 The stakeholders submitted that the tariff proposal has no mention of recovery efficiency which is 80% or less. Billing and recovery problem are more chronic than distribution losses. False billing is also a problem. The stakeholders have asked the Licensee to spell out the steps that are being taken to avoid false billing and to improve recovery and curb theft through illegal “katiya” connections. Some have suggested that an independent team for prevention of theft should be formed and those officers and workers under whose jurisdiction theft is found should also be penalized.

B) The Licensee’s response:

3.32.6 The Licensee submitted that the proposal for imposition of late payment surcharge may kindly be accepted by the Commission.

3.32.7 The Licensee has submitted that all efforts are being made and action is being taken against all defaulting consumers. Further prepaid meters are being arranged and will be installed at consumers’ premises in near future.

3.32.8 The Licensee stated that in the matter of false billing it is making efforts to find out the fictitious consumers. Door to door search operation is being carried out and a proper report is being submitted for deletion of such fictitious connections. Further, to prevent illegal “katiya” connections, raids by special team are being carried out and FIR is being lodged against delinquent consumers. Moreover, honest consumers are being encouraged to provide information about theft of electricity through helpline numbers. Further, there is already a vigilance squad posted at various locations mainly to check theft of electricity and action is being taken against the guilty officers / officials in case they are found involved in theft cases.

3.32.9 The Licensee has submitted that hand held billing and online billing has been introduced in many areas of the State and that the Licensee has ambitious plan to install meters on all consumers. This will reduce NA / NR billing.

3.32.10 The Licensee submitted that franchisee system has been invoked to help the utility in realization of revenue and to help consumers in getting their small problems related to supply rectified.

3.32.11 The Licensee clarified that the bill is always prepared based on whether the consumer is fed through rural feeder or urban feeder.

3.32.12 The Licensee resubmitted that all efforts are being made to realize the arrears of Government Departments and the details are provided to Hon'ble Commission. Further, tariff is determined against the cost of service to supply electricity and not on the basis of arrears.

C) The Commission's views:

3.32.13 Under the existing scheme, the Commission has approved late payment surcharge at the rate of 1.25% for first three months and for remaining period the rate of late payment surcharge is 1.50%. The Commission has retained the existing structure for late payment surcharge in this Order.

3.32.14 The Commission has been pursuing the Licensee to explore alternative modes of payment such as through internet, Banks etc. which could lead to better realisation of revenue.

3.32.15 The Commission, on the issue of timely payment, has already clarified its view in its FY 2009-10 Tariff Order (Section 4.7.8), stating that:

> *"..while discharging its function under the Act to improve economy and efficiency of the electricity industry, the Commission introduces rebates on account of technical considerations such as load factor rebate and power factor rebate but as far as revenue related rebates are concerned, the same should be proposed by the Licensee if it leads to better realization.*

Therefore, if a proposal to this effect is submitted by Licensees in future filings, the same may be considered by the Commission."

The Commission therefore awaits such proposal by the Licensee

3.32.16 On the issue of metering, the Commission has already given directions to the Licensee. The Commission feels that prepaid meters will go a long way towards reducing commercial losses of the Licensee. The billing and collection through Franchisee model has been widely accepted in different parts of the country and the main purpose is to help the Licensee in reducing inefficiency in billing, collection and loss reduction. Keeping the above in mind, implementation of the franchisee model will be a welcome move by the Discom.

3.33 OBJECTIONS RELATED TO DISTRIBUTION FRANCHISEE

A) Comments/Suggestions of the Public:

3.33.1 The comments / suggestions submitted by Mr. Ram Dutt Sharma, Mr. Arvind Kumar Sharma, Mr. Shashi Bhushan Mishra, Sachiv, Upbhokta Sanrakshan Evam Kalyan Samiti, Mathura, Mr. Vishnu Bhagwan Agarwal, Chairman, National Chamber of Industries and Commerce, U.P., Mr. N.P. Singh, Federation of Noida Residents Welfare Associations, Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad and Rama Shanker Awasthi, Lucknow are as under:

3.33.2 The stakeholders have stated that since UPPCL is supplying power to M/s Torrent Power Limited, the distribution of electricity and vigilance activities towards checking of theft should also be done by UPPCL.

3.33.3 The stakeholders have submitted that any loss to the distribution companies on account of the franchisee agreement with M/s Torrent Power Limited should not be offset by passing such burden on the distribution companies.

3.33.4 The stakeholders have alleged that in Agra Discom, facts about M/s Torrent Power have been concealed. No information about CS-3 & CS-4 has been provided. The stakeholder has expressed concerns on the sale price to M/s Torrent Power Limited as it is less than the bulk supply rate fixed by the Commission. The stakeholder has stated that in the audited accounts, the DVVNL is treating the energy sold to M/s Torrent Power Limited as bulk sales. The stakeholder has also questioned the authority under which the Distribution Licensee is selling power to M/s Torrent Power Limited.

3.33.5 The stakeholder has observed that as per balance sheet and audit report submitted by the DVVNL, quantity of power supplied, amount recovered and arrear balance towards M/s Torrent Power Limited are not mentioned in the audited accounts.

B) The Licensee's response:

3.33.6 The Licensee clarified that Bulk power tariff for M/s Torrent has been fixed with due diligence taking into consideration all relevant parameters and data. The terms and conditions of the agreement with M/s Torrent Power Limited are governed by the Franchisee Agreement.

3.33.7 The Licensee has treated the energy supplied to M/s Torrent Power Limited as bulk sales by DVVNL.

3.33.8 The audited balance sheet has been finalised based on the advice and overview of the statutory auditor.

C) The Commission's View:

3.33.9 The Commission notes that M/s Torrent Power Ltd has been appointed as input based franchisee by the Licensee. His terms and conditions are governed by an agreement.

3.33.10 The Commission for the purpose of the Order on the ARR / Tariff for FY 2013-14 has not considered the energy supplied to M/s Torrent Power Limited as bulk sales by DVVNL. The Commission has considered the retail sales to Agra City (the area of supply by M/s Torrent Power Limited).

3.34 PROTECTIVE LOAD

A) Comments / Suggestions of the Public:

3.34.1 The comments / suggestions of the Mr. Rama Shanker Awasthi, Lucknow are as under:

3.34.2 The stakeholder has stated divisional officers have imposed additional charge for protective load during scheduled rostering.

3.34.3 The stakeholder has stated that scheduled power cut can only be exercised by the Commission and not the Licensee. Further, since the Commission has not imposed any scheduled power cut, the proposal of protective load charge is extraneous.

B) The Licensee's response:

3.34.4 This facility is given to consumers who opt to pay extra for getting supply during scheduled rostering imposed by the Licensee because of shortage of electricity. The charges for protective load are governed by the Rate Schedule approved by the Commission.

C) The Commission's views:

3.34.5 The demand supply gap in the state is a known fact. The facility to consumers to get supply during scheduled rostering is charged additionally under the protective load charge. The same is governed by the Rate Schedule approved by the Commission.

3.35 LOAD FACTOR REBATE AND POWER FACTOR REBATE

A) Comments / Suggestions of the Public:

3.35.1 The comments / suggestions submitted by Mr. R. K. Jain, Secretary, Western UP Chamber of Commerce & Industry, Mr. Chotebhai Naronha, Convenor, Kanpur Nagrik Manch, Mr. Kanhaiyalal Gupta 'Salil', Secretary, Kanpur Nagrik Manch, Mr. Vishnu Bhagwan Agarwal, Chairman, National Chamber of Industries and Commerce, U.P., Mr. Awadhesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad and Mr. Rama Shanker Awasthi, Lucknow are as under:

3.35.2 The stakeholders submitted that the load factor rebate should be calculated on the basis of actual supply of electricity as reflected in the MRI report. The stakeholders have questioned the proposed removal of load factor rebate from the Rate Schedule for LMV-6 and HV-2 categories. Further the stakeholders have stated that the load factor rebate is calculated on the basis of standard power of supply irrespective of schedule and unscheduled power roasting by the distribution companies and that the load factor should be calculated and allowed to the consumers on the basis of the actual power supply of electricity and not on imaginary basis; since, the Licensee is preparing the bill of the industrial consumer on the basis of the MRI download from the meter. The MRI report shows the availability of power at the end of consumer. The stakeholder has requested the Commission to allow the load factor rebate to industrial consumers on the basis of actual supply of electricity reflected in the MRI report.

3.35.3 The stakeholders have stated that Clause 6.4 of the Distribution Tariff Regulations clearly says that the Commission will continue to adopt provisions of peak & off- peak, power factor and load factor related rate design in its tariff determination. Hence the proposal for abolition of load factor rebate, power factor rebate is contrary to Distribution Tariff Regulations.

B) The Licensee's response:

3.35.4 The Licensee has requested the Commission to accept the proposal for abolition of load factor rebate and power factor rebate as it is aimed at simplification of the rate schedule.

C) The Commission's views:

3.35.5 The Commission has retained the existing provisions pertaining to load factor rebate and power factor rebate.

3.36 TARIFF FOR RAILWAYS / ELECTRIC TRACTION / METRO

A) Comments / Suggestions of the Public:

3.36.1 The comments / suggestions of the Delhi Metro Rail Corporation are as under:

3.36.2 It has requested for removal of TOD tariffs as it has demonstrated that it is an essential utility service and runs trains to meet commuter traffic. The maximum commuter demand is between 08:00 hrs to 11:00 hrs in the morning and between 16:00 hrs to 20:00 hrs in the evening, which coincides with the period of maximum energy demand. Unlike other industries, it is not feasible to control the energy consumption during peak demand of commuters.

3.36.3 It has submitted that the tariff for metro may be fixed in accordance with its agreement with New Okhla Industrial Development Authority (NOIDA).

3.36.4 It has requested that the commercial establishment within the DMRC footprint be charged tariff on a similar footing as done by Haryana Electricity Regulatory Commission (HERC).

3.36.5 They have also requested to consider integration of maximum demand at 30 minutes cycle, instead of the proposed 15 minute cycle, as being done in Delhi

3.36.6 It has further stated that it operates at almost constant load for about 19 hours daily during which power factor is near unity. No train services are run from 12 midnight to 05:00 hrs in the morning. During this time, there is hardly 5%-10% load resulting in leading power factor because of extensive use of cable. This results in overall poor factor increasing kVAh consumption. DMRC has requested that it may be billed, blocking leading kVARh and only on the basis of lagging kVAh.

3.36.7 It has further requested the Commission to exempt it from paying electricity duty.

B) The Licensee's response:

3.36.8 The TOD tariffs have been proposed based on the Commission's methodology of TOD. The same may kindly be considered by the Commission.

3.36.9 The Licensee submitted that the tariff has been proposed keeping in mind the provision of the Tariff Regulations and Tariff Policy which states that tariff should be near +/-20% of the cost of service.

3.36.10 The Licensee submitted that the status quo be maintained on the issue of tariffs for commercial establishments within the DMRC footprint.

3.36.11 The Licensee has submitted that the problem of simultaneous maximum demand recording has already been discussed in the meeting with Railway Officials and action will be taken on the basis of agreed points which will be included in the new agreement for supply of power to the Railways.

3.36.12 As far as billing is concerned, it is already being done on the basis of lagging kVArh.

C) The Commission's views:

3.36.13 The proposal for TOD tariff has not been considered by the Commission.

3.36.14 The Tariff for various categories of consumers is being determined by the Commission in accordance with the principles enshrined in the Distribution Tariff Regulations and National Tariff Policy.

3.36.15 The electricity duty is payable to State Government and its chargeability and rates are not governed by the Tariff Order.

3.37 TARIFF FOR DEPARTMENTAL EMPLOYEES

A) Comments / Suggestions of the Public:

3.37.1 The comments / suggestions submitted by Mr. D.C Dixit & Others, Lucknow and Mr. Vinod Kumar, Ghaziabad are as under:

3.37.2 The stakeholders submitted that in case of multi storied buildings, the builder is charging fixed charges whereas the same is already deposited with the Department by the employees. However in the previous Tariff Order, the Commission has allowed adjustment of unit shown in the meter but did not comment on the fixed charges

B) The Licensee's response:

3.37.3 The Licensee has submitted that the proposed change by the consumers may be accepted.

C) The Commission's views:

3.37.4 The Commission has considered the views of the stakeholders while approving the tariff.

4 ANALYSIS OF ARR FOR FY 2013-14

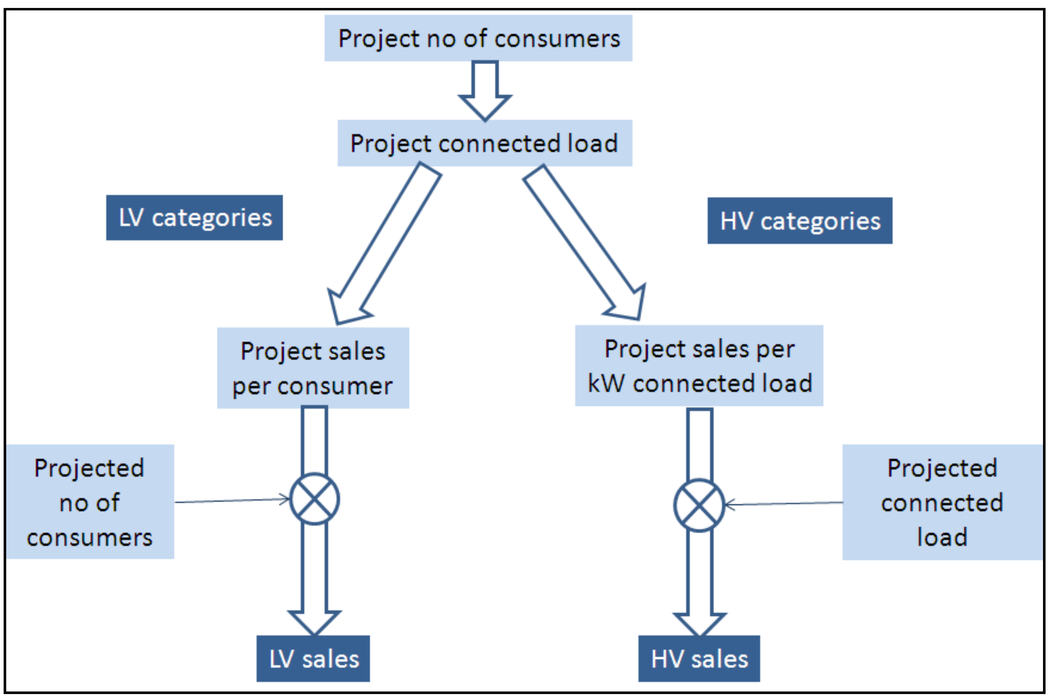
In this section, the Commission has undertaken the process of approval of the Annual Revenue Requirements & Tariff determination of the Licensee in line with the provisions of the Distribution Tariff Regulations.

4.1 CONSUMPTION PARAMETERS:

(CONSUMER NUMBERS, CONNECTED LOAD, SALES)

4.1.1 The following diagram illustrates the forecast methodology employed by the Commission.

Figure 1: METHODOLOGY TO FORECAST CONSUMPTION FOR FY 2013-14



The following sections describe in detail the forecast methodology used by Commission.

1. As a **first step**, historical consumption parameters (for each of the 5 years between FY 2008-09 and FY 2012-13) were tabulated for each consumer sub-category. These parameters included number of consumers, connected load

(kW), sales per consumer (kWh) and sales per kW of connected load (kWh/kW). The table below provides the source of data for each year:

Table 4-1: SOURCE OF DATA FOR HISTORICAL PARAMETERS

S.No	Year	Source of data
1	FY 2008-09	Actuals submitted by Licensee along with ARR / Tariff Petition for FY 2013-14
2	FY 2009-10	Actuals submitted by Licensee along with ARR / Tariff petition for FY 2013-14
3	FY 2010-11	Actuals submitted by Licensee along with ARR / Tariff Petition for FY 2013-14
4	FY 2011-12	Unaudited actuals submitted by Licensee in ARR / Tariff Petition for FY 2013-14.
5	FY 2012-13	Revised estimates (based on 9 month's actual sales) submitted by the Licensee in the suo-motu proceedings on the directions of the Commission

2. **<u>Secondly</u>**, 5-year CAGR was computed for each of the parameter and for each consumer sub-category based on the above set of data.
3. As a **<u>third step</u>**, the value for FY 2013-14 was estimated for each of the above consumption parameters in the following manner:
    a. A 5-year trend line was plotted and the trend observed.
    b. If the trend appeared to be smooth, the 5-year CAGR was adopted.
    c. If there was a sharp change in the trend in recent years, then the appropriate CAGR was adopted. For example, if the parameter increased in value for the first three years and then reduced or the rate of increase changed for the next two years, the 2-year CAGR was adopted.
    d. The adopted CAGR was applied on the value of FY 2012-13 to derive the value for FY 2013-14.
    e. In the case of unmetered categories, the above derived values were further adjusted in the following manner:

i. The sales for unmetered categories were estimated by multiplying the norms for unmetered consumption with the appropriate consumption parameter (connected load or number of consumers). The consumption norms have been established in UPPCL Order No. 2649-CUR/L, dated 20-07-2001 and described in the table below:

Table 4-2: CONSUMPTION NORMS FOR UNMETERED CATEGORIES

S. No	Category	Consumption
1	LMV1: Domestic Rural	72 kWh / kW / month
2	LMV2: Non Domestic Rural	72 kWh / kW / month
3	LMV3: Public Lamps	300 kWh / kW / month
4	LMV5: Private Tube Wells (Rural)	91.66 kWh / kW / month
5	LMV8: State Tube Wells	3562.35 kWh / connection / month

4.1.2 Based on the above projection methodology, the Commission hereby approves the consumption parameters for FY 2013-14 as shown in the tables below. The detailed sub-category wise consumption parameters (historical and approved) have been provided in Annexure 10.1

Table 4-3: CONSUMPTION PARAMETERS APPROVED BY COMMISSION FOR FY 2013-14

Consumer categories	No. of consumers (Approved by Commission)	Connected load (kW) (Approved by Commission)	Energy sales (MU) (Approved by Commission)
LMV-1: Domestic	34,22,265	73,04,323	6,571
LMV-2:Non-Domestic	3,74,419	10,05,717	1,090
LMV-3: Public Lamps	892	50,991	226
LMV-4: Institutions	15,864	87,268	242
LMV-5: Private Tube Wells	3,87,103	21,24,240	2,347
LMV 6: Small and Medium Power	59,026	7,01,316	1,039
LMV-7: Public Water Works	3,197	98,922	317
LMV-8: State Tube Wells	5,107	67,652	225
LMV-9: Temporary Supply	2,145	59,462	65
LMV-10: Departmental Employees	23,820	80,661	114

Consumer categories	No. of consumers (Approved by Commission)	Connected load (kW) (Approved by Commission)	Energy sales (MU) (Approved by Commission)
HV-1: Non-Industrial Bulk Loads	460	2,42,789	876
HV-2: Large and Heavy Power	5,979	25,44,117	6,689
HV-3: Railway Traction	2	18,344	45
HV-4: Lift Irrigation	2	311	0
Sub-total	**43,00,281**	**1,43,86,110**	**19,846**
Extra state & Bulk	-	-	-
Total	**43,00,281**	**1,43,86,110**	**19,846**

Table 4-4: NUMBER OF CONSUMERS: HISTORICAL TREND AND APPROVED VALUES FOR FY 2013-14

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Approved for FY 13-14	Growth: FY 14 over FY 13
LMV-1: Domestic	2383937	2359220	2614723	2818109	3119935	7%	3422265	10%
LMV-2:Non-Domestic	290163	304953	320217	331224	353234	5%	374419	6%
LMV-3: Public Lamps	657	623	768	756	825	6%	892	8%
LMV-4: Institutions	7707	8471	11482	12892	14297	17%	15864	11%
LMV-5: Private Tube Wells	318923	321000	342690	351270	372388	4%	387103	4%
LMV 6: Small and Medium Power	39249	43178	44779	48889	53314	8%	59026	11%
LMV-7: Public Water Works	1643	1996	2299	2490	2794	14%	3197	14%
LMV-8: State Tube Wells	4720	4541	4584	4763	4958	1%	5107	3%
LMV-9: Temporary Supply	1562	1509	2418	1786	2018	7%	2145	6%
LMV-10: Departmental Employees	18888	19563	20625	21216	22633	5%	23820	5%
HV-1: Non-Industrial Bulk Loads	0	517	1187	422	439	-	460	5%
HV-2: Large and Heavy Power	4194	3964	3918	5105	5564	7%	5979	7%
HV-3: Railway Traction	0	1	2	3	2	-	2	0%
HV-4: Lift Irrigation	2	2	2	2	2	0%	2	0%
Sub-total	**3071645**	**3069536**	**3369694**	**3598927**	**3952403**	7%	**4300281**	9%
Extra state & Bulk	1	1	1	0	0	-100%	0	0%
Total	**3071646**	**3069537**	**3369695**	**3598927**	**3952403**	7%	**4300281**	9%

Table 4-5: CONNECTED LOAD (KW): HISTORICAL TREND AND APPROVED VALUES FOR FY 2013-14

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Approved for FY 13-14	Growth 14 over
LMV-1: Domestic	4895540	4994848	5537533	5928703	6744022	8%	7304323	8%
LMV-2:Non-Domestic	677550	729837	817830	857921	929020	8%	1005717	8%
LMV-3: Public Lamps	32116	32317	40833	43437	49085	11%	50991	4%
LMV-4: Institutions	77591	69094	75076	75565	83547	2%	87268	4%
LMV-5: Private Tube Wells	1758928	1688023	1854442	1931647	2047849	4%	2124240	4%
LMV 6: Small and Medium Power	486438	505132	549121	582621	644230	7%	701316	9%
LMV-7: Public Water Works	55137	60385	69419	78905	89998	13%	98922	10%
LMV-8: State Tube Wells	67023	58537	60279	63885	66763	0%	67652	1%
LMV-9: Temporary Supply	14370	11478	59991	52428	59486	43%	59462	0%
LMV-10: Departmental Employees	58239	61694	68033	71300	76434	7%	80661	6%
HV-1: Non-Industrial Bulk Loads	0	257962	448051	227732	236841	-	242789	3%
HV-2: Large and Heavy Power	1539219	1444341	1618315	2141113	2332589	11%	2544117	9%
HV-3: Railway Traction	0	225	9000	16700	17470	-	18344	5%
HV-4: Lift Irrigation	311	311	311	311	311	0%	311	0%
Sub-total	**9662462**	**9914183**	**11208234**	**12072268**	**13377645**	8%	**14386110**	8%
Extra state & Bulk	45000	45000	45000	0	0	-100%	0	0%
Total	**9707462**	**9959183**	**11253234**	**12072268**	**13377645**	8%	**14386110**	8%

Table 4-6: ENERGY SALES (MU): HISTORICAL TREND AND APPROVED VALUES FOR FY 2013-14

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Approved for FY 13-14	Growth: FY 14 over FY 13
LMV-1: Domestic	4343	4407	4745	5323	5696	7%	6571	15%
LMV-2:Non-Domestic	673	763	848	997	989	10%	1090	10%
LMV-3: Public Lamps	125	120	137	152	197	12%	226	14%
LMV-4: Institutions	193	173	187	213	216	3%	242	12%
LMV-5: Private Tube Wells	1917	1855	1958	2095	2260	4%	2347	4%
LMV 6: Small and Medium Power	722	760	796	869	923	6%	1039	13%
LMV-7: Public Water Works	184	196	217	235	281	11%	317	13%
LMV-8: State Tube Wells	206	196	195	209	218	1%	225	3%
LMV-9: Temporary Supply	19	22	40	56	59	34%	65	10%
LMV-10: Departmental Employees	90	87	91	104	105	4%	114	9%
HV-1: Non-Industrial Bulk Loads	0	626	565	714	819	-	876	7%
HV-2: Large and Heavy Power	4013	3801	4476	5017	6066	11%	6689	10%
HV-3: Railway Traction	0	0	23	46	44	-	45	2%
HV-4: Lift Irrigation	0	0	0	0	0	20%	0	5%
Sub-total	**12485**	**13007**	**14278**	**16031**	**17875**	9%	**19846**	11%
Extra state & Bulk	348	352	353	0	0	-100%	0	0%
Total	**12833**	**13360**	**14630**	**16031**	**17875**	9%	**19846**	11%

4.2 DISTRIBUTION LOSSES AND ENERGY BALANCE

4.2.1 The Commission feels there is ample room for reduction in distribution losses; however, the Licensee has failed to act upon the same. There is an urgent need to have an appreciable loss reduction trajectory and aggressive follow-up efforts to achieve it.

4.2.2 The Commission in its last Tariff Order had directed the Licensee to carry out the energy audit / estimation study with voltage wise break up of distribution losses into technical loss and commercial loss within 6 months from the date of the issue of the said Tariff Order. Further the Licensee was also directed to keep the Commission abreast regarding the study to be undertaken, scope of work, methodology being adopted, whether the study is being undertaken departmentally or assistance of experts in the field is being availed etc.

4.2.3 However no such study was carried out and no report was submitted for perusal of the Commission. The Commission would like to reiterate that the distribution loss proposal of the Licensee should be based on correct energy audit data and supported by a report on the study carried out on such data. The Commission has reiterated this issue vide Letter No. UPERC/Secy./D(Tariff)/13-074 dated 11th April, 2013 and has directed the Licensee for conducting the base line loss estimation studies for assessment of technical and commercial losses.

4.2.4 In FY 2012-13, the Commission had approved distribution loss target of 24.49% in line with the loss target claimed in the petition by the Licensee. Further the Licensee has also submitted a Financial Restructuring Plan (FRP) before the Commission on 14th March, 2013. The Licensee in its FRP has proposed a Distribution loss level of 23.00% for FY 2013-14.

4.2.5 The Commission considers the estimates provided by the Licensee in its FRP for approval of Distribution losses. The Commission's approved energy balance for FY 2013-14 is given in table below:

Table 4-7: APPROVED ENERGY BALANCE FOR FY 2013-14

Particulars	FY 2013-14 Approved for PVVNL	FY 2013-14 Approved for Consolidated State Sectors *
Retail Sales (MU)	19,846	58,058
Bulk Sales (MU)		3,832
Distribution Losses (%)	23.00%	22.81%
Energy at Discom Periphery for Retail Sales (MU)	25,774	80,181
Inter-State Transmission Losses %	3.67%	3.67%
Energy Available at State periphery for Transmission(MU)	26,756	83,235
Periphery Loss (Up to inter connection Point) (%)	1.65%	1.65%
Purchases Required & Billed Energy (MU)	27,205	84,632
Total Inter & Intra State Transmission Losses (%)	5.26%	5.26%
Total T&D Losses in Retail Sales (%)	1,431	26.87%

**Consolidated State Sector here includes DVVNL, MVVNL, PVVNL, PuVVNL and Bulk Sales to KESCO & NPCL.*

4.3 ENERGY AVAILABILITY

4.3.1 Clause 3.4 of the Distribution Tariff Regulations states that the estimation of the power requirement for the Distribution Licensee for sale to its consumers shall be estimated based on the approved sales, approved transmission losses and proposed distribution losses for the tariff year.

4.3.2 The Licensee has proposed power procurement through State generating stations, Central generating stations based on the allocation to the State, obligatory purchases from state Co-generation facilities, other sources based on bilateral contracts and other emergency purchases.

4.3.3 The UPPCL has drawn a merit dispatch order schedule and has projected to procure 87,173 MUs of power for FY 2013-14 in its ARR / Tariff Petition filed by the Licensee.

4.3.4 The Commission has considered the data in respect of power procurement plan provided in the ARR / Tariff Petition for FY 2013-14, as it is the most relevant data available for projecting the power purchase cost for FY 2013-14. Suitable modifications, wherever deemed necessary, have been passed by the Commission to arrive at the approved power purchase cost.

4.3.5 The Commission has also run the merit order dispatch schedule for power purchase for the FY 2013-14 after considering the availability of power and monthly sales trend projection of the Licensee. The final merit order dispatch showing the approved power purchase quantum by the Commission for FY 2013-14 is given in Table 4-35.

4.3.6 Since, the power purchase expense is the single largest component in the ARR of a Distribution Licensee; it becomes imperative that this element of cost is incurred with utmost care based on the most efficient way of power procurement from the generating stations through long term / short term power purchase arrangements or through bilateral power purchase agreements. Power Purchase cost being un-controllable component of the ARR, the Commission has approved the Fuel and Power Purchase Cost Adjustment (FPPCA) formula which would enable the Distribution Licensee to claim legitimate variances on account of power purchase cost.

4.4 POWER PROCUREMENT FROM STATE GENERATING STATIONS

4.4.1 The Licensee's Submission:

4.4.1.1 The State of Uttar Pradesh has got both thermal as well as hydro generating stations. UPRVUNL owns all the thermal generating stations within the State and the Hydro Stations are owned by UPJVNL. The Multi Year Tariff (MYT) orders issued by the Commission for UPRVUNL and UPJVNL for their respective power stations for FY 2009-10 to 2013-14 form the basis for determining the costs for FY 2013-14.

4.4.1.2 The Licensee's in the submission in regard to the petition for FY 2013-14 has stated that computation of cost of power procurement for FY 2013-14 has been done based on

- Provisional power purchase cost and units of FY 2011-12
- Trend observed in the previous and current year.
- Impact of loss reduction initiatives.
- Estimated growth in sales.
- Share of expected capacity available from various Generators to the UPPCL / Discoms.

4.4.1.3 The cost of energy available from State Thermal and Hydro generating stations has been derived by the Licensee from tariffs approved by the State Commission in Review Order dated 20th March, 2012. The Licensee's submission of power purchased from State Thermal and Hydro Generating Stations for FY 2013- 14 is given in Table 4-8 and Table 4-9 below:

Table 4-8: DETAILS OF POWER PURCHASE COST FROM UPRUVNL STATIONS FOR FY2013-14 - PETITION

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Anpara A	630	4004	0.60	239.50	1.62	650.61	2.22	890.11	2.22
Anpara B	1000	6333	1.14	723.14	1.45	917.07	2.59	1640.20	2.59
Harduaganj	165	796	2.97	236.52	3.58	285.02	6.55	521.54	6.55
Obra A	288	1038	1.88	195.65	2.14	222.46	4.03	418.12	4.03
Obra B	1016	2794	1.47	411.11	1.99	555.42	3.46	966.53	3.46
Panki	210	1050	1.41	147.74	3.55	372.87	4.96	520.60	4.96
Parichha	220	805	1.52	122.65	3.41	274.13	4.93	396.78	4.93
Parichha Extn.	420	2526	1.54	388.02	2.79	705.78	4.33	1093.80	4.33
Parichha Extn. Stage II (2X250MW)	500	2405	2.23	536.62	2.82	677.94	5.05	1214.56	5.05
Harduaganj Ext. (2X250MW)	500	2344	2.47	579.73	2.76	647.30	5.24	1227.03	5.24
Total	**4949**	**24094**		**3580.68**		**5308.59**		**8889.27**	**3.69**

Table 4-9: DETAILS OF POWER PURCHASE COST FROM UPJVNL STATIONS FOR FY 2013-14 - PETITION

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Khara	58	208	1.04	21.69	-	-	1.04	21.69	1.04
Matatila	20	67	0.81	5.43	-	-	0.81	5.43	0.81
Obra (Hydel)	99	175	0.99	17.27	-	-	0.99	17.27	0.99
Rihand	255	417	1.01	42.20	-	-	1.01	42.20	1.01
UGC Power Stations	22	25	2.64	6.61	-	-	2.64	6.61	2.64
Belka & Babail	0	11	-	-	2.25	2.48	2.25	2.48	2.25
Sheetla	4	10	-	-	2.81	2.68	2.81	2.68	2.81
Total	**457**	**912**		**93.20**		**5.15**		**98.35**	**1.08**

4.4.2 The Commission's Analysis:

4.4.2.1 The assumptions considered by Commission while approving the power purchase from the State owned thermal generating stations and Hydro stations are given below in Table 4-10 and Table 4-11 respectively:

Table 4-10: ASSUMPTIONS FOR POWER PURCHASE FROM UPRVUNL - FY 2013-14

S. No.	Particulars	Assumption
1	**Power Purchase Quantum**	1. Net Power Purchase Quantum is considered as per the Licensee's Submission for old power stations, whereas for New Power Stations namely Harduaganj Extn. & Parichha Extn. Stage 2 - UPERC's Review Order dated 20.03.2012 for UPRVUNL for FY 2009-10 to 2013-14 has been considered. 2. Merit Order Dispatch is Must-run for approval of quantum.
2	**Fixed & Variable Charges**	As per UPERC's Review Order dated 20.03.2012 for UPRVUNL for FY 2009-10 to 2013-14.
3	**Harduaganj Extn. U#2 and Parichha Extn. Stage 2 U#2**	1. As per Licensee Submission, the Unit No. 2 of Harduaganj Extn. is expected to get commissioned by 30th June, 2013 and Unit No. 2 of Parichha Extn Stage 2. has been commissioned on 18th April, 2013. 2. Net Power Purchase Quantum for these two stations has been prorated based on their expected COD dates.

Table 4-11: ASSUMPTIONS FOR POWER PURCHASE FROM UPJVNL - FY 2013-14

S. No.	Particulars	Assumption
1	**Power Purchase Quantum**	1. Net Power Purchase Quantum form all power stations expect Belka & Babail is considered as per UPERC's MYT Tariff Order dated 20.10.2011 for UPJVNL for FY 2009-10 to 2013-14. 2. Net Power Purchase from Belka & Babail is taken as provided by Licensee 3. Hydro Stations are considered Must-run in Merit Order Dispatch
2	**Fixed & Variable Charges**	1. The tariff for all power stations has been taken from the UPERC's MYT Tariff Order dated 20.10.2011 for UPJVNL for FY 2009-10 to 2013-14

4.4.2.2 Based on above approach, the summary of approved costs of UPRVUNL and UPJVNL generating stations is given in Table 4-12 and Table 4-13 below:

Table 4-12: APPROVED COST OF POWER PURCHASE FROM UPRUVNL STATIONS FOR FY 2013-14

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Anpara A	630	4004	0.59	236.25	1.33	531.13	1.92	767.38	1.92
Anpara B	1000	6333	1.11	703.00	1.36	859.50	2.47	1562.49	2.47
Harduaganj	165	597	2.14	127.73	3.13	186.64	5.27	314.38	5.27
Obra A	288	783	1.00	78.28	1.87	146.73	2.87	225.02	2.87
Obra B	1000	2750	0.69	189.75	1.72	472.37	2.41	662.12	2.41
Panki	210	1050	1.35	141.75	3.21	336.84	4.56	478.59	4.56
Parichha	220	805	1.02	82.08	2.98	239.50	4.00	321.59	4.00
Parichha Extn.	420	2526	1.45	366.22	2.62	662.01	4.07	1028.23	4.07
Parichha Extn. Stage II (2X250MW)	500	3309	1.58	522.83	2.59	857.50	4.17	1380.33	4.17
Harduaganj Ext.(2X250MW)	500	2970	1.71	507.91	2.39	708.52	4.10	1216.43	4.10
Total	**4933**	**25127**		**2955.81**		**5000.74**		**7956.55**	**3.17**

Table 4-13: APPROVED COST OF POWER PURCHASE FROM UPJVNL STATIONS FOR FY 2013-14

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Khara	58	303	0.72	21.83	-	-	0.72	21.83	0.72
Matatila	20	81	0.65	5.24	-	-	0.65	5.24	0.65
Obra (Hydel)	99	276	0.63	17.39	-	-	0.63	17.39	0.63
Rihand	255	773	0.55	42.50	-	-	0.55	42.50	0.55
UGC Power Stations	22	31	2.13	6.60	-	-	2.13	6.60	2.13
Belka & Babail	6	11	-	-	2.25	2.48	2.25	2.48	2.25
Sheetla	4	10	-	-	2.73	2.73	2.73	2.73	2.73
Total	**463**	**1485**		**93.56**		**5.21**		**98.77**	**0.67**

4.5 CAPACITY ALLOCATION FROM CENTRAL GENERATING STATIONS & OTHER STATIONS

4.5.1 The Licensee's Submission:

4.5.1.1 Licensee procures power from Central Generating Stations (CGS) which includes power from National Thermal Power Corporation Ltd. (NTPC), National Hydro Power Corporation Ltd. (NHPC), and Nuclear Power Corporation of India Ltd. (NPCIL) as well as from generating station with Joint Ventures and Independent Power Producer's (IPPs). The Licensee in its ARR / Tariff Petition for FY 2013-14 has submitted that the cost of power procurement for FY 2013-14 from these sources has been based on:

- Provisional power purchase cost and units of FY 2011- 12
- Trend observed in the previous and current year (Copies of power purchase bills for the month of June 2012 have been furnished by the Licensee)
- Impact of loss reduction initiatives.
- Estimated growth in sales.
- Share of expected capacity available from various Generators to the Licensee.

4.5.1.2 The Licensee has mentioned that the cost of energy from Central Sector stations has been derived from tariffs approved by Central Electricity Regulatory Commission. The cost of power purchase from IPPs within the State has been determined in accordance with UPERC (Terms and Conditions of Generation Tariff) Regulations, 2009. Similarly the cost of power purchase from IPPs outside the State has been derived from tariffs and power purchase agreement approved by the Commission. The cost of energy from other sources has been derived from the power purchase / banking / trading agreements and tariffs approved by the Central / Appropriate Commissions.

4.5.1.3 The Licensee's submission of power purchased from NTPC generating stations for FY 2013-14 is provided in Table 4-14 given below:

Table 4-14: DETAILS OF POWER PURCHASE COST FROM NTPC STATIONS FOR FY 2013-14 - PETITION

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Anta	114	849	0.71	60.49	4.90	415.83	5.61	476.32	5.61
Auraiya	238	1769	0.55	97.47	7.06	1,249.22	7.61	1,346.68	7.61
Dadri Thermal	126	697	1.15	80.34	3.16	219.93	4.31	300.27	4.31
Dadri Gas	267	1986	0.62	123.27	5.26	1,044.90	5.88	1,168.17	5.88
Dadri Extension	151	1073	1.67	179.52	3.11	334.00	4.78	513.52	4.78
Rihand-I	375	2828	0.79	222.11	1.35	383.05	2.14	605.16	2.14
Rihand-II	345	2524	1.03	259.70	1.35	341.87	2.38	601.57	2.38
Singrauli	853	6420	0.55	354.35	1.30	831.63	1.85	1,185.98	1.85
Tanda	440	3276	1.20	392.29	2.45	801.89	3.65	1,194.18	3.65
Unchahar-I	257	1951	0.82	160.72	2.44	476.41	3.27	637.13	3.27
Unchahar-II	150	1090	1.02	111.07	2.44	266.30	3.46	377.37	3.46
Unchahar-III	73	593	1.30	77.34	2.44	144.96	3.75	222.30	3.75
Farakka	33	199	0.98	19.57	3.40	67.79	4.38	87.36	4.38
Kahalgaon St. I	77	581	0.91	52.82	3.13	182.01	4.04	234.83	4.04
Kahalgaon St.II Ph.I	251	1712	1.28	218.84	2.96	506.11	4.23	724.95	4.23

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Rihand-III	340	1523	-	-	3.25	494.87	3.25	494.87	3.25
Total	**4088**	**29071**		**2,409.91**		**7,760.76**		**10,170.67**	**3.50**

4.5.2 The Commission's Analysis:

4.5.2.1 The assumptions considered by Commission while approving the power purchase from the NTPC generating stations is given in Table 4-15 below:

Table 4-15: ASSUMPTIONS OF POWER PURCHASE FROM NTPC - FY 2013-14

S. No.	Particulars	Assumption
1	**Power Purchase Quantum**	Net Power Purchase Quantum is derived as a product of respective power plants MW capacity, plant load factor (PLF) and UP state's share in respective power plant. Further the quantum is approved as per Merit order Dispatch principles.
2	**Power Purchase Quantum and Cost from Rihand III**	With no precedence to estimates of power purchase quantum and cost from Rihand III, the Commission accepts the submission made by the Licensee of power purchase quantum and cost from Rihand III.
3	**Fixed Charges**	Fixed charges are computed after considering UP state's allocated Share in respective power plant as per Regional Energy Accounting Report and Annual Report of NRPC and ERPC and fixed cost approved as per CERC order for respective power plants.
4	**Variable Charges**	Variable costs are considered as provided as provided by Licensee in ARR / Tariff petition for FY 2013-14.

Table 4-16: METHODOLOGY FOR POWER PURCHASE FROM NTPC - FY 2013-14

S. No.	Particulars	Methodology
1	**Plant Load Factor**	PLF is considered to be the average of the PLF recorded at respective power stations for the last three year's (2010-11, 2011-12 and 2012-13). The PLF number for the three years

S. No.	Particulars	Methodology
		is sourced from Regional Energy Accounting Report and Annual Report of NRPC and ERPC.
2	**UP State's Share in power plants**	Allocation of Power from various central generating stations for FY 2013-14 both firm and unallocated quota has been considered as per the NRPC circular (NRPC/ OPR/ 103/ 02/ 2012-13) dated 18.04.2013.

4.5.2.2 Based on above approach, the summary of approved costs of NTPC generating stations is given in Table 4-17 below:

Table 4-17: APPROVED COST OF POWER PURCHASE FROM NTPC STATIONS FOR FY 2013-14

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Anta	114	639	0.99	63.00	4.90	312.95	5.88	375.95	5.88
Auraiya	237	1260	0.91	114.97	7.06	889.53	7.97	1,004.50	7.97
Dadri Thermal	84	578	1.03	59.79	3.16	182.45	4.19	242.24	4.19
Dadri Gas	266	1572	0.94	147.88	5.26	827.07	6.20	974.95	6.20
Dadri Extension	135	851	1.86	158.12	3.11	264.75	4.97	422.88	4.97
Rihand-I	364	2585	0.85	220.94	1.35	350.13	2.21	571.07	2.21
Rihand-II	334	2451	0.96	235.78	1.35	332.02	2.32	567.80	2.32
Singrauli	830	6113	0.56	344.37	1.30	791.83	1.86	1,136.21	1.86
Tanda	440	2989	1.09	326.30	2.45	731.52	3.54	1,057.81	3.54
Unchahar-I	255	1874	0.94	176.36	2.44	457.74	3.38	634.10	3.38
Unchahar-II	145	1056	0.98	103.55	2.44	258.00	3.42	361.54	3.42
Unchahar-III	71	510	1.43	72.96	2.44	124.72	3.87	197.68	3.87
Farakka	33	200	0.95	18.92	3.40	68.00	4.35	86.91	4.35
Kahalgaon St. I	77	431	1.10	47.31	3.13	134.88	4.23	182.20	4.23
Kahalgaon St.II Ph.I	167	1065	1.84	195.87	2.96	314.73	4.80	510.60	4.80
Rihand-III	340	1523	-	-	3.25	494.87	3.25	494.87	3.25
Total	**3893**	**25695**		**2,286.11**		**6,535.21**		**8,821.32**	**3.43**

4.5.3 The Licensee's Submission:

4.5.3.1 The Licensee's submission of power purchased from NHPC generating stations for FY 2013-14 is provided in Table 4-18 given below:

Table 4-18: DETAILS OF POWER PURCHASE COST FROM NHPC STATIONS FOR FY 2013-14 - PETITION

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Chamera	109	452	1.89	85.43	-	-	1.89	85.43	1.89
Chamera-II	82	456	2.98	135.86	-	-	2.98	135.86	2.98
Chamera-III	59	315	1.96	61.66	1.99	62.64	3.94	124.30	3.94
Dhauliganga	72	311	2.29	71.18	-	-	2.29	71.18	2.29
Salal I&II	48	215	0.82	17.65	0.47	10.19	1.29	27.84	1.29
Tanakpur	21	104	1.89	19.57	1.10	11.38	2.98	30.94	2.98
Uri	96	534	1.33	71.16	0.79	42.15	2.12	113.31	2.12
Dulhasti	107	581	5.55	322.39	-	-	5.55	322.39	5.55
Sewa-II	34	166	3.34	55.32	2.15	35.72	5.49	91.04	5.49
Uri-II	48	210	-	-	3.32	69.61	3.32	69.61	3.32
Total	**676**	**3345**		**840.22**		**231.69**		**1071.91**	**3.20**

4.5.4 The Commission's Analysis:

4.5.4.1 The assumptions considered by Commission while approving the power purchase from the NHPC generating stations is given in Table 4-19 below:

Table 4-19: ASSUMPTIONS FOR POWER PURCHASE FROM NHPC - FY 2013-14

S. No.	Particulars	Assumption
1	**Power Purchase Quantum**	Net Power Purchase Quantum is derived as a product of respective power plants MW capacity, plant load factor (PLF) and UP State's Share in respective power plant. Power sourced from these NHPC plants is considered Must-run in Merit Order Dispatch.
2	**Power Purchase Quantum and Cost from Chamera-III and Uri-II**	With no precedence to estimates power purchase quantum and cost from Chamera-III and Uri-II, the Commission accepts the submission made by the Licensee for Chamera-III & Uri-II.

S. No.	Particulars	Assumption
3	**Fixed Charges**	Fixed charges are computed after considering UP State's allocated Share in respective power plant as per Regional Energy Accounting Report and Annual Report of NRRC and fixed cost approved by as per CERC order for respective power plants.
4	**Variable Charges**	Variable costs are calculated as per CERC regulations.

Table 4-20: METHODOLOGY FOR POWER PURCHASE FROM NHPC - FY 2013-14

S. No.	Particulars	Methodology
1	**Energy Generation**	Factoring the MW capacity, auxiliary consumption and design energy as specified by CERC for respective hydro plants the Commission has calculated the energy sourced from each of the plant.
2	**UP State's share in power plants**	Allocation of Power from various central generating stations for FY 2013-14 both firm and unallocated quota has been considered as per the NRPC circular (NRPC/ OPR/ 103/ 02/ 2012-13) dated 18.04.2013.

4.5.4.2 Based on above approach, the summary of approved costs of NHPC generating stations is given in Table 4-21 below:

Table 4-21: APPROVED COST OF POWER PURCHASE FROM NHPC STATIONS FY 2013-14

Source of Power	MW Available	MU	Total Cost	
			(Rs. / kWh)	(Rs. Cr.)
Chamera	109	333	1.67	55.78
Chamera-II	81	401	2.35	94.02
Chamera-III	59	292	4.25	124.30
Dhauliganga	71	286	2.52	72.07
Salal I&II	48	212	0.86	18.17
Tanakpur	21	101	2.14	21.69
Uri	96	513	1.55	79.30
Dulhasti	106	512	5.12	261.83
Sewa-II	33	147	3.70	54.27
Uri-II	48	210	3.32	69.61
Total	**673**	**3006**	**2.83**	**851.04**

4.5.5 The Licensee's Submission:

4.5.5.1 The Licensee's submission of power purchased from NPCIL generating stations for FY 2013-14 is provided in Table 4-22 given below:

Table 4-22: DETAILS OF POWER PURCHASE COST FROM NPCIL STATIONS FOR FY 2013-14 - PETITION

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
NAPP	161	596	-	-	2.65	157.94	2.65	157.94	2.65
RAPP #3&4	72	541	-	-	2.97	160.60	2.97	160.60	2.97
RAPP#5&6	125	670	-	-	3.67	246.01	3.67	246.01	3.67
Total	**358**	**1807**		**-**		**564.55**		**564.55**	**3.12**

4.5.6 The Commission's Analysis:

4.5.6.1 The assumptions considered by Commission while approving the power purchase from the NPCIL generating stations is given in Table 4-23 below:

Table 4-23: ASSUMPTIONS FOR POWER PURCHASE FROM NPCIL - FY 2013-14

S. No.	Particulars	Assumption
1	**Power Purchase Quantum**	Net Power Purchase Quantum is derived as a product of respective power plants MW capacity, capacity factor and UP State's Share in respective power plant. Power sourced from these NPCIL plants is considered Must-run in Merit Order Dispatch.
2	**Tariff (Single part)**	As provided in ARR / Tariff petition by Licensee for FY 2013-14

Table 4-24: METHODOLOGY FOR POWER PURCHASE FROM NPCIL - FY 2013-14

S. No.	Particulars	Methodology
1	**Capacity Factor**	Capacity factor is considered to be the average of the capacity factor recorded at respective power stations for the last three year's (2010-11, 2011-12 and 2012-13). Capacity factors are sourced from official website of NPCIL.

S. No.	Particulars	Methodology
2	**UP State's Share in power plants**	Allocation of Power from various central generating stations for FY 13-14 both firm and unallocated quota has been considered as per the NRPC circular (NRPC/ OPR/ 103/ 02/ 2012-13) dated 18.04.2013

Based on above approach, the summary of approved costs of NPCIL generating stations is given in Table 4-25 below:

Table 4-25: APPROVED COST OF POWER PURCHASE FROM NPCIL STATIONS-FY 2013-14

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
NAPP	161	665	-	-	2.65	176.34	2.65	176.34	2.65
RAPP #3&4	80	487	-	-	2.97	144.36	2.97	144.36	2.97
RAPP#5&6	124	810	-	-	3.67	297.52	3.67	297.52	3.67
Total	**364**	**1962**				**618.23**		**618.23**	**3.15**

4.5.7 The Licensee's Submission:

4.5.7.1 The Licensee's submission of power purchased from IPPs and Joint Ventures (JVs) for FY 2013-14 is provided in Table 4-26 given below:

Table 4-26: DETAILS OF POWER PURCHASE COST FROM IPPS / JVs FOR FY 2013–14 - PETITION

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Naptha Jhakri HPS	275	1365	1.42	194.27	1.14	155.75	2.56	350.02	2.56
Vishnu Prayag	352	1752	1.13	198.23	1.18	207.10	2.31	405.33	2.31
Tala Power	45	184	-	-	2.14	39.40	2.14	39.40	2.14
Tehri Hydro	410	1241	2.30	285.45	2.50	310.25	4.80	595.70	4.80
Rosa Power Project I	900	3205	1.44	461.46	3.68	1,178.24	5.12	1,639.70	5.12
IGSTPP, Jhajjar	41	350	-	-	5.06	177.42	5.06	177.42	5.06
Koteshwar	169	522	2.65	138.32	2.19	114.31	4.84	252.63	4.84

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Anpara 'C'	1100	5918	-	-	3.48	2,061.22	3.48	2,061.22	3.48
Karcham-Wangtoo	200	160	-	-	3.70	59.16	3.70	59.16	3.70
Bajaj Hindusthan	450	2101	1.92	403.17	2.35	494.71	4.27	897.88	4.27
Rosa Power Project II	300	2102	2.04	428.19	3.68	772.89	5.71	1,201.08	5.71
Total	**4243**	**18900**		**2,109.09**		**5,570.44**		**7,679.54**	**4.06**

4.5.8 The Commission's Analysis:

4.5.8.1 The assumptions considered by Commission while approving the power purchase from IPP's and Joint Ventures (JV's) is given in Table 4-27 below:

Table 4-27: ASSUMPTIONS FOR POWER PURCHASE FROM IPPS / JVs - FY 2013-14

S. No.	Particulars	Assumption
1	**Power Purchase Quantum**	Net Power Purchase Quantum is considered as provided by Licensee in ARR / Tariff petition for FY 2013-14. Naptha-Jhakri, Tehri, Tala & Vishnu Prayag are considered as Must-run in Merit Order Dispatch.
2	**Tariff (Single part & Two part) for IPPs (Naptha-Jhakri, Tehri, Tala and Vishnu Prayag) and Rosa Power Plant, and Anpara 'C'**	As provided in ARR / Tariff petition by UPPCL for FY 2013-14.

4.5.8.2 Based on above approach, the summary of approved power purchase costs from IPP's and Joint Ventures (JV's) is given in Table 4-28 below:

Table 4-28: APPROVED COST OF POWER PURCHASE FROM IPPS / JVs FY 2013-14

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Naptha Jhakri HPS	275	1365	1.42	194.27	1.14	155.75	2.56	350.02	2.56
Vishnu Prayag	352	1752	1.13	198.23	1.18	207.10	2.31	405.33	2.31
Tala Power	45	184	-	-	2.14	39.40	2.14	39.40	2.14
Tehri Hydro	410	1241	2.30	285.45	2.50	310.25	4.80	595.70	4.80
Rosa Power Project I	900	3205	1.44	461.46	3.68	1,178.24	5.12	1,639.70	5.12
IGSTPP, Jhajjar	41	350	-	-	5.06	177.42	5.06	177.42	5.06
Koteshwar	169	522	2.65	138.32	2.19	114.31	4.84	252.63	4.84
Anpara 'C'	1100	5918	-	-	3.48	2,061.22	3.48	2,061.22	3.48
Karcham-Wangtoo	200	160	-	-	3.70	59.16	3.70	59.16	3.70
Bajaj Hindusthan	450	2101	1.92	403.17	2.35	494.71	4.27	897.88	4.27
Rosa Power Project II	300	2102	2.04	428.19	3.68	772.89	5.71	1,201.08	5.71
Total	**4243**	**18900**		**2,109.09**		**5,570.44**		**7,679.54**	**4.06**

4.5.9 The Licensee's Submission:

4.5.9.1 The Licensee's submission of power purchased from Co-generating stations for FY 2013-14 is provided in Table 4-29 given below:

Table 4-29: POWER PURCHASE COST: STATE CO-GENERATION FACILITIES FOR FY 2013-14 - PETITION

Source of Power	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
		(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Captive and Cogen	2830	-	-	4.62	1,308.16	4.62	1,308.16	4.62

4.5.10 The Commission's Analysis:

4.5.10.1 In an effort to encourage renewable generation the Commission has mandated that the Distribution Licensees shall, based on availability, procure power to the extent available from the Co-generating stations available in the State. Approved power purchase from Co-generating stations for FY 2013-14 is provided in Table 4-30 given below:

Table 4-30: APPROVED COST OF POWER PURCHASE: STATE CO-GENERATION FACILITIES in FY 2013-14

Source of Power	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
		(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Captive and Cogen	2830	-	-	4.62	1,308.16	4.62	1,308.16	4.62

4.5.11 The Licensee's Submission:

4.5.11.1 The Licensee's in its additional submission dated 4th April, 2013 has submitted a revised estimate of power purchase from bilateral and other sources for FY 2013-14 for meeting emergency purchase. The Licensee in its submission has projected the cost for such purchases at Rs. 3,132 Crores for procuring 6214 MU at the rate of Rs. 5.04 per kWh. The Licensee's submission is provided in the Table 4-31 given below:

Table 4-31: POWER PURCHASE COST: OTHER SOURCES FY 2013-14 - PETITION

Source of Power	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
		(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Inter system exchange (Bilateral & PXIL) / UI	6214	-	-	5.04	3,132.06	5.04	3,132.06	5.04
Total	**6214**						**3,132.06**	**5.04**

Table 4-32: APPROVED COST OF POWER PURCHASE: OTHER SOURCES FY 2013-14

Source of Power	MU	Fixed Cost		Variable Cost		Total Cost		Average Cost
		(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Inter system exchange (Bilateral & PXIL) / UI	5627	-	-	5.04	2,836.09	5.04	2,836.09	5.04
Total	**5627**				**2,836.09**		**2,836.09**	**5.04**

4.5.11.2 The Commission has run Merit Order Dispatch considering all possible sources and accordingly approves power purchase from other sources (emergency purchases) at 5,627 MUs. The Commission has assessed the rate for Power purchase from other / emergency sources as Rs. 5.04 / kWh for FY 2013-14. In accordance with Clause 4.2.8 of the Distribution Tariff Regulations, the Commission hereby approves a maximum ceiling rate of Rs. 5.04 / kWh towards power purchase cost for FY 2013-14.

4.5.11.3 Considering that Distribution Licensee may need to buy power in exigency to meet immediate and urgent power delivery, the Commission would also like to mention that any quantum of power purchased from emergency / other sources should be procured only through bilateral sources / power exchanges or through competitive bidding route to the extent possible.

4.5.11.4 The Commission in Clause 4.2(11) of the Distribution Tariff Regulations has provided that in the regime of Availability Based Tariff (ABT), the cost of power purchase through UI shall be allowed to be passed through in tariff of the subsequent year subject to the following conditions:

"a) The average rate for power purchased through UI should not exceed the maximum rate for power purchased under the Merit Order of the Licensee as approved by the Commission.

b) The total cost of electricity units purchased through UI shall be restricted to 10% of total power purchase cost approved by the Commission.

Provided that where the average rate for power purchased under UI exceeds the maximum specified rate of power purchase under the Merit Order of the Licensee, the cost of such power purchase shall be allowed to be passed through in tariffs of the subsequent year at the maximum rate for power purchase under the Merit Order of the Licensee as approved by the Commission whether the ceiling limit of 10% as stated in 11 (b) above has reached or not."

4.5.11.5 The Commission understands that the UI mechanism is meant for the purpose of disciplining the grid operations and is not to be treated as a regular source for power purchase. Hence the Commission reiterates that the Licensee should take due care while overdrawing power from the grid (if any); especially when the UI rates are high. The Commission would also like to caution the Licensee here that this issue would be dealt with at the time of true-up and at that time any power purchases undertaken in contravention to the provisions of the Distribution Tariff Regulations would be disallowed and the Licensee would have to bear the cost for the same.

4.5.11.6 Further, the Commission would like to reiterate that the Licensee should assess the demand supply position in the state in advance and make its best endeavour to enter into bilateral contracts with generators / traders for meeting the envisaged demand supply gap. This would enable them to optimise on the power purchase expenses.

4.5.11.7 The Licensee needs to adopt a transparent procedure based on competitive bidding for procuring power on short term basis.

4.6 FUEL & POWER PURCHASE COST ADJUSTMENT SURCHARGE

4.6.1 For the purpose of Fuel & Power Purchase Cost Adjustment (FPPCA) as provided in Regulation 6.9 of the UPERC (Terms and Conditions of Determination of Distribution Tariff) Regulations, Amendment No. 3, 2012, the monthly approvals are provided in Table 10.6-1.

4.6.2 The Licensee is directly to file submissions in respect of FPPCA in a timely and regular manner as stipulated by the Regulations.

4.7 SUMMARY OF POWER PURCHASE

4.7.1 The total power purchase quantum available in megawatt (MW) terms from State owned generating stations, central generating stations and other sources along with the quantum and cost approval as submitted by Licensee and approved by Commission for FY 2013-14 is presented in the Tables below:

Table 4-33: SUMMARY OF POWER PURCHASE COST FY 2013-14 - PETITION

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Avg Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Procurement of power from State Sector Generating Stations									
Thermal Stations									
Anpara A	630	4004	0.6	239.5	1.62	650.61	2.22	890.11	2.22
Anpara B	1000	6333	1.14	723.14	1.45	917.07	2.59	1640.20	2.59
Harduaganj	165	796	2.97	236.52	3.58	285.02	6.55	521.54	6.55
Obra A	288	1038	1.88	195.65	2.14	222.46	4.03	418.12	4.03
Obra B	1016	2794	1.47	411.11	1.99	555.42	3.46	966.53	3.46
Panki	210	1050	1.41	147.74	3.55	372.87	4.96	520.6	4.96
Parichha	220	805	1.52	122.65	3.41	274.13	4.93	396.78	4.93
Parichha Extn.	420	2526	1.54	388.02	2.79	705.78	4.33	1093.80	4.33
Parichha Extn. Stage II (2X250MW)	500	2405	2.23	536.62	2.82	677.94	5.05	1214.56	5.05
Harduaganj Ext. (2X250MW)	500	2344	2.47	579.73	2.76	647.3	5.24	1227.03	5.24
Sub total - Thermal	**4949**	**24094**		**3580.68**		**5308.59**		**8889.27**	**3.69**
Per unit Avg Rate of Thermal Generation								**3.69**	
Hydro Stations									
Khara	58	208	1.04	21.69	-	-	1.04	21.69	1.04
Matatila	20	67	0.81	5.43	-	-	0.81	5.43	0.81
Obra (Hydel)	99	175	0.99	17.27	-	-	0.99	17.27	0.99
Rihand	255	417	1.01	42.2	-	-	1.01	42.2	1.01
UGC Power Stations	22	25	2.64	6.61	-	-	2.64	6.61	2.64
Belka & Babail	0	11	-	-	2.25	2.48	2.25	2.48	2.25
Sheetla	4	10	-	-	2.81	2.68	2.81	2.68	2.81
Sub total - Hydro	**458**	**912**		**93.2**		**5.15**		**98.35**	**1.08**
Purchase Per unit Avg Rate from hydro generating stations								**1.08**	
Sub-Total Own generation	**5407**	**25006**		**3673.88**		**5313.75**		**8987.62**	**3.59**
Procurement of power from Central Sector Generating Stations									
Anta	114	849	0.71	60.49	4.9	415.83	5.61	476.32	5.61
Auraiya	238	1769	0.55	97.47	7.06	1249.22	7.61	1346.68	7.61

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Avg Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Dadri Thermal	126	697	1.15	80.34	3.16	219.93	4.31	300.27	4.31
Dadri Gas	267	1986	0.62	123.27	5.26	1044.90	5.88	1168.17	5.88
Dadri Extension	151	1073	1.67	179.52	3.11	334	4.78	513.52	4.78
Rihand-I	375	2828	0.79	222.11	1.35	383.05	2.14	605.16	2.14
Rihand-II	345	2524	1.03	259.7	1.35	341.87	2.38	601.57	2.38
Singrauli	853	6420	0.55	354.35	1.3	831.63	1.85	1185.98	1.85
Tanda	440	3276	1.2	392.29	2.45	801.89	3.65	1194.18	3.65
Unchahar-I	257	1951	0.82	160.72	2.44	476.41	3.27	637.13	3.27
Unchahar-II	150	1090	1.02	111.07	2.44	266.3	3.46	377.37	3.46
Unchahar-III	73	593	1.3	77.34	2.44	144.96	3.75	222.3	3.75
Farakka	33	199	0.98	19.57	3.4	67.79	4.38	87.36	4.38
Kahalgaon St. I	77	581	0.91	52.82	3.13	182.01	4.04	234.83	4.04
Kahalgaon St.II Ph.I	251	1712	1.28	218.84	2.96	506.11	4.23	724.95	4.23
Rihand-III	340	1523	-	-	3.25	494.87	3.25	494.87	3.25
Sub-Total NTPC	**4088**	**29071**		**2409.91**		**7760.76**		**10170.67**	**3.50**
Chamera	109	452	1.89	85.43	-	-	1.89	85.43	1.89
Chamera-II	82	456	2.98	135.86	-	-	2.98	135.86	2.98
Chamera-III	59	315	1.96	61.66	1.99	62.64	3.94	124.3	3.94
Dhauliganga	72	311	2.29	71.18	-	-	2.29	71.18	2.29
Salal I&II	48	215	0.82	17.65	0.47	10.19	1.29	27.84	1.29
Tanakpur	21	104	1.89	19.57	1.1	11.38	2.98	30.94	2.98
Uri	96	534	1.33	71.16	0.79	42.15	2.12	113.31	2.12
Dulhasti	107	581	5.55	322.39	-	-	5.55	322.39	5.55
Sewa-II	34	166	3.34	55.32	2.15	35.72	5.49	91.04	5.49
Uri-II	48	210	-	-	3.32	69.61	3.32	69.61	3.32
Sub-Total NHPC	**676**	**3345**		**840.22**		**231.69**		**1071.91**	**3.20**
NAPP	161	596	-	-	2.65	157.94	2.65	157.94	2.65
RAPP #3&4	72	541	-	-	2.97	160.6	2.97	160.6	2.97
RAPP#5&6	125	670	-	-	3.67	246.01	3.67	246.01	3.67
Sub-Total NPCIL	**358**	**1807**				**564.55**		**564.55**	**3.12**
Naptha Jhakri HPS	275	1365	1.42	194.27	1.14	155.75	2.56	350.02	2.56
Vishnu Prayag	352	1752	1.13	198.23	1.18	207.1	2.31	405.33	2.31
Tala Power	45	184	-	-	2.14	39.4	2.14	39.4	2.14

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Avg Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Tehri Hydro	410	1241	2.3	285.45	2.5	310.25	4.8	595.7	4.8
Rosa Power Project I	900	3205	1.44	461.46	3.68	1178.24	5.12	1639.70	5.12
IGSTPP, Jhajjar	41	350	-	-	5.06	177.42	5.06	177.42	5.06
Koteshwar	169	522	2.65	138.32	2.19	114.31	4.84	252.63	4.84
Anpara 'C'	1100	5918	-	-	3.48	2061.22	3.48	2061.22	3.48
Karcham-Wangtoo	200	160	-	-	3.7	59.16	3.7	59.16	3.7
Bajaj Hindusthan	450	2101	1.92	403.17	2.35	494.71	4.27	897.88	4.27
Rosa Power Project II	300	2102	2.04	428.19	3.68	772.89	5.71	1201.08	5.71
Sub-Total IPP/JV	**4243**	**18900**		**2109.09**		**5570.44**		**7679.54**	**4.06**
Captive and Cogen	0	2830	-	-	4.62	1308.16	4.62	1308.16	4.62
Inter system exchange (Bilateral & PXIL, IEX)/ UI	0	6214	-	-	5.04	3132.06	5.04	3132.06	5.04
Sub-Total : Co-Generation & Other Sources	**0**	**9044**				**4440.22**		**4440.22**	
Grand Total of Power Purchase	**14772**	**87173**		**9033.10**		**23881.40**		**32915**	**3.78**

Table 4-34: SUMMARY OF APPROVED POWER PURCHASE COST FY 2013-14

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Avg Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Procurement of power from State Sector Generating Stations									
Thermal Stations									
Anpara A	630	4004	0.59	236.25	1.33	531.13	1.92	767.38	1.92
Anpara B	1000	6333	1.11	703.00	1.36	859.50	2.47	1,562.49	2.47
Harduaganj	165	597	2.14	127.73	3.13	186.64	5.27	314.38	5.27
Obra A	288	783	1.00	78.28	1.87	146.73	2.87	225.02	2.87
Obra B	1000	2750	0.69	189.75	1.72	472.37	2.41	662.12	2.41
Panki	210	1050	1.35	141.75	3.21	336.84	4.56	478.59	4.56
Parichha	220	805	1.02	82.08	2.98	239.50	4.00	321.59	4.00
Parichha Extn.	420	2526	1.45	366.22	2.62	662.01	4.07	1,028.23	4.07
Parichha Extn. Stage II (2X250MW)	500	3309	1.58	522.83	2.59	857.50	4.17	1,380.33	4.17
Harduaganj Ext. (2X250MW)	500	2970	1.71	507.91	2.39	708.52	4.10	1,216.43	4.10
Sub total - Thermal	**4933**	**25127**		**2955.81**		**5000.74**		**7956.55**	**3.17**
Per unit Avg Rate of Thermal Generation								**3.17**	
Hydro Stations									
Khara	58	303	0.72	21.83	-	-	0.72	21.83	0.72
Matatila	20	81	0.65	5.24	-	-	0.65	5.24	0.65
Obra (Hydel)	99	276	0.63	17.39	-	-	0.63	17.39	0.63
Rihand	255	773	0.55	42.50	-	-	0.55	42.50	0.55
UGC Power Stations	22	31	2.13	6.60	-	-	2.13	6.60	2.13
Belka & Babail	6	11	-	-	2.25	2.48	2.25	2.48	2.25
Sheetla	4	10	-	-	2.73	2.73	2.73	2.73	2.73
Sub total - Hydro	**463**	**1485**		**93.56**		**5.21**		**98.77**	**0.67**
Purchase Per unit Avg Rate from hydro generating stations								**0.67**	
Sub-Total Own generation	**5396**	**26612**		**3,049.37**		**5,005.95**		**8,055.32**	**3.03**
Procurement of power from Central Sector Generating Stations									
Anta	114	639	0.99	63.00	4.90	312.95	5.88	375.95	5.88
Auraiya	237	1260	0.91	114.97	7.06	889.53	7.97	1,004.50	7.97

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Avg Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Dadri Thermal	84	578	1.03	59.79	3.16	182.45	4.19	242.24	4.19
Dadri Gas	266	1572	0.94	147.88	5.26	827.07	6.20	974.95	6.20
Dadri Extension	135	851	1.86	158.12	3.11	264.75	4.97	422.88	4.97
Rihand-I	364	2585	0.85	220.94	1.35	350.13	2.21	571.07	2.21
Rihand-II	334	2451	0.96	235.78	1.35	332.02	2.32	567.80	2.32
Singrauli	830	6113	0.56	344.37	1.30	791.83	1.86	1,136.21	1.86
Tanda	440	2989	1.09	326.30	2.45	731.52	3.54	1,057.81	3.54
Unchahar-I	255	1874	0.94	176.36	2.44	457.74	3.38	634.10	3.38
Unchahar-II	145	1056	0.98	103.55	2.44	258.00	3.42	361.54	3.42
Unchahar-III	71	510	1.43	72.96	2.44	124.72	3.87	197.68	3.87
Farakka	33	200	0.95	18.92	3.40	68.00	4.35	86.91	4.35
Kahalgaon St. I	77	431	1.10	47.31	3.13	134.88	4.23	182.20	4.23
Kahalgaon St.II Ph.I	167	1065	1.84	195.87	2.96	314.73	4.80	510.60	4.80
Rihand-III	340	1523	-	-	3.25	494.87	3.25	494.87	3.25
Sub-Total NTPC	**3893**	**25695**		**2,286.11**		**6,535.21**		**8,821.32**	**3.43**
Chamera	109	333	0.86	28.60	0.82	27.17	1.67	55.78	1.67
Chamera-II	81	401	1.21	48.57	1.13	45.46	2.35	94.02	2.35
Chamera-III	59	292	2.11	61.66	2.14	62.64	4.25	124.30	4.25
Dhauliganga	71	286	1.32	37.69	1.20	34.39	2.52	72.07	2.52
Salal I&II	48	212	0.44	9.39	0.41	8.78	0.86	18.17	0.86
Tanakpur	21	101	1.15	11.67	0.99	10.02	2.14	21.69	2.14
Uri	96	513	0.88	45.22	0.66	34.08	1.55	79.30	1.55
Dulhasti	106	512	2.58	131.98	2.54	129.84	5.12	261.83	5.12
Sewa-II	33	147	1.92	28.11	1.78	26.16	3.70	54.27	3.70
Uri-II	48	210	-	-	3.32	69.61	3.32	69.61	3.32
Sub-Total NHPC	**673**	**3006**		**402.89**		**448.15**		**851.04**	
NAPP	161	665	-	-	2.65	176.34	2.65	176.34	2.65
RAPP #3&4	80	487	-	-	2.97	144.36	2.97	144.36	2.97
RAPP#5&6	124	810	-	-	3.67	297.52	3.67	297.52	3.67
Sub-Total NPCIL	**364**	**1962**				**618.23**		**618.23**	
Naptha Jhakri HPS	275	1365	1.42	194.27	1.14	155.75	2.56	350.02	2.56
Vishnu Prayag	352	1752	1.13	198.23	1.18	207.10	2.31	405.33	2.31
Tala Power	45	184	-	-	2.14	39.40	2.14	39.40	2.14
Tehri Hydro	410	1241	2.30	285.45	2.50	310.25	4.80	595.70	4.80

Source of Power	MW Available	MU	Fixed Cost		Variable Cost		Total Cost		Avg Cost
			(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)
Rosa Power Project I	900	3205	1.44	461.46	3.68	1,178.24	5.12	1,639.70	5.12
IGSTPP, Jhajjar	41	350	-	-	5.06	177.42	5.06	177.42	5.06
Koteshwar	169	522	2.65	138.32	2.19	114.31	4.84	252.63	4.84
Anpara 'C'	1100	5918	-	-	3.48	2,061.22	3.48	2,061.22	3.48
Karcham-Wangtoo	200	160	-	-	3.70	59.16	3.70	59.16	3.70
Bajaj Hindusthan	450	2101	1.92	403.17	2.35	494.71	4.27	897.88	4.27
Rosa Power Project II	300	2102	2.04	428.19	3.68	772.89	5.71	1,201.08	5.71
Sub-Total IPP/JV	**4243**	**18900**				**5,570.44**		**7,679.54**	
Captive and Cogen	0	2830	-	-	4.62	1,308.16	4.62	1,308.16	4.62
Inter system exchange (Bilateral & PXIL, IEX) / UI	0	5627	-	-	5.04	2836.09	5.04	2836.09	5.04
Sub-Total : Co-Generation & Other Sources	**0**	**8457**				**4,144.26**		**4,144.26**	**4.90**
Grand Total of Power Purchase	**14569**	**84632**		**5,738.37**		**22,322.2**		**30,169.70**	**3.56**

4.8 APPROVED MERIT ORDER DISPATCH

4.8.1 Merit Order Dispatch as approved by the Commission after evaluating the power purchase cost is given in Table 4-35 below:

Table 4-35: APPROVED MERIT ORDER DISPATCH FY 2013-14

Rank	Power Station	Type	Dispatch Mode	Variable Charge (Rs / kWh)	Power Procurement (MU)	Cumulative Procurement (MU)
1	Khara	UPJVNL-Hydro	Must Run	0.00	303	303
2	Matatila	UPJVNL-Hydro	Must Run	0.00	81	384
3	Obra (Hydel)	UPJVNL-Hydro	Must Run	0.00	276	660
4	Rihand	UPJVNL-Hydro	Must Run	0.00	773	1,433
5	UGC Power Stations	UPJVNL-Hydro	Must Run	0.00	31	1,464
6	Salal I&II	NHPC	Must Run	0.41	212	1,676
7	Uri	NHPC	Must Run	0.66	513	2,188
8	Chamera	NHPC	Must Run	0.82	333	2,522
9	Tanakpur	NHPC	Must Run	0.99	101	2,623
10	Chamera-II	NHPC	Must Run	1.13	401	3,024
11	Nathpa Jhakri HPS	IPP/JV/Others - Hydro	Must Run	1.14	1,365	4,389
12	VishnuPrayag	IPP/JV/Others - Hydro	Must Run	1.18	1,752	6,141
13	Dhauliganga	NHPC	Must Run	1.20	286	6,426
14	Anpara A	UPRVNL-Thermal	Must Run	1.33	4,004	10,431
15	Anpara B	UPRVNL-Thermal	Must Run	1.36	6,333	16,764
16	Sewa-II	NHPC	Must Run	1.78	147	16,911
17	Tala Power	IPP/JV/Others - Hydro	Must Run	2.14	184	17,095
18	Chamera-III	NHPC	Must Run	2.14	292	17,387
19	Belka & Babail	UPJVNL-Hydro	Must Run	2.25	11	17,398
20	Tehri Hydro	IPP/JV/Others - Hydro	Must Run	2.50	1,241	18,639
21	Dulhasti	NHPC	Must Run	2.54	512	19,151
22	NAPP	NPCIL	Must Run	2.65	665	19,816
23	Sheetla	UPJVNL-Hydro	Must Run	2.73	10	19,826
24	RAPP #3&4	NPCIL	Must Run	2.97	487	20,312

Rank	Power Station	Type	Dispatch Mode	Variable Charge (Rs / kWh)	Power Procurement (MU)	Cumulative Procurement (MU)
25	Uri-II	NHPC	Must Run	3.32	210	20,522
26	RAPP#5&6	NPCIL	Must Run	3.67	810	21,332
27	Karcham-Wangtoo	IPP/JV/Others	Must Run	3.70	160	21,492
28	Singrauli	NTPC	Merit	1.30	6,113	27,605
29	Rihand-II	NTPC	Merit	1.35	2,451	30,056
30	Rihand-I	NTPC	Merit	1.35	2,585	32,641
31	Obra B	UPRVNL-Thermal	Merit	1.72	2,750	35,391
32	Obra A	UPRVNL-Thermal	Merit	1.87	783	36,174
33	Koteshwar	IPP/JV/Others - Hydro	Merit	2.19	522	36,696
34	Bajaj Hindusthan	IPP/JV/Others - Thermal	Merit	2.35	2,101	38,797
35	Harduaganj Ext. (2X250MW)	UPRVNL-Thermal	Merit	2.39	2,970	41,767
36	Unchahar-I	NTPC	Merit	2.44	1,874	43,642
37	Unchahar-II	NTPC	Merit	2.44	1,056	44,697
38	Unchahar-III	NTPC	Merit	2.44	510	45,208
39	Tanda	NTPC	Merit	2.45	2,989	48,196
40	Parichha Extn. Stage II (2X250MW)	UPRVNL-Thermal	Merit	2.59	3,309	51,505
41	Parichha Extn.	UPRVNL-Thermal	Merit	2.62	2,526	54,031
42	Kahalgaon St.II Ph.I	NTPC	Merit	2.96	1,065	55,095
43	Parichha	UPRVNL-Thermal	Merit	2.98	805	55,900
44	Dadri Extension	NTPC	Merit	3.11	851	56,751
45	Harduagunj	UPRVNL-Thermal	Merit	3.13	597	57,348
46	Kahalgaon St. I	NTPC	Merit	3.13	431	57,779
47	Dadri Thermal	NTPC	Merit	3.16	578	58,357
48	Panki	UPRVNL-Thermal	Merit	3.21	1,050	59,407
49	Rihand-III	NTPC	Merit	3.25	1,523	60,929
50	Farakka	NTPC	Merit	3.40	200	61,129
51	Anpara 'C'	IPP/JV/Others - Thermal	Merit	3.48	5,918	67,047
52	Rosa Power Project II	IPP/JV/Others - Thermal	Merit	3.68	2,102	69,149

Rank	Power Station	Type	Dispatch Mode	Variable Charge (Rs / kWh)	Power Procurement (MU)	Cumulative Procurement (MU)
53	Rosa Power Project I	IPP/JV/Others - Thermal	Merit	3.68	3,205	72,354
54	Captive and Cogen	IPP/JV/Others - Hydro	Merit	4.62	2,830	75,184
55	Anta	NTPC	Merit	4.90	639	75,823
56	IGSTPP, Jhajhjhar	IPP/JV/Others - Thermal	Merit	5.06	350	76,173
57	Dadri Gas	NTPC	Merit	5.26	1,572	77,745
58	Auriya	NTPC	Merit	7.06	1,260	79,005
59	Inter system exchange (Bilateral & PXIL, IEX) / UI	IPP/JV/Others	Merit	5.04	5,627	84,632

4.9 ANNUAL REVENUE REQUIREMENT FOR FY 2013-14

4.9.1 The Commission has analysed all the components of the Aggregate Revenue Requirement (ARR) to arrive at suitable values. As per the Distribution Tariff Regulations, the ARR includes the following components:

a) Power Purchase cost
b) Transmission Charges
c) SLDC Charges
d) Operation and Maintenance Expenses
- Employee Expenses
- Administration & General Expenses
- Repairs and Maintenance Expenses

e) Depreciation
f) Interest and Financing Costs
g) Bad and Doubtful Debts
h) Return on Equity
i) Taxes on Income
j) Other Expenses
k) Contribution to Contingency Reserve

4.9.2 The detailed analysis of each and every element identified above is presented in the subsequent sections. For approving the O&M expenses for the ensuing year, the Distribution Tariff Regulations provides for a formula of escalation index to be applied to the base year as detailed below.

4.10 ESCALATION INDEX

4.10.1 The Regulation 4.3 of Distribution Tariff Regulations stipulates the methodology for consideration of the O&M Expenses, wherein such expenses are linked to the inflation index determined under these Regulations. The relevant provisions of the Distribution Tariff Regulation are reproduced below:

"The O&M expenses comprise of employee cost, repairs & maintenance (R&M) cost and administrative & general (A&G) cost. The O&M expenses for the base year shall be calculated on the basis of historical/audited costs and past trend

during the preceding five years. However, any abnormal variation during the preceding five years shall be excluded. For determination of the O&M expenses of the year under consideration, the O & M expenses of the base year shall be escalated at inflation rates notified by the Central Government for different years. The inflation rate for above purpose shall be the weighted average of Wholesale Price Index and Consumer Price Index in the ratio of 60:40. Base year, for these regulations means, the first year of tariff determination under these regulations

……..”[Emphasis supplied]

4.10.2 The Commission in accordance with the above stated regulation has calculated the inflation index for the FY 2013-14 based on the weighted average index of WPI and CPI. The Commission has considered the WPI and CPI index as available on the website of Economic Advisor, Ministry of Commerce and Industry Ministry of Labour respectively. Accordingly, the Commission has calculated the inflation index for approval of O&M expenses at 8.75% as shown in the Table 4-36 below:

Table 4-36: INFLATION INDEXES FOR FY 2013 – 14

Month	Wholesale Price Index							Consumer Price Index							Consolidated Index						
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
April	108	115	124	125	139	152	164	120	128	138	150	170	186	205	113	120	129	135	151	166	180
May	109	115	124	126	139	152	164	121	129	139	151	172	187	206	114	120	130	136	152	166	181
June	110	115	127	127	140	153	165	123	130	140	153	174	189	208	115	121	132	137	153	167	182
July	111	116	129	128	141	154	166	124	132	143	160	178	193	212	116	122	134	141	156	170	184
August	112	116	129	130	141	155	167	124	133	145	162	178	194	214	117	123	135	143	156	171	186
September	112	116	129	130	142	156	169	125	133	146	163	179	197	215	117	123	136	143	157	173	187
October	113	116	129	131	143	157	169	127	134	148	165	181	198	217	118	123	136	145	158	173	188
November	113	117	127	133	144	157	169	127	134	148	168	182	199	218	118	124	135	147	159	174	188
December	112	117	125	133	146	157	169	127	134	147	169	185	197	219	118	124	134	148	162	173	189
January	112	118	124	135	148	159	170	127	134	148	172	188	198	221	118	124	134	150	164	174	191
February	113	119	123	135	148	159	170	128	135	148	170	185	199	223	119	125	133	149	163	175	191
March	113	122	124	136	150	161	171	127	137	148	170	185	201	224	118	128	133	150	164	177	192
Average	**111**	**117**	**126**	**131**	**143**	**156**	**168**	**125**	**133**	**145**	**163**	**180**	**195**	**215**	**117**	**123**	**134**	**144**	**158**	**172**	**187**
																Calculation of Inflation Index (CPI-40%, WPI-60%)					
Weighted Average of Inflation																**5.36%**	**8.51%**	**7.52%**	**9.96%**	**8.69%**	**8.75%**

4.11 POWER PROCUREMENT COST

4.11.1 The Commission has run the merit order Dispatch schedule for power purchase for the FY 2013-14 after considering the availability of power and monthly sales trend projections of the Licensee. The power purchase quantum and cost approved by the Commission for FY 2013-14 is depicted in Table 4-34.

4.11.2 Further aligning with the Licensee's submission the Commission has grossed up the power purchase costs to include PGCIL charges (inter-state transmission charges).

4.11.3 In the absence of detailed data, the Commission has prorated the projected PGCIL charges on the basis of approved power purchase quantum as detailed in the table below:

Table 4-37: APPROVED PGCIL CHARGES FOR FY 2013-14

Particulars	Derivation	FY 2013-14 Approved
Projected Power Purchase by Licensee (MU)	A	87,173
Projected PGCIL Charges (Rs. Crores)	B	1,325
Projected PGCIL Charges (Rs./kWh)	C = B/A*10	0.15
Approved Power Purchase (MU)	D	84,632
Approved PGCIL Charges (Rs. Crores)	**E = D*C/10**	**1,287**

4.11.4 The Commission further reiterates that the actual inter-state transmission charges for FY 2013-14 would be allowed as pass through during true-up process subject to prudence check by the Commission based on audited accounts.

4.11.5 The Commission has determined the bulk supply rate by dividing the power purchase cost including PGCIL charges so computed with the energy input (MU) at transmission-distribution interface. The Commission has approved the bulk power supply tariff for FY 2013-14 as given in the table below

Table 4-38: CONSOLIDATED BULK SUPPLY TARIFF – APPROVED

Particulars	Derivation	FY 2013-14 Approved
Purchases Required & Billed Energy (MU)	A	84,632
Periphery Loss (Up to inter connection Point) (%)	B	1.65%
Energy Available at State periphery for Transmission(MU)	C =A* (1-B)	83,235
Intra -state Transmission losses %	D	3.67%
Energy Input into Transmission-Distribution Interface (MU)	E=C* (1-D)	80,181
Power Purchase Cost (Rs. Crores.)	F	30,170
PGCIL (NR) Inter-State transmission charges (Rs. Crores.)	G	1,287
Total Power Procurement Cost (Rs. Crores.)	H=F+G	31,456
Bulk Supply Tariff (Rs./Unit)	I= (H/E)*10	3.92

4.11.6 The Commission's approved power procurement cost for the Licensee for FY 2013-14 is given in the table below:

Table 4-39: POWER PROCUREMENT COST FOR FY 2013-14

Particulars	Derivation	FY 2013-14 Approved
Energy Input into Transmission-Distribution Interface (MU)	A	25,774
Bulk Supply Tariff (Rs./kWh)	B	3.92
Power Procurement Cost from UPPCL (Rs. Crores)	C =A*B /10	10,112

4.12 TRANSMISSION AND SLDC CHARGES

4.12.1 Transmission & SLDC charges for FY 2013-14 have been approved in concurrence with the ARR approved for UPPTCL by the Commission. The Commission however reiterates that the actual transmission charges for FY 2013-14 would be allowed as pass through during true-up process subject to prudence check by the Commission based on audited accounts. The Commission for the purpose of this Order has considered the transmission tariff approved for UPPTCL for FY 2013-14 for determination of intra state transmission charges. The Commission's approved transmission charges for the Licensee for FY 2013-14 are given in table below:

Table 4-40: INTRA STATE TRANSMISSION CHARGES FOR FY 2013-14

Particulars	Derivation	FY 2013-14 Approved
Energy Input into Transmission-Distribution Interface (MU)	A	25,774
Transmission Tariff (Rs./kWh)	B	0.135
Transmission Cost (Rs. Crores)	C =A*B /10	348

4.13 O&M EXPENSES

4.13.1 O&M expenses comprise of employee related costs, A&G expenses and R&M expenditure. The regulation 4.3 of the Distribution Tariff Regulations issued by the Commission stipulates:

1. *The O&M expenses comprise of employee cost, repairs & maintenance (R&M) cost and administrative & general (A&G) cost. The O&M expenses for the base year shall be calculated on the basis of historical/audited costs and past trend during the preceding five years. However, any abnormal variation during the preceding five years shall be excluded. For determination of the O&M expenses of the year under consideration, the O & M expenses of the base year shall be escalated at inflation rates notified by the Central Government for different years. The inflation rate for above purpose shall be the weighted average of Wholesale Price Index and Consumer Price Index in the ratio of 60:40. Base year, for these regulations means, the first year of tariff determination under these regulations.*

…………"

4.13.2 The Commission has determined the trued up O&M expenses of the base year i.e., FY 2007-08, in the Order on Petition No. 809 of 2012 dated 21st May, 2013.

4.13.3 The approved O&M expenses for FY 2007-08 have been escalated using the inflation index to derive the allowable O&M Expenses for FY 2008-09.

4.13.4 The Licensee had adopted 6th Pay Revision Committee Recommendations in the month of February 2009. In the True-up Petitions / audited accounts for FY 2008-09, 2009-10 and 2010-11, the Licensee has submitted that the employee cost of FY

2008-09 includes pay revision provision of Rs. 32.20 Crores pertaining to the period from 1st April, 2008 to 31st March, 2009.

4.13.5 The normal increment in salaries was paid from April 2009 onwards. Hence the normal increase in employee costs would be reflected in the audited accounts of FY 2009-10.

4.13.6 The Commission has estimated the percentage increase in normal employee expenses for FY 2009-10 by isolating the impact of pay revision arrear in 2008-09. The normal gross employee expenses increased from Rs. 225.93 Crores (excluding pay revision arrear) in FY 2008-09 to Rs. 283.82 Crores in FY 2009-10 consequent to pay revision, which translates to an increase of 25.62%.

4.13.7 The allowable gross employee expenses for FY 2009-10 have been considered by escalating the component wise approved O&M expenses for FY 2008-09 by 25.62% which is inclusive of the escalation index of 8.51% approved in Table 4-36 above.

4.13.8 The allowable O&M expenses for FY 2013-14 have been approved by escalating the component wise O&M expenses for FY 2009-10 by using the yearly inflation indices approved in Table 4-36.

4.13.9 Further in addition to the O&M cost based on inflationary indices based escalation, the Distribution Tariff Regulations provide for incremental O&M expenses on addition to assets during the year. Regulation stipulates that *"Incremental O&M expenses for the ensuing financial year shall be 2.5% of capital addition during the current year. O&M charges for the ensuing financial year shall be sum of incremental O&M expenses so worked out and O&M charges of current year escalated on the basis of predetermined indices as indicated in regulation 4.3(1)."*

4.13.10 Based on the above and considering the philosophy for computation of incremental O&M expenses approved in Order dated 7th January, 2013 in

Petition No. 847/2012, the Commission has approved incremental O&M expenses for FY 2013-14 at Rs. 97.72 Crores as depicted in the table below.

Table 4-41: INCREMENTAL O&M EXPENSES (Rs. Crores)

Particulars	Derivation	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Net Additions to GFA during preceding year	A	456.55	509.55	526.46	512.55	624.67	534.94
Preceding year O&M charge	B		11.41	25.12	40.17	56.99	77.56
Incremental O&M expenses @ 2.5% on Net Additions to GFA	**C = 2.50% of A**	**11.41**	**12.74**	**13.16**	**12.81**	**15.62**	**13.37**
Inflation Index	D	5.36%	8.51%	7.52%	9.96%	8.69%	8.75%
Preceding year O&M charge so escalated	**E = B (1+D)**	**0.00**	**12.38**	**27.01**	**44.18**	**61.94**	**84.34**
O&M Expenses	**F = C + E**	**11.41**	**25.12**	**40.17**	**56.99**	**77.56**	**97.72**
a) Employee costs		6.41	13.77	22.02	31.08	43.42	55.46
b) R&M expenses		4.17	9.47	15.10	21.53	28.14	34.66
c) A&G expenses		0.84	1.88	3.06	4.38	6.00	7.59

4.13.11 The same are allocated across the individual elements of the O&M expenses on the basis of the contribution of each element in the gross O&M expenses.

Thus the O&M expenses approved for FY 2013-14 are depicted in the table below:

Table 4-42: O&M EXPENSES UP TO FY 2013-14 (Rs. Crores)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Employee Expenses							
Employee Cost and Provisions	188.62	198.74	249.66	268.44	295.18	320.83	**348.90**
Incremental Employee Expenses @ 2.5%	-	6.41	13.77	22.02	31.08	43.42	**55.46**
Gross Employee Expenses	**188.62**	**205.15**	**263.42**	**290.46**	**326.27**	**364.24**	**404.36**
Employee expenses capitalized	76.91	93.88	117.39	115.49	136.96	54.64	**60.65**
Net Employee Expenses	**111.71**	**111.27**	**146.03**	**174.97**	**189.31**	**309.61**	**343.71**
A&G Expenses							
Admin & Gen Expenses	27.90	29.40	31.90	34.30	37.71	40.99	**44.58**
Incremental Admin & Gen Expenses @ 2.5%	-	0.84	1.88	3.06	4.38	6.00	**7.59**
Gross Admin & Gen Expenses	**27.90**	**30.24**	**33.78**	**37.36**	**42.09**	**46.99**	**52.17**
Admin & Gen expenses capitalized	9.56	11.40	12.99	12.30	14.08	7.05	**7.83**
Net Admin & Gen Expenses	**18.34**	**18.83**	**20.79**	**25.06**	**28.01**	**39.94**	**44.34**
R&M Expenses							
Repair & Maintenance Expenditure	84.57	89.10	96.68	103.95	114.31	124.24	**135.11**
Incremental R&M Expenses @ 2.5%	-	4.17	9.47	15.10	21.53	28.14	**34.66**
Gross Repair & Maintenance Expenses	**84.57**	**93.27**	**106.15**	**119.05**	**135.84**	**152.38**	**169.77**
Total Normal O&M Expenses	**214.62**	**223.37**	**272.98**	**319.08**	**353.16**	**501.94**	**557.82**
Pay Revision Impact	-	32.20					
Total O&M Expenses	**214.62**	**255.57**	**272.98**	**319.08**	**353.16**	**501.94**	**557.82**

The O&M expenses would be subject to truing up upon finalisation of audited accounts.

4.14 GFA BALANCES AND CAPITAL FORMATION ASSUMPTIONS

4.14.1 The final truing-up up to FY 2007-08 has been approved by the Commission vide its Order on Petition No. 809/2012 dated 21st May, 2013. Further, the statutory audited accounts up to FY 2010-11 have been submitted by the Licensee. With a view to approve realistic levels of gross fixed asset balance, and consequent tariff components such as depreciation, interest on loan and return on equity, the Commission has referred to the gross fixed asset balances, capital additions, capital deletions, capital work in progress balances, etc from the audited accounts up to FY 2010-11.

4.14.2 The Commission has considered the capital additions, capital deletions, capital work in progress balances, etc from the provisional accounts for FY 2011-12 submitted by the Licensee along with the ARR / Tariff Petition for FY 2013-14 filed on 7th December, 2012.

4.14.3 In the case of FY 2012-13, the Commission has considered the capital investments and capital additions philosophy, etc. approved in the Tariff Order dated 19th October, 2012.

4.14.4 The Commission has observed that the capital investment claimed by the Licensee is not in strict accordance with the Distribution Tariff Regulations. In order to reprimand the Licensee, the Commission disallows 30% of the capital investment claimed in the ARR / Tariff Petition and allows only Rs. 1471.11 Crores towards capital investment for FY 2013-14.

4.14.5 The expenses capitalisation and interest capitalisation have been considered as approved in the sections dealing with O&M expenses and Interest on long term loans respectively.

4.14.6 40% of the total investments including opening capital work in progress balance, expenses & interest capitalisation during the year have been projected to be capitalised in FY 2013-14.

4.14.7 Accordingly, the details of Capitalisation and Work-in-progress up to FY 2013-14 are provided in the table below:

Table 4-43: CAPITALISATION & WIP UP TO FY 2013-14 (Rs. Crores)

Particulars	Derivation	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Opening WIP as on 1st April	A	378.58	157.48	147.40	176.60	176.92	200.35	802.41
Investments	B	448.29	742.14	890.43	882.80	980.81	1,052.00	1,471.11
Employee Expenses Capitalisation	C	76.91	93.88	117.39	115.49	136.96	54.64	60.65
A&G Expenses Capitalisation	D	9.56	11.40	12.99	12.30	14.08	7.05	7.83
Interest Capitalisation on Interest on long term loans	E	18.96	17.74	5.44	6.21	-	23.32	29.64
Total Investments	**F= A+B+C+D+E**	**932.30**	**1,022.64**	**1,173.65**	**1,193.39**	**1,308.77**	**1,337.35**	**2,371.64**
Transferred to GFA (Total Capitalisation)	**G=F*40%**	774.82	875.25	997.05	1,016.48	1,108.41	534.94	948.66
Closing WIP	**H = F-G**	**157.48**	**147.40**	**176.60**	**176.92**	**200.35**	**802.41**	**1,422.98**

4.15 FINANCING OF THE CAPITAL INVESTMENT

4.15.1 The Commission has considered a normative tariff approach with a gearing of 70:30. Considering this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be financed through equity contributions. The portion of capital expenditure financed through consumer contributions, capital subsidies and grants has been separated as the depreciation and interest thereon would not be charged to the consumers.

4.15.2 The balances of consumer contributions, capital subsidies and grants up to FY 2010-11 have been considered from the audited accounts.

4.15.3 The provisional accounts for FY 2011-12 reveal the amounts received as consumer contributions, capital subsidies and grants. Further, the consumer contribution, capital subsidies and grants for FY 2012-13 and 2013-14 have been considered to be in the same ratio to the total investments, as proposed by the Licensee in its ARR / Tariff Petitions for 2013-14 respectively.

4.15.4 The table below summarises the amounts considered towards consumer contributions, capital grants and subsidies up to FY 2013-14:

Table 4-44: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES CONSIDERED UP TO FY 2013-14 (Rs. Crores)

Particulars	Derivation	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	A	401.94	551.45	663.75	801.80	935.04	1,084.96	1,362.34
Additions during the year	B	171.90	140.64	179.43	183.31	201.31	334.36	423.15
Less: Amortisation	C	22.38	28.35	41.38	50.07	51.40	56.98	64.12
Closing Balance	**D=A+B-C**	**551.45**	**663.75**	**801.80**	**935.04**	**1,084.96**	**1,362.34**	**1,721.36**

4.15.5 Thus, the approved financing of the capital investment is depicted in the table below:

Table 4-45: FINANCING OF THE CAPITAL INVESTMENTS UP TO FY 2013-14 (Rs. Crores)

Particulars	Derivation	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Investment	A	448.29	742.14	890.43	882.80	980.81	1,052.00	1,471.11
Less:								
Consumer Contribution and Capital Assets Subsidy	B	171.90	140.64	179.43	183.31	201.31	334.36	423.15
Total	**C = A- B**	**276.39**	**601.50**	**710.99**	**699.49**	**779.50**	**717.64**	**1,047.96**
Investment funded by debt and equity								
Debt Funded	**70%**	193.48	421.05	497.70	489.64	545.65	502.35	733.57
Equity Funded	**30%**	82.92	180.45	213.30	209.85	233.85	215.29	314.39

4.15.6 The Commission approves consumer contributions, capital subsidies and grants to the tune of Rs. 423.15 Crores in FY 2013-14. Thus, balance Rs. 1047.96 Crores have been considered to be funded through debt and equity. Considering a debt equity ratio of 70:30, Rs. 733.57 Crores or 70% of the capital investment is approved to be funded through debt and balance 30% equivalent to Rs. 314.39 Crores through equity.

4.16 DEPRECIATION EXPENSE

4.16.1 The Commission in its Distribution Tariff Regulations has specified the methodology for the computation of depreciation.

4.16.2 Annexure B to the Distribution Tariff Regulations provides the depreciation rate to be charged on each class of asset. Due to non-maintenance of Fixed Asset Registers by the Licensee, the Commission has computed deprecation for FY 2013-14 at a weighted average rate of 7.84%.

4.16.3 For the purpose of computing depreciation, the Commission has considered the GFA base as per audited accounts up to FY 2010-11 and have subsequently added the yearly capitalisations for FY 2011-12, 2012-13 and 2013-14 considered in Table 4-43 above.

4.16.4 The Commission has computed the depreciation only on the depreciable asset base and have excluded the non-depreciable assets such as land, land rights, etc.

4.16.5 Considering the philosophy and total capitalization approved by the Commission for FY 2013-14 as above, the GFA base approved by the Commission is given in the table below:

Table 4-46: GROSS FIXED ASSETS FOR FY 2013-14 (Rs. Crores)

Particulars	Derivation	FY 2013-14 (Approved)
Depreciation Rate	A	7.84%
Opening GFA as on 1st April (Depreciable)	B	6,183.23
Opening GFA as on 1st April (Non-Depreciable)	C	1.01

Particulars	Derivation	FY 2013-14 (Approved)
Total Opening GFA as on 1st April	**D=B+C**	**6,184.24**
Addition to GFA during the year (Depreciable)	D	948.66
Addition to GFA during the year (Non Depreciable)	E	-
Deduction from GFA during the year (Depreciable)	F	-
Closing GFA as on 31st March (Depreciable)	G = B + D - F	7,131.88
Closing GFA as on 31st March (Non Depreciable)	H = C+E	1.01
Total Closing GFA as on 31st March	**I = G + H**	**7,132.90**

4.16.6 The Commission has projected the depreciation on assets created out of consumer contributions, capital grants and subsidies for FY 2013-14 in the same ratio as per provisional accounts of FY 2011-12. The Commission has reduced the equivalent depreciation amounting to Rs. 64.12 Crores in respect of depreciation on assets created out of consumer contributions, capital grants and subsidies.

4.16.7 Regulation 4.5(9) of the Distribution Tariff Regulations requires that "*the Licensee will maintain asset registers at each operating circle/division that will capture all necessary details on the asset, including the cost incurred, date of Commissioning, location of asset, and all other technical details*".

4.16.8 The Commission has repeatedly given several directions to the Licensee to ensure that proper and detailed Fixed Assets Registers are maintained at the field offices. Further, the Hon'ble APTEL in Appeal No. 121 of 2010 & I.A. No. 83 of 2011 has also reinforced Commission's views and has directed the Licensee to comply with the regulations and directions issued by the Commission.

4.16.9 As a first step towards reprimanding the Licensee over the issue of non-maintenance of fixed asset registers, the Commission has withheld 20% of the allowable depreciation for FY 2013-14. The same would be released for recovery through tariff, upon submission of fixed asset registers up to the current year i.e., FY 2012-13 by 30th November, 2013.

4.16.10 Thus, the Commission has approved net depreciation expense of Rs. 366.26 Crores for FY 2013-14 as depicted in the table below:

Table 4-47: APPROVED DEPRECIATION FOR FY 2013-14 (Rs. Crores)

Particulars	Derivation	FY 2013-14 (Approved)
Depreciation Rate	A	7.84%
Opening GFA as on 1st April (Depreciable Assets)	B	6,183.23
Addition to GFA during the year (Depreciable Assets)	C	948.66
Depreciation on Opening GFA + Addition during the year	**D = (A*B)+(C*A/2)**	**521.95**
Less:		
Depreciation on assets created from Consumer Contribution and Capital Assets Subsidy	E	64.12
Gross Allowable Depreciation for 2013-14	**F=D-E**	**457.83**
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register	G = F*20%	91.57
Net Allowable Depreciation for Recovery in the ARR for FY 2013-14	**H = F - G**	**366.26**

4.17 INTEREST AND FINANCING COST

4.17.1 Interest on Long Term Loans

4.17.1.1 It is reiterated that the Commission has considered a normative tariff approach with a gearing of 70:30. In this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be funded through equity contributions. The portion of capital expenditure financed through consumer contributions, capital subsidies and grants has been separated as the depreciation and interest thereon would not be charged to the consumers.

4.17.1.2 Allowable depreciation for the year has been considered as normative loan repayment.

4.17.1.3 The weighted average rate of interest has been considered as per the ARR / Tariff Petition filed for FY 2013-14, as it seems to be fair and equitable. The interest capitalisation has been considered at a rate of 23% which is consistent with the previous Orders of the Commission.

4.17.1.4 The computations for interest on long term loan are depicted in the table below:

Table 4-48: INTEREST ON LONG TERM LOANS UP TO FY 2013-14 (Rs. Crores)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Loan	341.43	302.67	459.59	665.56	831.43	1,010.05	1,105.51
Loan Additions (70% of Investments)	193.48	421.05	497.70	489.64	545.65	502.35	733.57
Less: Repayments (Depreciation allowable for the year)	232.24	264.12	291.73	323.77	367.02	406.89	457.91
Closing Loan Balance	**302.67**	**459.59**	**665.56**	**831.43**	**1,010.05**	**1,105.51**	**1,381.17**
Weighted Average Rate of Interest							10.36%
Interest on long term loan							**128.87**
Interest Capitalisation Rate							23.00%
Less: Interest Capitalized							29.64
Net Interest Charged							**99.23**

4.17.1.5 Thus, the Commission has approved gross interest on long term loan of Rs. 128.87 Crores and capitalisation thereof amounting to Rs. 29.64 Crores for FY 2013-14.

4.17.2 Interest on Working Capital

4.17.2.1 Regulation 4.8.2 of the Distribution Tariff Regulations lays down the norms and methodology for calculating interest on working capital. Although the Commission is aware of the financial distress and liquidity crunch of the Distribution Licensee, the Commission opines that the Distribution Licensee is eligible only for interest cost on account of normative working capital. Commission views that the Licensee should manage its day to day affairs pragmatically by improving collection efficiency, reducing bad debts thus strengthening its cash position. The Commission has considered the interest on working capital in line with the provisions of the Distribution Tariff Regulations

4.17.2.2 Interest costs on working capital loans as approved by the Commission based on computation of interest on normative working capital for FY 2013-14 is given in the table below:

Table 4-49: INTEREST COST ON WORKING CAPITAL LOANS FOR FY 2013-14 (Rs. Crores)

Particulars	FY 2013-14 (Approved)
One month's O&M Expenses	46.49
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	14.59
Receivables equivalent to 60 days average billing on consumers	1,763.95
Gross Total	**1,825.03**
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	713.23
Net Working Capital	**1,111.80**
Rate of Interest for Working Capital	12.50%
Interest on Working Capital	**138.98**

4.17.3 Interest on Consumer Security Deposits

4.17.3.1 In terms of the Regulation 4.8(3) of the Distribution Tariff Regulation, the Licensee has to pay interest to the consumers at bank rate or more on the consumer security deposit. Such payment of interest on security deposit is also mandated under the Section 47 (4) of the Electricity Act, 2003. The Commission has considered the prevalent bank rate of the Reserve Bank of India (RBI) for approval of the Interest rate applicable for such payments.

4.17.3.2 The Reserve Bank of India vide circular no. RBI/2012-13/492 dated 3rd May, 2013 has revised the bank rate from 8.50% to 8.25% w.e.f 3rd May, 2013. Thus, the bank rate was 8.5% from the 1st April, 2013 to 2nd May, 2013; thereafter the bank rate was revised to 8.25% from 3rd May, 2013 onwards. Hence the Commission has considered a weighted average rate of 8.27% for FY 2013-14. However the interest payable on consumer security deposits would be at the Bank Rates notified by the RBI from time to time as per the provisions of the Electricity Supply Code. The same would be trued up based on audited accounts.

4.17.3.3 Accordingly the Commission has approved interest on security deposits for FY 2013-14 at Rs. 55.98 Crores as depicted in the table below:

Table 4-50: INTEREST ON SECURITY DEPOSITS FOR FY 2013-14 (Rs. Crores)

Particulars		FY 2013-14 (Approved)
Opening Balance of Consumer Security Deposits	A	640.20
Projected Closing Balance of Consumer Security Deposits	B	713.23
Weighted Average Bank Rate (%)	C	8.27%
Interest on Security Deposits	**C = (A+B)/2*C**	**55.98**

4.17.4 Summary of Interest and Finance Charges

4.17.4.1 Further, the Commission has considered Rs. 0.09 Crores bank charges.

4.17.4.2 Thus the approved interest and finance costs including interest on working capital for FY 2013-14 is summarised in the table below:

Table 4-51: INTEREST and FINANCE CHARGES FOR FY 2013-14 (Rs. Crores)

Particulars	FY 2013-14 (Approved)
Interest on Long term Loans	128.87
Interest on Working Capital Loans	138.98
Sub Total	**267.84**
Interest on Consumer Security Deposits	55.98
Bank Charges	0.09
Discount to Consumers	-
Sub Total	**56.07**
Gross Total Interest & Finance Charges	**323.91**
Less: Capitalization of interest on Long term Loans	29.64
Interest Capitalization Rate (%)	23.00%
Net Interest & Finance Charges	**294.27**

4.18 PROVISION FOR BAD AND DOUBTFUL DEBTS

4.18.1 Regulation 4.4 of the Distribution Tariff Regulations provide for expenses under Bad & Doubtful Debts to the extent of 2% of the revenue receivables. However the Distribution Licensees have to actually identify and write-off the bad debts as per a transparent policy approved by the Commission.

4.18.2 The Commission in its previous Tariff Orders opined that it is not averse to allowing provision for bad and doubtful debts in the course of normal operations of the Distribution Licensee. However such provisioning needs to backed up with processes to identify consumers who are not paying and then making adequate attempts to collect from such consumers. In this regard, the Commission in its previous order directed the Distribution Licensee to submit ten such sample cases of LT & HT consumers where orders have been issued for writing off bad debts clearly depicting the procedure adopted for writing off bad debts along with a policy framework for Commission's approval within a month of issue of this Order. In this regard the Licensee has submitted that action is being taken regularly in cases by way of P.D. and writing off the fictitious arrears at the distribution division level. However no such sample was submitted to the Commission. Thus, in view of the above, Commission opines that it is inappropriate to approve the Bad & Doubtful debts without a proper policy in place.

4.19 OTHER INCOME

4.19.1 The other income of the Distribution Licensee comprises of items such as Interest on Loan & advance to employees, income from deposits and investments, sale of scrap, etc. The Commission has approved Non-Tariff Income to the tune of Rs 13.67 Crores for FY 2013-14. Any variation on this account would be taken up at the time of True-up.

Table 4-52: OTHER INCOME FOR FY 2013-14 (Rs. Crores)

Particulars	FY 2013-14 (Approved)
Non Tariff Income	13.67
Total	**13.67**

4.20 GoUP SUBSIDY

4.20.1 Clause 6.10 of the Distribution Tariff Regulations provides:

*"**6.10 Provision of Subsidy***

1. The Commission, while determining the tariff, shall see that the tariff progressively reflects the cost of supply of electricity and the cross subsidy is reduced or eliminated.

2. If the State Government decides to subsidize any consumer or class of consumers, the State Government shall pay the amount to compensate the affected Licensee by grant of such subsidy in advance.

Provided that no such direction of the State Government to grant subsidy shall be operative if the payment is not made in accordance with the relevant provisions contained in these Regulations and the Act. In such a case, the tariff of the applicable categories may be revised excluding the subsidy.

3. The Government shall, by notification, declare the consumers or class of consumers to be subsidized.

4. Tariff of the subsidized category shall be designed taking into account the subsidy allocated to that category.

5. The Distribution Licensee shall furnish details of power consumed by the subsidized category to the State Government and the Commission.** The Distribution Licensee shall provide meters on all rural distribution transformers and shall also furnish the power consumption details in respect of agricultural and rural domestic consumption based on readings from such meters and normative distribution losses on a monthly basis." **(Emphasis supplied)

4.20.2 The Commission vide Letter No. UPERC/D(T)/2013-176 dated 06th May, 2013 had directed the Licensee to furnish the details of the subsidy commitment from the GoUP for FY 2013-14 and the basis of its allocation among Discoms. In this regard, the Licensee in its response vide Letter No. 1045/RAU/ARR FY 2013-14 dated 15th May, 2013 has submitted the details of the budgeted subsidy support of GoUP as below:

- Revenue Subsidy - Rs. 3,800 Crores
- Agriculture Subsidy - Rs. 240 Crores
- Revenue Subsidy (against payment of Electricity Duty) - Rs. 624 Crores

4.20.3 Further, the Licensee has submitted that *"the revenue subsidy is allocated to each Discom on the basis of their proportionate share of connected load of Rural Domestic and agriculture subsidy is allocated on the basis of the proportionate share of connected load of Private Tube wells (Agriculture) consumers. Adjustment against electricity duty is allocated among Discoms based on actuals. The subsidy allocation for FY 2013-14 has been provided through state budget (copy of which is available at www.budget.up.nic.in). Although currently, subsidy is being allocated to Discoms based on aforementioned philosophy, however, the rationale for allocation among Discoms may change such that all Discoms achieve operational surplus together."*

4.20.4 The Commission has accepted the total subsidy allocation of Rs. 4,664 Crores for FY 2013-14 from GoUP. The same have been allocated among Discoms based on the same methodology as suggested by the Licensee. The share of the Licensee out of the total subsidy commitment for FY 2013-14 is Rs. 1347.76 Crores based on the billing determinants approved in respect of connected load, by the Commission for various Licensees in the Tariff Orders for FY 2013-14 as depicted in the table below:

Table 4-53: APPROVED GoUP SUBSIDY FOR FY 2013-14 (Rs. Crores)

Particulars	2013-14
Revenue Subsidy	1,040.65
Agriculture Subsidy	96.90
Adjustment against Electricity Duty	210.22
Total Subsidy Approved	**1,347.76**

4.21 ADDITIONAL SUBSIDY REQUIREMENT FROM GOUP

4.21.1 The Commission in the true up Order dated 21st May, 2013 had computed the additional subsidy requirement from GoUP as the difference between actual cost of sales to subsidised categories and the revenue assessment to the subsidised categories of LMV-1 (a): Consumer getting supply as per "Rural Schedule" and

LMV-5: Private Tube wells (PTW). Similarly, the Commission in this Order also, has computed the additional subsidy requirement from GoUP which ensures that commensurate subsidy from GoUP is factored in the ARR being approved for FY 2013-14.

4.21.2 As per the table provided below, the actual subsidy requirement has been worked out to be Rs. 2,138.58 Crores. Out of the above, the revenue subsidy available from GoUP is only Rs. 1,347.76 Crores. Thus the balance subsidy of Rs. 790.81 Crores has been applied as a reduction from the approved ARR for FY 2013-14. The Licensee needs to realise such sums from the State Government.

Table 4-54: ADDITIONAL SUBSIDY REQUIREMENT FROM GOUP FOR FY 2013-14Crores

Particulars	Sales (MU)	Cost of Service (Rs/kWh)	Thru Rate (Rs/kWh)	Loss (Rs kWh)	Loss (Rs Crores)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	2,293.17	6.12	1.56	4.56	1,045.71
LMV-5: PTW	2,346.52	6.12	1.46	4.66	1,092.86
Total Loss	**4,639.69**				**2,138.58**
Subsidy Available					1,347.76
Additional Subsidy Requirement from GoUP					**790.81**

4.22 RETURN ON EQUITY

4.22.1 The Licensee has not claimed any return on equity for the year under review. The Licensee has stated that they do not want to burden the consumers by proposing return on equity as it will further increase the gap. Hence the Commission has not approved any amounts towards return on equity for FY 2013-14.

4.23 CONTRIBUTION TO CONTINGENCY RESERVE

4.23.1 The Distribution Tariff Regulations provides for the contribution to the contingency reserves up to 0.50% of opening GFA to be included in the ARR of Licensees. The contingency reserve so created shall be utilized to meet cost of replacement of equipment damaged due to force majeure situations. The

Licensee shall invest in Contingency Reserve as allowed by the Commission in Government securities. However, the use of such reserve is only with the prior permission of the Commission.

4.23.2 As there is a substantial revenue gap between ARR and revenue forecast, any amounts allowed on this account will only go to enhance the already large gap and create extra burden on the consumers. In view of the same, the Commission has not approved any amounts under the said component in the present Order.

4.23.3 The Commission's estimated amount on account of Contribution to Contingency Reserve for representation purpose only is Rs. 30.92 Crores for FY 2013-14, the calculation of which are given in the table below:

Table 4-55: CONTRIBUTION TO CONTINGENCY RESERVE FOR 2013-14 (Rs. Crores)

Particulars	FY 2013-14 (Approved)
Opening Balance of GFA	6,183.23
Contribution	0.50%
Contribution to Contingency Reserve	**30.92**

4.24 REVENUE FROM SALE OF ELECTRICITY

4.24.1 The Commission has computed the revenue at existing tariffs by applying the tariff rates as per Tariff Order dated 19th October, 2012 to the approved consumption parameters for FY 2013-14. Further, the Commission has also approved tariffs and computed resultant revenue by applying the approved tariff rates to the approved consumption parameters for FY 2013-14. The following table summarizes the revenue approved by Commission for FY 2013-14 at both existing as well as approved tariffs.

Table 4-56: EXISTING & APPROVED TARIFF REVENUES: FY 2013-14 (Rs. Crores)

Consumer Categories	Revenue at Existing Tariffs	Revenue at Approved Tariffs
LMV-1: Domestic	2108	2520
LMV-2:Non-Domestic	828	745

Consumer Categories	Revenue at Existing Tariffs	Revenue at Approved Tariffs
LMV-3: Public Lamps	140	142
LMV-4: Institutions	164	172
LMV-5: Private Tube Wells	257	329
LMV 6: Small and Medium Power	854	767
LMV-7: Public Water Works	217	221
LMV-8: State Tube Wells	134	139
LMV-9: Temporary Supply	53	53
LMV-10: Departmental Employees	25	27
HV-1: Non-Industrial Bulk Loads	598	606
HV-2: Large and Heavy Power	4830	4830
HV-3: Railway Traction	29	32
HV-4: Lift Irrigation	0	0
Sub-total	**10236**	**10584**
Extra state & Bulk	0	0
Total	**10236**	**10584**

Note: Revenue at approved tariffs depicted in the table above have been considered effective for 10 months in FY 2013-14

4.25 APPROVED ARR SUMMARY, REVENUE FROM TARIFFS AND RESULTANT GAP

4.25.1 In the preceding sections, the Commission has detailed out the expenses approved by the Commission under various heads for FY 2013-14. The Commission has also approved the revenue from existing tariffs and revenue from proposed tariffs.

4.25.2 The Commission has assessed the ARR for FY 2013-14 on a standalone basis and has also considered partial recovery towards the revenue gap approved in Order dated 21st May, 2013 in respect of final truing up for FY 2000-01 to 2007-08. The impact of truing for FY 2008-09, 2009-10 and 2010-11 would be considered in the ARR for FY 2014-15 or any other subsequent year as approved by the Commission.

4.25.3 Based on the above, the approved ARR, revenue from tariffs and resultant gap for FY 2013-14 is summarized in the Table 4-57 below:

Table 4-57: ARR, REVENUE AND GAP SUMMARY FOR FY 2013-14 (Rs. Crores)

Particulars	FY 2013-14 (Approved)	% ARR
Power Purchase Expenses (including PGCIL charges)	10,111.68	98.02%
Transmission Charges - Intra state (including SLDC Charges)	347.69	3.37%
Gross Employee Expenses	404.36	3.92%
Gross A&G expenses	52.17	0.51%
R&M expenses	169.77	1.65%
Gross Interest & Finance charges	323.91	3.14%
Depreciation	366.26	3.55%
Total Expenditure	**11,775.85**	114.15%
Expense capitalization	**98.12**	0.95%
Employee cost capitalized	60.65	0.59%
Interest capitalized	29.64	0.29%
A&G expenses capitalized	7.83	0.08%
Net Expenditure	**11,677.73**	113.20%
Special Appropriations		0.00%
Provision for Bad & Doubtful debts		0.00%
Provision for Contingency Reserve		0.00%
Total net expenditure with provisions	**11,677.73**	113.20%
Add: Return on Equity		0.00%
Less: Non Tariff Income	13.67	0.13%
Annual Revenue Requirement (ARR)	**11,664.06**	
Less: Subsidy from Govt.	1,347.76	13.06%
Revenue Requirement after GoUP Subsidy (ARR)	**10,316.30**	
Add: 50% of the Revenue Gap carried forward from approved in order dated 21st May, 2013 consequent to the final truing from FY 2000-01 to 2007-08	160.30	
Total Revenue Requirement	**10,476.60**	
Revenue from existing tariffs	10,235.60	
Revenue from Tariff Revision (Effective for 10 months)	348.12	
Net Gap after Tariff Hike	**(107.12)**	
Less: Additional Subsidy Requirement from GoUP	790.81	
Net Gap after reducing additional subsidy requirement from GoUP	**(897.93)**	

5 OPEN ACCESS CHARGES

5.1 BACKGROUND:

5.1.1 The Commission has issued Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Open Access) Regulations, 2004 (in short 'UPERC Open Access Regulations') vide notification no. UPERC/Secy./Regulations/05-249 dated 7th June, 2005 to operationalize long term and short term open access in the state. The Regulations also provides that effective from 1st April, 2008 any consumer with demand of above 1 MW can avail open access of transmission and distribution systems.

5.1.2 Subsequently, the Commission has also made / finalized the necessary regulatory framework as below:

a. UPERC (Terms and Conditions for Open Access) (First Amendment) Regulations, 2009 that includes among others detailed procedure(s) for Long-Term Open Access and Short-Term Open Access for use of distribution system, with or without transmission system;

b. Model Bulk Power Wheeling Agreement (BPWA) for availing wheeling services of Distribution Licensee(s);

c. Procedures for Scheduling, Dispatch, Energy Accounting, UI Accounting and Settlement System of electricity transmitted through the State grid for the electricity drawn by Distribution Licensee(s) from outside and / or within the State.

Further, the Commission has also advised the SLDC to develop procedure for energy accounting of electricity drawn from the grid by an open access consumer who is connected with the distribution system or electricity injected into the grid by a generating station embedded in the distribution system.

5.2 WHEELING CHARGES

5.2.1 Clause 2.1 (2) & (3) of the Distribution Tariff Regulations provide that ARR / Tariff filing by the Distribution Licensee shall separately indicate Aggregate Revenue Requirement (ARR) for Wheeling function and Retail Supply function embedded in the distribution function and that till such time complete segregation of accounts between Wheeling and Retail Supply function takes place, ARR proposals for Wheeling and Retail Supply function shall be submitted on the basis of an allocation statement left to be prepared by the Distribution Licensee to the best of their judgment.

5.2.2 The Licensee in its petition has followed the segregation in accordance with the approach followed by the Commission in the previous Order. As there is no basis submitted by the Licensee in its filing the Commission finds merit to consider the segregation into Retail Supply and Wheeling Function as per the methodology adopted in previous Tariff Order. The approved ARR for DVVNL, MVVNL, PVVNL and PuVVNL into wheeling function and retail function is Rs. 3,601.49 Crores and Rs. 31,940.13 Crores respectively as detailed below. The retail sales approved by Commission for DVVNL, MVVNL, PVVNL and PuVVNL are 58,058 MUs.

Table 5-1: WHEELING & RETAIL SUPPLY ARR FOR FY 2013-14

S. No	Particulars	Approved FY 2013-14 (Rs. Crores)	Allocation ratios		Allocation FY 2013-14 (Rs. Crores)	
			Wheeling	Supply	Wheeling	Supply
1	Power Purchase Expense (including PGCIL charges)	29,953.16	0%	100%	-	29,953.16
2	Transmission Charges: Intra state (including SLDC)	1,029.95	0%	100%	-	1,029.95
3	Employee cost	1,880.83	60%	40%	1,128.50	752.33
4	A&G expenses	251.96	40%	60%	100.78	151.18
5	R&M expenses	692.28	90%	10%	623.05	69.23
6	Interest & Finance charges	1,064.30	90%	10%	957.87	106.43
7	Depreciation	1,157.17	90%	10%	1,041.45	115.72
8	**Total Expenditure**	**36,029.65**			**3,851.65**	**32,177.99**
Less	**Expense capitalization**					
9	*Employee cost capitalized*	282.13	60%	40%	169.28	112.85
10	*Interest capitalized*	37.79	90%	10%	34.01	3.78
11	*A&G expenses capitalized*	117.19	40%	60%	46.87	70.31
12	**Net Expenditure**	**35,592.54**			**3,601.49**	**31,991.05**
Add	**Special Appropriations**					
13	*Provision for Bad & Doubtful debts*	-	0%	100%	-	-

S. No	Particulars	Approved FY 2013-14 (Rs. Crores)	Allocation ratios		Allocation FY 2013-14 (Rs. Crores)	
			Wheeling	Supply	Wheeling	Supply
14	*Provision for Contingency Reserve*	-	0%	100%	-	-
15	*Other (Misc.) - Net Prior Period Credit*	-	0%	100%	-	-
16	*OTS Waivers*	-	0%	100%	-	-
17	**Total net expenditure with provisions**	**35,592.54**			**3,601.49**	**31,991.05**
18	Add: Return on Equity	-	90%	10%	-	-
19	Less: Non Tariff Income	50.93	0%	100%	-	50.93
20	**Annual Revenue Requirement (ARR)**	**35,541.62**			**3,601.49**	**31,940.13**

5.2.3 Based on the above, the wheeling charges for FY 2013-14 are Rs. 0.620 /kWh as detailed in below:

Table 5-2: WHEELING CHARGES FOR FY 2013-14

S. No.	Particulars	Units	Approved FY 2013-14
1	Wheeling ARR	Rs. Crores	3,601.49
2	Retail sales	MU	58,058
3	Average Wheeling charge	Rs./kWh	0.620

5.2.4 The Commission in order to encourage Open Access transactions in the State has further tried to segregate the wheeling charges payable by consumers seeking Open Access based on the voltage levels at which they are connected to the distribution network. However, in absence of voltage level wise break-up of expenses and asset details, the Commission has considered an interim allocation of costs at various voltage levels and approved the following wheeling charges payable by Open Access customers based on the voltage level at which they are connected with the distribution network.

5.2.5 The charges have been worked out on the assumption that the wheeling expenses at 11 kV voltage level shall be 80% of the average wheeling charges determined for the Wheeling function of all Discoms and that for wheeling at voltages above 11 kV shall be 50% of the average wheeling charges. The wheeling charges for the short term open access customers have been assumed at 25% of Long term charges.

Table 5-3: APPROVED VOLTAGE-WISE WHEELING CHARGES FOR FY 2013-14

S. No.	Particulars	Units	Approved FY 2013-14
1	Connected at 11 kV		
I	Long Term (@ 80% of Average Wheeling Charge)	Rs./kWh	0.496
Ii	Short Term (@ 25% of Long Term Charges)	Rs./kWh	0.124
2	Connected above 11 kV		
I	Long Term (@ 50% of Average Wheeling Charge)	Rs./kWh	0.310
Ii	Short Term (@ 25% of Long Term Charges)	Rs./kWh	0.078

5.2.6 In addition to the payment of wheeling charges, the customers also have to bear the wheeling losses in kind. The Commission has been seeking voltage level loss data from the utility but the same has not been forthcoming. Further, it is also logical that the open access customers have to bear only the technical losses in the system, and should not be asked to bear any part of the commercial losses.

5.2.7 The Commission has estimated that the technical losses at 11 kV voltage level would be in the range of 8% to 9%, and the technical losses above 11 kV voltage level and up to 132 kV would be in the range of 7% to 8%. Hence, the Commission has decided that the wheeling loss applicable for Open Access transactions entailing drawl at 11 kV voltage level shall be 8%, and that for drawl at voltages above 11 kV voltage level shall be 7%.

5.2.8 The open access charges and the losses to be borne by the Open Access customers may be reviewed by the Commission on submission of the relevant information by the Licensee.

5.2.9 The wheeling charges determined above shall not be payable if the Open Access customer is availing supply directly from the state transmission network.

5.3 CROSS SUBSIDY SURCHARGE

5.3.1 The Commission has computed the cross-subsidy surcharge for Open Access consumers in accordance with the methodology specified in Clause 6.6 of Distribution Tariff Regulations.

5.3.2 As per Clause 6.6, the cross subsidy surcharge is to be computed based on the difference between (i) the tariff applicable to the relevant category of consumers and (ii) the cost of the Distribution Licensee to supply electricity to the consumers of the applicable class. In case of a consumer opting for open access, the Distribution Licensee could be in a position to discontinue purchase of power at the margin in the merit order. Accordingly, the Commission has computed the cost of supply to the consumer for this purpose as the aggregate of (a) the weighted average of power purchase costs (inclusive of fixed and variable charges) of top 5% power at the margin, excluding liquid fuel based generation, in the merit order approved by the UPERC adjusted for average loss compensation of the relevant voltage level and (b) the distribution wheeling charges as determined in the preceding section.

5.3.3 The Commission has computed the cross subsidy surcharge for the relevant consumer categories using the following formula:

$$S = T - [C (1 + L / 100) + D]$$

Where

S is the cross subsidy surcharge

T is the Tariff payable by the relevant category of consumers;

C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power. In case of UP, this works out to Rs. 6.59 /kWh considering the cost of marginal power purchase sources of Anta, Auraiya, Dadri Gas and Rosa Power Project II.

D is the average wheeling charges for transmission and distribution of power which is Rs. 0.620 /kWh

L is the system losses for the applicable voltage level, expressed as a percentage, which is computed as 23%.

5.3.4 The cross subsidy surcharge computed by Commission for relevant categories works out to be Nil.

5.3.5 The impact of migration of consumers from the network of the incumbent Distribution Licensee on the consumer mix and revenues of a particular Distribution Licensee shall be reviewed by the Commission from time to time as may be considered appropriate.

5.4 ADDITIONAL SURCHARGE

5.4.1 For the present order, additional surcharge is determined to be **zero**

5.5 OTHER CHARGES

5.5.1 The Open Access Regulations, 2008 notified by CERC specifies:

"Unless specified otherwise by the concerned State Commission, UI rate for intra-State entity shall be 105% (for over-drawls or under generation) and 95% (for under-drawls or over generation) of UI rate at the periphery of regional entity."

And which further provides that:

"In an interconnection (integrated A.C. grid), since MW deviations from schedule of an entity are met from the entire grid, and the local utility is not solely responsible for absorbing these deviations, restrictions regarding magnitude of deviations (except on account of over-stressing of concerned transmission or distribution system), and charges other than those applicable in accordance with these regulation (such as standby charges, grid support charges, parallel operation charges) shall not be imposed by the State Utilities on the customers of inter-State open access."

The Commission prescribes to the philosophy specified by CERC for the Unscheduled Interchange and also rules that the standby, grid support and parallel operations charges shall be **zero** in case of Open Access consumer.

6 TARIFF PHILOSPHY

6.1 CONSIDERATIONS IN TARIFF DESIGN

6.1.1 Section 62 of the Electricity Act 2003, read with Section 24 of the Uttar Pradesh Electricity Reform Act, 1999 sets out the overall principles for the Commission to determine the final tariffs for all categories of consumers defined and differentiated according to consumer's load factor, power factor, voltage, total consumption of energy during any specified period or the time at which supply is required or the geographical position of any area, nature of supply and the purpose for which the supply is required. The overall mandate of the statutory legislations to the Commission is to adopt factors that will encourage efficiency, economical use of the resources, good performance, optimum investments and observance of the conditions of the License.

6.1.2 The linkage of tariffs to cost of service and elimination of cross-subsidies is an important feature of the Electricity Act, 2003. Section 61 (g) of the Electricity Act, 2003 states that the tariffs should progressively reflect the cost of supply and it also requires the Commission to reduce cross subsidies within a timeframe specified by it. The need for progressive reduction of cross subsidies has also been underlined in Sections 39, 40 and 42 of the Electricity Act, 2003. The Tariff Policy also advocates for adoption of average cost of supply, which should be taken as reference point for fixing the tariff bands for different categories.

6.1.3 The Commission has determined the retail tariff for FY 2013-14 in view of the guiding principles as stated in the Electricity Act, 2003 and Tariff Policy. The Commission has also considered the comments / suggestions / objections of the stakeholders and public at large while determining the tariffs. The Commission in its past Orders has laid emphasis on adoption of factors that encourages economy, efficiency, effective performance, autonomy, regulatory discipline and improved conditions of supply. On these lines, the Commission, in this Order too, has applied similar principles keeping in view the ground realities.

6.1.4 As regards to the linkage of Tariff with the Cost of Service, the Distribution Tariff Regulations state as follows:

"1. The tariffs for various categories / voltages shall progressively reflect Licensee's cost to serve a particular category at a particular voltage. Allocation of all costs prudently incurred by the Distribution Licensee to different category of consumers shall form the basis of assessing cost to serve of a particular category. Pending availability of information that reasonably establishes the category-wise / voltage-wise cost to serve, average cost of supply shall be used for determining tariffs taking into account the fact that existing cross subsidies will be reduced gradually. Every Licensee shall provide to the Commission an accurate cost to serve study for its area. The category-wise/ voltage wise cost to serve should factor in such characteristics as supply hours, the load factor, voltage, extent of technical and commercial losses etc.

2. To achieve the objective that the tariff progressively reflects the cost of supply of electricity, the Commission may notify a roadmap with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map shall also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy."

6.1.5 In terms of the Distribution Tariff Regulations, Tariff Policy and the Electricity Act, 2003, the Commission opines that in the ideal scenario, the tariff of any category should be linked to the cost imposed on the system by the said category. In this regard, the Commission has been directing the Licensee to conduct Cost of Service studies to have a tool for alignment of costs and charges. The Licensee has not submitted any details regarding the cost of service studies for each category or voltage level. The paucity of data in this regard has restricted the Commission in establishing a linkage of tariff to average cost of supply.

6.1.6 Accordingly, while determining the tariff for each category, the Commission has looked into the relationship between the tariff and the overall average cost of supply for FY 2013-14. In case the tariff is at / near 120% of the average cost of supply, no increase has been approved, as they are already at maximum end of the band. However, effort has been made to move the tariff of appropriate consumer categories, towards the band to meet the declared objectives of the Distribution Tariff Regulations, Tariff Policy and the Electricity Act, 2003.

6.1.7 In view of the above, the Commission has determined the retail tariff keeping in the mind the guiding principles as stated in Section 61 of the Electricity Act, 2003. The accumulated gap of FY 2013-14 for Consolidated Discoms[1] is Rs. 3,654 Crores[2]. An increase in tariff is inevitable keeping in view the increase in cost of supply over the period and resultant poor cost coverage and in the absence of cost reflective tariff. Therefore the Commission has decided to increase the tariff as detailed in the subsequent sections to ensure part recovery of revenue gap.

6.1.8 It is a fact that despite categorical provision under Electricity Act, 2003 to necessarily achieve 100% metering, large chunk of rural consumers are still un-metered in the State. In Uttar Pradesh, predominant proportion of rural consumers either in domestic category (LMV-1) or in commercial (LMV-2) and pump set (LMV-5) category continue to be billed under un-metered category. The situation cannot be changed overnight however; the Commission feels that unless very clear incentives and disincentives are build into the system, the vision of universal metering would remain merely a wishful and glorious intention of the legislature.

6.1.9 The Commission in its pursuit of achieving the mandate of 100% metering is consciously increasing the tariff of un-metered consumers' vis-à-vis metered consumers to discourage unmetered connections. In this regard, the Commission has increased the rates for unmetered category in LMV–1 (Domestic Light, Fan and Power), LMV–2 (Non Domestic Light, Fan and Power), LMV-3 (Public Lamps), LMV–5 (Small Power for Private Tube Wells / Pumping Sets for Irrigation Purposes), LMV–8 (State Tube Wells / Panchayti Raj Tube Well and Pumped Canals) and LMV–10 (Departmental Employees and Pensioners). Therefore, impetus to metering is at the nucleus of present rate design.

6.1.10 There has been no hike in the tariffs of urban metered consumers since the last three years. However, the cost of supply has gone up tremendously in the last few years. Accordingly, the Commission has increased the tariffs for other metered

[1] *DVVNL, MVVNL, PVVNL and PuVVNL*

[2] *Taking into consideration the revenue gap of Rs. 1,166 Crores for FY 2013-14 and Revenue gap consequent to final truing up for FY 2000-01 to 2007-08*

domestic consumers. The Commission has also created a new slab for consumers having monthly consumption above 500 units.

6.1.11 The Commission understands that the lifeline consumers are one of the most disadvantaged consumers of the State and considering this, the Commission has only increased their rates marginally.

6.1.12 The LMV-2 (Non Domestic Light, Fan and Power) and LMV-6 (Small and Medium Power) contribute significantly to the revenue stream of the Licensee. With advanced technological intervention and substantial investments being undertaken by the Licensees' under R-APDRP works, etc, the application of minimum charges on LMV-2 (Non Domestic Light, Fan and Power) and LMV-6 (Small and Medium Power) categories has been withdrawn.

6.1.13 As in the previous Tariff Order of FY 2012-13 dated 19th October, 2012, a good rise was given to tariffs of HV-2 (Large and Heavy Power) category. Since the tariff of such category of consumers is already above cost of service, they have been spared from any tariff revision.

6.1.14 The applicability, character and point of supply and other terms & conditions of different consumer categories have been defined in the Rate Schedule given in **ANNEXURE 10.2**. In case of any inconformity, the Rate schedule shall prevail over the details given in the various sections of this Order.

7 REVENUE AT PROPOSED TARIFF AND REVENUE GAP:

7.1 REVENUE FROM SALE OF POWER AT APPROVED TARIFF

7.1.1 The Commission as detailed in the previous chapter has increased the tariff for different categories. The tariffs so published shall become the notified tariffs applicable in the area of supply and shall come into force after seven days from the date of such publication of the tariffs, and unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order. The revenue at revised tariff for FY 2013-14 (effective for 10 months) is worked out as under:

Table 7-1: REVENUE FROM SALE OF POWER AT APPROVED TARIFF - FY 2013-14 (Rs. Crores)

Consumer categories	Approved tariffs FY 2013-14
LMV-1: Domestic	2520
LMV-2:Non-Domestic	745
LMV-3: Public Lamps	142
LMV-4: Institutions	172
LMV-5: Private Tube Wells	329
LMV 6: Small and Medium Power	767
LMV-7: Public Water Works	221
LMV-8: State Tube Wells	139
LMV-9: Temporary Supply	53
LMV-10: Departmental Employees	27
HV-1: Non-Industrial Bulk Loads	606
HV-2: Large and Heavy Power	4830
HV-3: Railway Traction	32
HV-4: Lift Irrigation	0
Sub-total	**10584**
Extra state & Bulk	0
Total	**10584**

7.1.2 The revenue increase due to approved tariff would be Rs. 348 Crores (Rs. 10584 Crores – Rs. 10236 Crores) (refer Table 4-56:)

7.1.3 The estimated gap / surplus after incorporating impact of revised tariff for FY 2013-14:

Table 7-2: ESTIMATION OF ARR GAP/SURPLUS AT REVISED TARIFF FOR FY 2013-14 (Rs. Crores)

Particulars	FY 2013-14 (Approved)
Gross ARR	11,664.06
Revenue from Existing Tariff	10,235.60
Net Revenue Gap	1,428.46
50% of the Revenue Gap carried forward from approved in order dated 21st May, 2013 consequent to the final truing from FY 2000-01 to 2007-08	160.30
Total Gap	1,588.77
Funded Through	
Tariff Increase (Effective for 10 months)	348.12
Government Subsidy	1,347.76
Additional Subsidy Requirement from GoUP	790.81
Net Revenue Gap	(897.93)

7.1.4 The Distribution Licensee wise Revenue Gaps so determined has been dealt with at consolidated Discom level for purpose of determining the methods for recovery thereof.

7.2 AVERAGE COST OF SUPPLY

7.2.1 The Commission has taken into consideration the percentage increase in tariff with respect to Average Cost of supply while approving the tariffs. For instance during FY 2013-14, the average unit revenue rate at existing tariffs would have been Rs. 5.16/kWh, while the average cost of supply is Rs. 6.12/kWh (for consolidated discoms namely DVVNL, MVVNL, PVVNL and PuVVNL), thus the tariff would have been 84% of ACOS. After revision of the tariff of FY 2013-14, as brought out in this Order, the average unit revenue rate would be Rs. 5.37/kWh, thus, the tariff would be 88% of ACOS, which is a step towards achieving the tariff within +/- 20% of Average Cost of Supply as per the Tariff Policy.

7.2.2 In the instant Tariff Order, the cross subsidy structure has not undergone any significant change. No category is adversely affected; vis-à-vis the average cost of supply and the relative benefit / burden of subsidized / subsidizing class has been maintained.

Table 7-3: REVENUE REALIZED AS % OF ACOS

Consumer Categories	Existing Tariff		Proposed Tariff	
	Avg Revenue (Rs. / kWh)	Avg Revenue / unit % of ACOS	Avg Revenue (Rs. / kWh)	Avg Revenue / unit % of ACOS
LMV-1: Domestic	3.21	52%	3.96	65%
LMV-2:Non-Domestic	7.59	124%	6.68	109%
LMV-3: Public Lamps	6.18	101%	6.32	103%
LMV-4: Institutions	6.81	111%	7.19	117%
LMV-5: Private Tube Wells	1.09	18%	1.46	24%
LMV 6: Small and Medium Power	7.34	120%	7.22	118%
LMV-7: Public Water Works	6.83	112%	6.98	114%
LMV-8: State Tube Wells	5.98	98%	6.24	101%
LMV-9: Temporary Supply	8.18	134%	8.22	134%
LMV-10: Departmental Employees	2.15	35%	2.37	39%
HV-1: Non-Industrial Bulk Loads	6.82	111%	6.94	113%
HV-2: Large and Heavy Power	7.22	118%	7.22	118%
HV-3: Railway Traction	6.33	103%	7.17	117%
HV-4: Lift Irrigation	6.92	113%	7.30	119%
Extra state & Bulk	-	0%	-	0%
Total	5.16	84%	5.37	88%

7.3 REGULATORY SURCHARGE

7.3.1 The Commission in the Order dated 21st May, 2013 in Petition No. 809 of 2012 had determined a consolidated revenue gap of Rs. 2,487.93 Crores consequent to final truing up for FY 2000-01 to 2007-08 in respect of the Distribution Licensees namely DVVNL, MVVNL, PVVNL and PuVVNL.

7.3.2 The Hon'ble APTEL in OP No. 1 of 2011 dated 11th November, 2011, has emphasized on timely recovery of regulatory assets. The relevant observation of the Hon'ble APTEL in the said matter is as under:

"66…… (iv) ***In determination of ARR / Tariff, the revenue gaps ought not to be left and Regulatory Asset*** *should not be created as a matter of course except where it is justifiable, in accordance with the Tariff policy and the Regulations.* ***The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferable within Control period. Carrying Cost of the Regulatory Asset should be allowed to utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the Distribution Licensee."***

7.3.3 Clause 6.12 of the Distribution Tariff Regulations also stipulates that a regulatory asset may be amortised within a period of three years.

6.12 Regulatory Asset:

1. Creation of Regulatory Asset only for the purposes of avoiding tariff increase shall not be allowed and it shall only be created to take care of natural causes or force majeure conditions or major tariff shocks. The Commission shall have the discretion of providing regulatory asset.

2. The use of the facility of Regulatory Asset shall not be repetitive.

3. Depending on the amount of Regulatory Asset accepted by the Commission, the Commission shall stipulate the amortization and financing of such assets. ***Regulatory Asset shall be recovered within a period not exceeding three years immediately following the year in which it is created." (Emphasis supplied)***

7.3.4 The Commission in the Order dated 21st May, 2013 had stipulated that the revenue gaps determined therein would be considered in the ARR's of FY 2013-14 or any other subsequent year for recovery through tariff.

7.3.5 In view of the Distribution Tariff Regulations and the Hon'ble APTEL judgment in OP No. 1 of 2011, the Commission has approved 50% recovery of the revenue gap approved in Order dated 21st May, 2013 amounting to Rs. 1,243.96 Crores for consolidated Discoms and has allowed its adjustment in the ARR's for FY 2013-14. Balance 50% of the revenue gap along with carrying cost from the date of the Order (i.e. 21st May, 2013) would be allowed to be recovered from the ARR's of FY 2014-15 or any other subsequent year.

7.3.6 The mandate of the Commission in the process of determination of ARR / Tariff is to provide ways for bridging of gap, and the revenue gaps ought not to be left and regulatory asset should not be created as a matter of course except where it is justifiable, and in accordance with the Tariff Policy and the Distribution Tariff Regulations

7.3.7 After providing for the tariff hike and additional subsidy requirement from GoUP, there is a balance revenue gap of Rs. 900.37 Crores at consolidated Discoms level.

7.3.8 It can be seen that the balance recoverable gap for FY 2013-14 is towards the regulatory asset consequent to final truing up for FY 2000-01 to 2007-08.

7.3.9 In view of the above, it would be relevant to note that the Delhi Electricity Regulatory Commission, in the cases of TPDDL, BYPL and BRPL, in their Tariff Orders, while approving Annual Revenue Requirement for the MYT period from FY 2012 - 13 to F Y 2014-15, has allowed a regulatory surcharge @ 8% for recovery of past accumulated regulatory asset.

7.3.10 Similarly, the Commission in the case of NPCL, had allowed a regulatory surcharge @ 8% for recovery of past accumulated regulatory asset in the Tariff Order for FY 2012-13 dated 19th October, 2012.

7.3.11 Thus, for liquidation of the regulatory asset, the Commission has decided to introduce a surcharge of 3.71% over "**RATE**" as defined in the Rate Schedule for FY 2013-14. Such surcharge would be applicable in the supply areas of DVVNL, MVVNL, PVVNL and PuVVNL. The details are provided in the table below:

Table 7-4: REGULATORY SURCHARGE FOR FY 2013-14 (Rs Crores)

Particulars	Derivation	DVVNL	MVVNL	PVVNL	PuVVNL	Consolidated
Annual Revenue Requirement at existing tariff	A	2,607	1,293	1,428	2,596	7,924
Less: GoUP Subsidy	B	878	817	1,348	1,621	4,664
Less: Additional Subsidy Requirement from GoUP	C	883	66	791	354	2,094

Particulars	Derivation	DVVNL	MVVNL	PVVNL	PuVVNL	Consolidated
Revenue Gap for FY 2013-14	**D = A - B - C**	**846**	**410**	**(710)**	**621**	**1,166**
Add: 50% of the Gap for FY 2000-01 to 2007-08 as determined by the Commission in its Order dated 21st May, 2013	E	346	89	160	648	1,244
Total Gap for FY 2013-14	**F = D + E**	**1,192**	**498**	**(550)**	**1,269**	**2,410**
Less: Additional Revenue from Tariff Hike	G	428	269	348	465	1,510
Net Gap after Tariff Hike	**H= F - G**	**764**	**230**	**(898)**	**804**	**900**
Total Revenue at Proposed Tariff	**I**	**6,190**	**6,092**	**10,584**	**6,262**	**29,128**
Regulatory Surcharge for recovery of above Gap (%) ***Effective for 10 months***	**J = (H / I) *12/10**					**3.71%**
Revenue from Regulatory Surcharge	**K**					**900**
Balance Gap for FY 2013-14	**L = H - K**					**-**

7.3.12 The regulatory surcharge approved herein shall come into force after seven days from the date of such publication of the regulatory surcharge, and shall be in force till 31st March, 2014, unless amended or extended by the commission through an order.

7.3.13 The UPPCL in its Letter No. UPERC/D(T)/2013-176 dated 06th May, 2013 in the matter of allocation of subsidy, had stated that *"the rationale for allocation among Discoms may change such that all Discoms achieve operational surplus together".* In this background, the Licensees' are directed to finalise the allocation of subsidy after taking into consideration the regulatory surcharge among them in concurrence with the State Government up to 30th November, 2013 and submit a report on the same to the Commission along with the ARR / Tariff Petitions for FY 2014-15.

7.3.14 The Licensee is directed to depict the regulatory surcharge distinctly in the electricity bills of the consumers. The Commission directs the Licensee to create separate accounting fields to capture the amounts collected as regulatory surcharge in both of its financial and commercial statements. This would enable the Licensee to correctly report the amounts collected towards regulatory surcharge.

7.3.15 The Commission directs the Licensee to provide the details of the regulatory surcharge so collected for FY 2013-14 duly certified by the statutory auditor by 30th September, 2014.

8 DIRECTIVES

8.1 DIRECTIVES PROVIDED BY COMMISSION AND THEIR COMPLIANCE BY LICENSEE

8.1.1 The Commission had issued several directives to the Licensee in the previous Tariff Order. The Licensee has failed to provide any updated status on compliance of the directives.

8.1.2 The Commission once again directs the Licensee to comply with the balance directives issued in the previous Tariff Order. The compliance report on the said directives shall be submitted to the Commission within one month from the date of issue of this Tariff Order.

8.1.3 Further, some of the directives issued by the Commission in the present Tariff Order are in continuation or similar to the directives issued in the previous Tariff Order. In case the Licensees have not complied with the same earlier, it shall be necessary for them to provide reasons for non-compliance and further comply with the same as per the time-lines prescribed in the present Tariff Order.

8.1.4 The directives to the Licensee as issued under the present Tariff Order along with the time frame for compliance are given in the table below:

TABLE 8-1: DIRECTIVES

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
1	The Commission directs the Licensee to pressingly pursue the proposal for allocation of PPAs to Discoms with GoUP and expedite the process of allocation.	Immediate
2	The Commission directs the Licensee to file its ARR / Tariff Petition for FY 2014-15 along with True up Petition for FY 2011-12 based on audited accounts.	By 30th November, 2013

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
3	The Commission directs the Licensee to submit the supplementary audit report of the AGUP for FY 2009-10 and 2010-11.	Within 7 days of the date of its finalization by the AGUP
4	The scheme of the Act requires the Licensee to work with complete functional autonomy and independence. The Commission, with a view to ensure functional autonomy, independence, transparency and regulatory discipline, hereby direct, that in case of all future ARR submissions, each distribution Licensee shall file independent ARR petitions, rate schedule, response to deficiency notes, additional submissions, response to stakeholder queries, etc directly before the Commission and not through its holding company namely UPPCL.	Along with the petition for FY 2014-15
5	The Commission directs the Licensee to pressingly pursue the GoUP for finalisation of the Transfer Scheme and submit a copy of the same.	Within 3 months
6	The Commission reiterates its direction to the Licensee to ensure proper maintenance of detailed fixed assets registers as specified in the Distribution Tariff Regulations. As the fixed asset registers are pending since the creation of Discom, the Commission directs the Licensee to submit a status report and provide the proposed timelines / milestones for clearing the backlog. The Commission understands that clearing the backlog would take substantive time. In order to ensure that fixed asset registers are timely and regularly prepared going forward, the Commission directs the Licensee to prepare the fixed asset registers duly accounting for the yearly capitalisations from FY 2012-13 onwards. The capitalisation for the period before that	Immediate

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
	may be shown on gross level basis. This dispensation is merely to ensure that the proper asset registers capturing all necessary details of the asset, including the costs incurred, date of commissioning, location of asset, and all other technical details are maintained for the ensuing years. However, the Licensee would also be required to clear the backlog in a time bound manner. Upon finalisation of the Transfer Scheme and clearing of backlog, the Licensee may update the fixed asset registers appropriately by passing necessary adjustments.	
7	The Commission directs the Licensee to submit its share of apportioned O&M expenses of UPPCL from FY 2007-08 onwards. The same would be considered along with the true up petitions filed by the Licensee.	Within 1 month
8	The Commission directs the Licensee to frame an appropriate policy on capitalization of (i) employee costs, and (ii) A&G expenses.	Along with the petition for FY 2014-15
9	The Commission directs the Licensee to submit Fresh Actuarial Valuation Study Report in respect to employee expenses.	Along with the petition for FY 2014-15
10	The Commission directs the Licensee to submit statutory auditor certificate towards pay revision impacts which are uncontrollable in nature for FY 2008-09, 2009-10, 2010-11 and 2011-12.	Within 1 month
11	As lack of approved transparent policy on identifying and writing off bad debts is hindering allowance of bad debts as an ARR component; the Commission directs the Licensee to submit ten sample cases of LT & HT consumers where orders have been issued for writing off bad debts, clearly depicting the procedure adopted for writing off bad debts along with policy framework for managing bad debts for the Commission's perusal.	Within 1 month

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
12	The Commission directs the Licensee to evolve principles for prudent segregation of ARR towards wheeling function and retail supply function embedded in the distribution function in accordance with Clause 2.1.2 of the Distribution Tariff Regulations.	Within 4 months
13	The Commission directs the Licensee to submit a long term business plan in accordance with Clause 2.1.7 of the Distribution Tariff Regulations. The Licensee in such business plan shall identify capex projects for the ensuing year and subsequent four years and submit detailed capital investment plan along with a financing plan for undertaking the identified projects in order to meet the requirement of load growth, refurbishment and replacement of equipment, reduction in distribution losses, improvement of voltage profile, improvement in quality of supply, system reliability, metering, communication and computerization, etc.	Within 3 months
14	The Commission directs the Licensee to conduct benchmarking studies to determine the desired performance standards in accordance with Clause 2.1.8 of the Distribution Tariff Regulations.	Within 3 months
15	The Commission directs the Licensee to conduct proper loss estimate studies for assessment of technical and commercial losses under its supervision so that the Commission may set the base line losses in accordance with Clause 3.2.3 and Clause 3.2.4 of the Distribution Tariff Regulations and submit the report to the Commission. The study shall segregate voltage-wise distribution losses into technical loss (i.e. Ohmic/Core loss in the lines, substations and equipment) and commercial loss (i.e. unaccounted energy due to	Within 3 months

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
	metering inaccuracies/inadequacies, pilferage of energy, improper billing, no billing, unrealized revenues etc.).	
16	The Commission directs the Licensee to submit completion report in respect of all capital projects which have achieved the Commercial Operation Date during FY 2011-12 in accordance with Clause 4.5.7 of the Distribution Tariff Regulations.	Along with the true up petition for FY 2011-12
17	The Commission directs the Licensee to conduct Cost of Service studies which would serve as a tool for alignment of costs and charges and submit details regarding the cost of service studies for each category or voltage level.	Within 6 months
18	Commission directs the Licensee to submit a road map for 100% metering in its licensed area. However, based on the ground realities, if the Distribution Licensee seeks exemption towards its metering obligation for any particular category of consumers, it must provide the Commission revised norms specific for its supply area, based on fresh studies, for assessment of consumption for these categories. Sales forecast for un-metered categories shall be validated with norms approved by the Commission on the basis of above study carried out by the Licensee.	Within 2 months
19	The Commission directs the Licensee to install electronic meters in the residential consumers under LMV-10 category and submit a progress report every month.	Within one month
20	The Commission directs the Licensee to submit data related to its peak demand and off peak demand in MW along with its sales projections in accordance with Clause 3.1.4 of the Distribution Tariff Regulations.	Along with the petition for FY 2014-15
21	The Commission directs the Licensee to reconcile the inter-unit balances lying un-reconciled either itself or through independent	Along with the petition for FY

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
	chartered accountant firms.	2014-15
22	The Commission directs the Licensee to file submissions in respect of FPPCA in a timely and regular manner.	Every quarter as per the time frame prescribed in the Regulations
23	The Commission directs the Licensee to depict the regulatory surcharge distinctly in the electricity bills of the consumers and create separate accounting fields to capture the amounts collected as regulatory surcharge in both of its financial and commercial statements. The Commission directs the Licensee to provide the details of the regulatory surcharge so collected for FY 2013-14 duly certified by the statutory auditor.	By 30th September 2014
24	The Commission directs the Licensee to finalise the allocation of subsidy after taking into consideration the regulatory surcharge among all the four Discoms namely DVVNL, MVVNL, PVVNL and PuVVNL in concurrence with the State Government up to 30th November, 2013 and submit a report on the same to the Commission.	Along with the petition for FY 2014-15

8.1.5 The Commission would like to mention here that the list given above may not be exhaustive and the Licensee is directed comply with all directives given in the text of this Order.

8.1.6 The Commission directs the Licensee to follow the directions scrupulously and send the periodical reports by 30th of every month about the compliance of these directions in the format titled 'Action Taken Report on the Directions Issued by the Commission' provided at Annexure 10.7 of this Order.

9 APPLICABILITY OF THE ORDER

9.1 The Licensee, in accordance to Section 139 of the Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations 2004, shall publish the approved tariffs and regulatory surcharge within three days from the date of this Order. The Licensee shall ensure that the same is published in at least two daily newspapers (one English and one Hindi) having wide circulation in the area of supply. The tariffs so published shall become the notified tariffs applicable in the area of supply and shall come into force after seven days from the date of such publication of the tariffs, and unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order. The regulatory surcharge so published shall come into force after seven days from the date of its publication and shall be in force till 31st March, 2014, unless amended or extended by the Commission through an Order.

(Meenakshi Singh)	**(Shree Ram)**
Member	**Member**

Dated: 31st May, 2013
Lucknow.

10 ANNEXURE

10.1 COMMISSION FORECAST OF CONSUMPTION PARAMETERS FOR FY 2013-14

TABLE 10.1-1: COMMISSION'S APPROVAL OF NUMBER OF CONSUMERS FOR FY 2013-14

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-14
LMV-1: Domestic								
Rural (unmetered)	875092	879400	978953	1054591	1154870	7%	7%	1237807
Rural (metered)	243992	186580	141978	171885	185636	-7%	5%	194918
Bulk Load	68069	18801	214	1982	2002	-59%	5%	2102
Other Metered	1195807	1262146	1350418	1440560	1613427	8%	12%	1807038
BPL	977	12294	143160	149091	164000	260%	10%	180400
SUBTOTAL (LMV-1)	**2383937**	**2359220**	**2614723**	**2818109**	**3119935**			**3422265**
LMV-2:Non-Domestic								
Rural (unmetered)	8877	9187	3787	3896	3896	-19%	0%	3896
Rural (metered)	47722	45650	37601	36397	40037	-4%	10%	44040
Advertising	0	308	13660	16922	18953	-	5%	19900
Other Metered	233564	249808	265169	274009	290348	6%	6%	306583
SUBTOTAL (LMV-2)	**290163**	**304953**	**320217**	**331224**	**353234**			**374419**
LMV-3: Public Lamps								
Unmetered - Gram Panchayat	189	169	233	243	272	10%	10%	298
Unmetered - Nagar Palika & Panchayat	140	153	165	144	144	1%	0%	144
Unmetered - Nagar Nigam	83	61	55	35	37	-18%	0%	37
Metered - Gram Panchayat	0	0	0	16	18	-	5%	19

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-14
Metered - Nagar Palika & Panchayat	105	77	93	92	101	-1%	10%	111
Metered - Nagar Nigam	140	163	222	226	253	16%	12%	283
SUBTOTAL (LMV-3)	**657**	**623**	**768**	**756**	**825**			**892**
LMV-4: Institutions								
Public	5417	6167	9599	10863	12167	22%	12%	13627
Private	2290	2304	1883	2029	2130	-2%	5%	2237
SUBTOTAL (LMV-4)	**7707**	**8471**	**11482**	**12892**	**14297**			**15864**
LMV-5: Private Tube Wells								
Rural (unmetered)	315186	317388	339142	347123	367950	4%	4%	382468
Rural (metered)	1323	966	332	1265	1429	2%	2%	1457
Urban (metered)	2414	2646	3216	2882	3008	6%	6%	3178
SUBTOTAL (LMV-5)	**318923**	**321000**	**342690**	**351270**	**372388**			**387103**
LMV 6: Small and Medium Power								
Power Loom: Rural	2022	2358	1845	2161	2183	2%	2%	2225
Power Loom: Urban	6226	5660	3050	3530	3565	-13%	8%	3855
Others: Rural	6078	5628	7939	7804	8819	10%	10%	9678
Others: Urban	24923	29532	31945	35394	38748	12%	12%	43268
SUBTOTAL (LMV-6)	**39249**	**43178**	**44779**	**48889**	**53314**			**59026**

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-14
LMV-7: Public Water Works								
Rural: Jal Nigam	156	149	182	190	213	8%	8%	230
Rural: Jal Sansthan	42	56	42	79	88	20%	0%	88
Rural: Other PWWs	175	180	191	211	232	7%	7%	249
Urban: Jal Nigam	59	75	96	105	119	19%	13%	134
Urban: Jal Sansthan	129	128	162	93	94	-8%	0%	94
Urban: Other PWWs	1082	1408	1626	1812	2048	17%	17%	2402
SUBTOTAL (LMV-7)	**1643**	**1996**	**2299**	**2490**	**2794**			**3197**
LMV-8: State Tube Wells								
Metered STW	481	298	292	161	169	-23%	0%	169
Unmetered STW	4169	4198	4247	4534	4712	3%	3%	4859
Unmetered Laghu Dal Nahar	70	45	45	68	77	2%	2%	79
SUBTOTAL (LMV-8)	**4720**	**4541**	**4584**	**4763**	**4958**			**5107**
LMV-9: Temporary Supply								
Metered: Individual residential	1562	1465	2197	1764	1993	6%	6%	1319
Metered: Others	0	0	0	0	0	-	-	0
Unmetered: Ceremonies	0	44	221	22	25	-	5%	826
Unmetered: Temp shops	0	0	0	0	0	-	5%	0
SUBTOTAL (LMV-9)	**1562**	**1509**	**2418**	**1786**	**2018**			**2145**

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-14
LMV-10: Departmental Employees								
Class IV	3401	3394	4724	4030	4391	7%	7%	4681
Class III	6230	6364	5465	6424	6681	2%	2%	6799
Junior Engineers	578	630	605	615	640	3%	3%	656
Assistant Engineers	256	290	300	281	292	3%	3%	302
Executive Engineers	485	498	169	164	171	-23%	4%	177
Deputy General Manager	28	31	32	31	32	4%	4%	33
CGM/GM	10	45	10	10	10	1%	1%	11
Pensioners	7900	8312	9320	9661	10416	7%	7%	11161
SUBTOTAL (LMV-10)	**18888**	**19563**	**20625**	**21216**	**22633**			**23820**
HV-1: Non-Industrial Bulk Loads								
Urban: 11 kV	0	386	316	395	411	-	5%	431
Urban: Above 11 kV & up to 66 kV	0	105	192	12	12	-	5%	13
Urban: Above 66 kV & up to 132 kV	0	12	12	0	0	-	0%	0
Urban: Above 132 kV	0	3	3	0	0	-	0%	0
Rural: At 11 kV	0	6	651	2	2	-	5%	2
Rural: Above 11 kV & up to 66 kV	0	5	13	13	14	-	0%	14
SUBTOTAL (HV-1)	**0**	**517**	**1187**	**422**	**439**			**460**
HV-2: Large and Heavy Power								
Urban: 11 kV	3862	3644	3679	4759	5187	8%	8%	5584

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-14
Urban: Above 11 kV & up to 66 kV	307	274	229	338	368	5%	5%	387
Urban: Above 66 kV & up to 132 kV	16	22	2	2	2	-40%	7%	2
Urban: Above 132 kV	1	2	1	1	1	1%	5%	1
Rural: At 11 kV	8	20	7	3	3	-21%	0%	3
Rural: Above 11 kV & up to 66 kV	0	2	0	2	2	-	5%	2
SUBTOTAL (HV-2)	**4194**	**3964**	**3918**	**5105**	**5564**			**5979**
HV-3: Railway Traction								
At 132 kV and above	0	1	2	2	2	-	5%	2
Below 132 kV	0	0	0	0	0	-	0%	0
Metro traction	0	0	0	1	0	-	5%	0
SUBTOTAL (HV-3)	**0**	**1**	**2**	**3**	**2**			**2**
HV-4: Lift Irrigation								
At 11kV	2	2	2	2	2	0%	5%	2
Above 11kV & up to 66kV	0	0	0	0	0	-	5%	0
Above 66 kV & up to 132kV	0	0	0	0	0	-	5%	0
SUBTOTAL (HV-4)	**2**	**2**	**2**	**2**	**2**			**2**
Bulk & Extra State								
Extra state & others	0	0	0	0	0	-	5%	0
Bulk supply - NPCL	1	1	1	0	0	-100%	5%	0

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-14
Bulk supply - KESCO	0	0	0	0	0	-	5%	0
Bulk supply - Others	0	0	0	0	0	-	5%	0
SUBTOTAL (Bulk & Extra State)	**1**	**1**	**1**	**0**	**0**			**0**
GRAND TOTAL	**3071646**	**3069537**	**3369695**	**3598927**	**3952403**			**4300281**

TABLE 10.1-2: COMMISSION'S APPROVAL OF CONNECTED LOAD (KW) FOR FY 2013-14

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-1
LMV-1: Domestic								
Rural (unmetered)	1654799	1634007	1769641	1902094	2145856	7%	7%	2289889
Rural (metered)	504977	343318	256199	300470	341581	-9%	5%	358660
Bulk Load	208688	118238	91978	99314	100307	-17%	1%	101310
Other Metered	2526099	2881514	3280326	3481686	3919207	12%	12%	4374064
BPL	977	17771	139389	145139	237072	295%	5%	180400
SUBTOTAL (LMV-1)	**4895540**	**4994848**	**5537533**	**5928703**	**6744022**			**7304323**
LMV-2:Non-Domestic								
Rural (unmetered)	19411	19705	7346	7713	8357	-19%	8%	9055
Rural (metered)	119858	91326	117243	114166	125583	1%	10%	138141
Advertising	0	928	31282	39551	57058	-	5%	59911
Other Metered	538281	617878	661959	696491	738023	8%	8%	798610
SUBTOTAL (LMV-2)	**677550**	**729837**	**817830**	**857921**	**929020**			**1005717**
LMV-3: Public Lamps								
Unmetered - Gram Panchayat	89	822	712	516	1322	96%	5%	1388
Unmetered - Nagar Palika & Panchayat	7700	6545	7458	7229	7229	-2%	0%	7229
Unmetered - Nagar Nigam	10624	9167	11474	9414	9885	-2%	0%	9885

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-1
Metered - Gram Panchayat	0	13	0	499	566	-	5%	595
Metered - Nagar Palika & Panchayat	6173	6501	6984	6581	8581	9%	9%	9318
Metered - Nagar Nigam	7530	9269	14205	19198	21502	30%	5%	22577
SUBTOTAL (LMV-3)	**32116**	**32317**	**40833**	**43437**	**49085**			**50991**
LMV-4: Institutions								
Public	55839	50820	59294	58653	65691	4%	4%	68415
Private	21752	18274	15782	16912	17856	-5%	6%	18853
SUBTOTAL (LMV-4)	**77591**	**69094**	**75076**	**75565**	**83547**			**87268**
LMV-5: Private Tube Wells								
Rural (unmetered)	1741739	1671077	1836969	1900870	2014922	4%	4%	2089667
Rural (metered)	5600	4253	1596	9329	10542	17%	5%	11069
Urban (metered)	11589	12693	15877	21448	22385	18%	5%	23504
SUBTOTAL (LMV-5)	**1758928**	**1688023**	**1854442**	**1931647**	**2047849**			**2124240**
LMV 6: Small and Medium Power								
Power Loom: Rural	15887	14632	16518	23534	23769	11%	11%	26288
Power Loom: Urban	69351	56602	43876	45609	51289	-7%	5%	53853
Others: Rural	53154	48126	62151	62451	75403	9%	9%	82292
Others: Urban	348046	385772	426576	451027	493768	9%	9%	538883

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-1
SUBTOTAL (LMV-6)	**486438**	**505132**	**549121**	**582621**	**644230**			**701316**
LMV-7: Public Water Works								
Rural: Jal Nigam	3295	3416	4073	5097	5709	15%	15%	6549
Rural: Jal Sansthan	766	994	850	1593	1791	24%	5%	1880
Rural: Other PWWs	3793	4189	5897	6151	7166	17%	17%	8348
Urban: Jal Nigam	4257	4321	5590	5236	6909	13%	13%	7798
Urban: Jal Sansthan	3158	3105	3654	2599	2625	-5%	0%	2625
Urban: Other PWWs	39868	44360	49355	58229	65799	13%	9%	71721
SUBTOTAL (LMV-7)	**55137**	**60385**	**69419**	**78905**	**89998**			**98922**
LMV-8: State Tube Wells								
Metered STW	5905	4166	3784	2319	2435	-20%	0%	2435
Unmetered STW	60163	53846	55971	61030	63429	1%	1%	64273
Unmetered Laghu Dal Nahar	955	524	524	536	899	-2%	5%	944
SUBTOTAL (LMV-8)	**67023**	**58537**	**60279**	**63885**	**66763**			**67652**
LMV-9: Temporary Supply								
Metered: Individual residential	14370	10973	58409	52206	58993	42%	0%	58993
Metered: Others	0	0	0	0	0	-	-	0
Unmetered: Ceremonies	0	505	1582	222	494	-	-5%	469
Unmetered: Temp shops	0	0	0	0	0	-	-5%	0

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-1
SUBTOTAL (LMV-9)	**14370**	**11478**	**59991**	**52428**	**59486**			**59462**
LMV-10: Departmental Employees								
Class IV	10137	11166	16653	13815	15481	11%	0%	15481
Class III	19639	20676	17632	22391	23287	4%	4%	24300
Junior Engineers	2027	2273	2268	2545	2647	7%	7%	2829
Assistant Engineers	1053	1229	1285	1204	1252	4%	4%	1308
Executive Engineers	1984	2092	815	791	823	-20%	4%	856
Deputy General Manager	121	145	155	147	156	7%	7%	166
CGM/GM	40	217	40	40	50	6%	6%	52
Pensioners	23238	23897	29185	30367	32739	9%	9%	35669
SUBTOTAL (LMV-10)	**58239**	**61694**	**68033**	**71300**	**76434**			**80661**
HV-1: Non-Industrial Bulk Loads								
Urban: 11 kV	0	150385	118354	143716	149465	-	5%	156938
Urban: Above 11 kV & up to 66 kV	0	90146	118857	29788	30980	-	-5%	29431
Urban: Above 66 kV & up to 132 kV	0	13412	13412	0	0	-	0%	0
Urban: Above 132 kV	0	1725	1725	0	0	-	0%	0
Rural: At 11 kV	0	1681	141924	450	468	-	5%	491
Rural: Above 11 kV & up to 66 kV	0	613	53778	53778	55929	-	0%	55929
SUBTOTAL (HV-1)	**0**	**257962**	**448051**	**227732**	**236841**			**242789**

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-1
HV-2: Large and Heavy Power								
Urban: 11 kV	1025305	972184	1040750	1431195	1560003	11%	11%	1732580
Urban: Above 11 kV & up to 66 kV	429879	384469	532468	644638	702655	13%	5%	737788
Urban: Above 66 kV & up to 132 kV	54973	51343	16830	16830	18008	-24%	7%	19269
Urban: Above 132 kV	27084	28917	27084	27084	28438	1%	5%	29860
Rural: At 11 kV	1978	4950	1183	366	384	-34%	-5%	365
Rural: Above 11 kV & up to 66 kV	0	2477	0	21000	23100	-	5%	24255
SUBTOTAL (HV-2)	**1539219**	**1444341**	**1618315**	**2141113**	**2332589**			**2544117**
HV-3: Railway Traction								
At 132 kV and above	0	225	9000	7700	8470	-	5%	8894
Below 132 kV	0	0	0	0	0	-	5%	0
Metro traction	0	0	0	9000	9000	-	5%	9450
SUBTOTAL (HV-3)	**0**	**225**	**9000**	**16700**	**17470**			**18344**
HV-4: Lift Irrigation								
At 11kV	311	311	311	311	311	0%	0%	311
Above 11kV & up to 66kV	0	0	0	0	0	-	-	0
Above 66 kV & up to 132kV	0	0	0	0	0	-	-	0
SUBTOTAL (HV-4)	**311**	**311**	**311**	**311**	**311**			**311**
Bulk & Extra State								

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	5-yr CAGR	Adopted growth rate	Approved for FY 13-1
Extra state & others	0	0	0	0	0	-	-	0
Bulk supply - NPCL	45000	45000	45000	0	0	-100%	-	0
Bulk supply - KESCO	0	0	0	0	0	-	-	0
Bulk supply - Others	0	0	0	0	0	-	-	0
SUBTOTAL (Bulk & Extra State)	**45000**	**45000**	**45000**	**0**	**0**			**0**
GRAND TOTAL	**9707462**	**9959183**	**11253234**	**12072268**	**13377645**			**1438611C**

TABLE 10.1-3: COMMISSION'S APPROVAL OF ENERGY SALES (MU) FOR FY 2013-14

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	Approved for FY 13-14
LMV-1: Domestic						
Rural (unmetered)	1348	1386	1432	1577	1854	1978
Rural (metered)	535	249	188	296	285	315
Bulk Load	154	151	114	144	136	150
Other Metered	2305	2607	2883	3137	3250	3931
BPL	0	14	128	169	171	197
SUBTOTAL (LMV-1)	**4343**	**4407**	**4745**	**5323**	**5696**	**6571**
LMV-2:Non-Domestic						
Rural (unmetered)	18	16	8	6	7	8
Rural (metered)	111	88	154	159	159	184
Advertising	0	1	5	31	42	44
Other Metered	544	658	681	801	781	855
SUBTOTAL (LMV-2)	**673**	**763**	**848**	**997**	**989**	**1090**
LMV-3: Public Lamps						
Unmetered - Gram Panchayat	1	2	2	1	5	5
Unmetered - Nagar Palika & Panchayat	30	24	24	28	31	26
Unmetered - Nagar Nigam	53	33	25	31	43	43
Metered - Gram Panchayat	1	0	0	0	2	3
Metered - Nagar Palika & Panchayat	22	28	27	28	33	41
Metered - Nagar Nigam	19	33	59	64	83	109
SUBTOTAL (LMV-3)	**125**	**120**	**137**	**152**	**197**	**226**
LMV-4: Institutions						
Public	151	141	161	179	183	205
Private	42	33	27	34	33	36
SUBTOTAL (LMV-4)	**193**	**173**	**187**	**213**	**216**	**242**
LMV-5: Private Tube Wells						
Rural (unmetered)	1855	1832	1928	2062	2216	2298
Rural (metered)	37	5	4	7	8	8
Urban (metered)	24	17	26	26	36	40
SUBTOTAL (LMV-5)	**1917**	**1855**	**1958**	**2095**	**2260**	**2347**

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	Approved for FY 13-14
LMV 6: Small and Medium Power						
Power Loom: Rural	20	16	23	32	30	33
Power Loom: Urban	90	70	66	80	81	98
Others: Rural	58	65	70	83	92	103
Others: Urban	555	610	636	674	721	805
SUBTOTAL (LMV-6)	**722**	**760**	**796**	**869**	**923**	**1039**
LMV-7: Public Water Works						
Rural: Jal Nigam	12	6	6	12	13	15
Rural: Jal Sansthan	3	2	2	2	4	4
Rural: Other PWWs	12	10	10	11	17	18
Urban: Jal Nigam	11	18	18	17	29	35
Urban: Jal Sansthan	18	7	8	10	10	10
Urban: Other PWWs	128	152	173	184	208	235
SUBTOTAL (LMV-7)	**184**	**196**	**217**	**235**	**281**	**317**
LMV-8: State Tube Wells						
Metered STW	18	13	13	12	13	14
Unmetered STW	185	181	181	196	201	208
Unmetered Laghu Dal Nahar	3	2	1	0	3	3
SUBTOTAL (LMV-8)	**206**	**196**	**195**	**209**	**218**	**225**
LMV-9: Temporary Supply						
Metered: Individual residential	18	22	38	56	59	41
Metered: Others	0	0	0	0	0	0
Unmetered: Ceremonies	1	0	2	0	1	24
Unmetered: Temp shops	0	0	0	0	0	0
SUBTOTAL (LMV-9)	**19**	**22**	**40**	**56**	**59**	**65**
LMV-10: Departmental Employees						
Class IV	16	12	13	14	14	16
Class III	31	22	25	27	28	29
Junior Engineers	4	3	3	4	4	4
Assistant Engineers	2	2	3	3	3	3
Executive Engineers	2	2	2	2	2	2
Deputy General Manager	0	0	0	0	0	0

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	Approved for FY 13-14
CGM/GM	0	0	0	0	0	0
Pensioners	36	45	45	54	53	59
SUBTOTAL (LMV-10)	**90**	**87**	**91**	**104**	**105**	**114**
HV-1: Non-Industrial Bulk Loads						
Urban: 11 kV	0	329	229	253	327	364
Urban: Above 11 kV & up to 66 kV	0	234	171	160	166	166
Urban: Above 66 kV & up to 132 kV	0	54	20	0	0	0
Urban: Above 132 kV	0	5	0	0	0	0
Rural: At 11 kV	0	4	100	187	194	214
Rural: Above 11 kV & up to 66 kV	0	1	45	115	132	132
SUBTOTAL (HV-1)	**0**	**626**	**565**	**714**	**819**	**876**
HV-2: Large and Heavy Power						
Urban: 11 kV	2377	2129	2219	2681	3326	3694
Urban: Above 11 kV & up to 66 kV	1285	1284	1927	2067	2347	2567
Urban: Above 66 kV & up to 132 kV	249	289	86	77	101	114
Urban: Above 132 kV	76	80	100	165	173	191
Rural: At 11 kV	12	10	112	20	36	33
Rural: Above 11 kV & up to 66 kV	14	9	32	7	82	91
SUBTOTAL (HV-2)	**4013**	**3801**	**4476**	**5017**	**6066**	**6689**
HV-3: Railway Traction						
At 132 kV and above	0	0	23	25	27	27
Below 132 kV	0	0	0	4	0	0
Metro traction	0	0	0	17	17	18
SUBTOTAL (HV-3)	**0**	**0**	**23**	**46**	**44**	**45**
HV-4: Lift Irrigation						
At 11kV	0	0	0	0	0	0
Above 11kV & up to 66kV	0	0	0	0	0	0
Above 66 kV & up to 132kV	0	0	0	0	0	0
SUBTOTAL (HV-4)	**0**	**0**	**0**	**0**	**0**	**0**
Bulk & Extra State						
Extra state & others	0	0	0	0	0	0

Consumer categories	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	Approved for FY 13-14
Bulk supply - NPCL	348	352	353	0	0	0
Bulk supply - KESCO	0	0	0	0	0	0
Bulk supply - Others	0	0	0	0	0	0
SUBTOTAL (Bulk & Extra State)	**348**	**352**	**353**	**0**	**0**	**0**
GRAND TOTAL	**12833**	**13360**	**14630**	**16031**	**17875**	**19846**

10.2 RATE SCHEDULE FOR FY 2013-14

RETAIL TARIFFS FOR FINANCIAL YEAR 2013-14:

GENERAL PROVISIONS:

These provisions shall apply to all categories unless specified otherwise and are integral part of the Rate Schedule.

1. NEW CONNECTIONS:

(i) All new connections shall be given as per the applicable provisions of Electricity Supply Code and shall be released in multiples of KW only, excluding consumers of Rate Schedule LMV-5 & LMV-8. Further, for tariff application purposes fractional kW loads (if any) of already existing consumers shall be treated as next higher kW load;

(ii) New connection of 10 kW & above and 13.4 BHP & above loads shall be given with installation of demand recording Static Tri-vector Meter (TVM) or TOD meters as may be appropriate. Licensee shall ensure installation of Tri-vector Meter (TVM) or TOD meters (Demand Recording Meters), (as may be appropriate) on all existing consumers with load of 10 kW / 13.4 BHP and above as the case may be and for all consumers of Rate Schedule where TOD rates have been specified.

2. READING OF METERS:

As per applicable provisions of Electricity Supply Code.

3. BILLING WHEN METER IS NOT ACCESSIBLE OR NOT READ (NA / NR BILLS - PROVISIONAL PAYMENT):

As per the provisions of applicable Electricity Supply Code with a provision of penalty of Rs. 50 / kW / month for the purposes of Clause 6.2 (c) of applicable Electricity Supply Code.

4. BILLING IN CASE OF DEFECTIVE METERS:

As per the applicable provisions of Electricity Supply Code.

5. KVAH TARIFF:

'kVAh based tariffs' shall be applicable on all consumers having contracted load of 10 kW & above for Light, Fan & Power and 13.4 BHP & above for Motive Power Loads, under different categories with static TVM / TOD meters installed (as appropriate).

The rates prescribed in different categories in terms of kW and kWh will be converted into appropriate kVA and kVAh by multiplying Fixed / Demand Charges and Energy Charges by an average power factor of 0.90. Similarly, the Fixed / Demand Charges expressed in BHP can be converted into respective kVA rates in accordance with formula given below:

Demand Charges in kVA = (Demand Charges in BHP * 0.90) / 0 .746

By applying the same formula Fixed Charges can also be calculated.

Note: If the power factor of a consumer is leading and is within the range of 0.95 -1.00, then for tariff application purposes such leading power factor shall be treated as unity. The bills of such consumers shall be prepared accordingly. However, if the leading power factor is below 0.95 (lead) then the consumer shall be billed as per the kVAh reading indicated by the meter. However, the aforesaid provision of treating power factor below 0.95 (lead) as the commensurate lagging power factor for the purposes of billing shall not be applicable on HV-3 category and shall be treated as unity. Hence, for HV-3, lag + lead logic of the meter should not be used and "lag only" logic of the meter should be provided which blocks leading kVARh thereby treating leading power factor as unity and registering instantaneous kWh as instantaneous kVAh in case of leading power factor.

6. BILLABLE DEMAND:

For all consumers having static Tri-vector Meter / TOD Meters (Demand Recording Meters) installed, the billed demand during a month shall be the actual maximum demand as indicated by TVM / TOD meter (can be in parts of kVA) or 75% of the contracted load, whichever is higher. The contracted load in kW shall be divided by a power factor of 0.90 to work out the equivalent contracted load in kVA and rounded off to nearest integer.

7. SURCHARGE / PENALTY:

(i) DELAYED PAYMENT:

If a consumer fails to pay his electricity bill by the due date specified therein, a late payment surcharge shall be levied at 1.25 % per month; up-to first three months and subsequently @ 1.5% per month. Late payment surcharge shall be calculated proportionately for the number of days for which the payment is delayed beyond the due date specified in the bill and levied on the unpaid amount of the bill excluding surcharge. Imposition of this surcharge is without prejudice to the right of the Licensee to disconnect the supply or take any other measure permissible under the law.

(ii) CHARGES FOR EXCEEDING CONTRACTED DEMAND:

If the maximum demand in any month of a consumer having TVM / TOD / Demand recording meters does not exceed the Contracted Demand beyond 10% then such excess demand shall be levied at normal rate as charged for exceeding contracted demand apart from the demand charge recovery as per the maximum demand recorded by the meter.

However, if the demand exceeds the contracted demand by more than 10%; then such excess demand shall be levied at twice the normal rate apart from the demand charge on the maximum demand indicated by the meter.

This additional charge shall be without prejudice to the Licensee's right to take such other appropriate action including disconnection of supply, as may be deemed necessary to restrain the consumer from exceeding his contracted load.

Any surcharge / penalty shall be over and above the minimum charge, if the consumption bill of the consumer is being prepared on the basis of minimum charge.

8. POWER FACTOR SURCHARGE:

(i) It shall be obligatory for all consumers to maintain an average power factor of more than 0.85 during any billing period. No new connections of motive power loads / inductive loads above 3 kW, other than under LMV-1 and LMV-2 category, and / or of welding transformers above 1kVA shall be given, unless shunt capacitors having I.S.I specifications of appropriate ratings are installed, as described in ANNEXURE 10.4.

(ii) In respect of the consumers with or without static TVMs, excluding consumers under LMV-1 category up to connected load of 10 kW and LMV-2 category up to connected load of 5 kW, if on inspection it is found that capacitors of appropriate rating are missing or in-operational and Licensee can prove that the absence of capacitor is bringing down the power factor of the consumer below the obligatory norm of 0.85; then a surcharge of 15% of the amount of bill shall be levied on such consumers. Licensee may also initiate action under the relevant provisions of the Electricity Act, 2003, as amended from time to time.

Notwithstanding above the Licensee also has a right to disconnect the power supply, if the power factor falls below 0.75.

(iii) Power factor surcharge shall however, not be levied during the period of disconnection on account of any reason whatsoever and where consumer is being billed on kVAh consumption basis.

9. PROVISION RELATED TO SURCHARGE WAIVER SCHEME FOR RECOVERY OF BLOCKED ARREARS:

i. The Licensee may, on a decision by its Board of Directors, launch a Surcharge Waiver Scheme (One time Settlement Scheme) in any two months of a financial year for recovery of its blocked arrears by waving off surcharge to the extent not exceeding 50% of overall surcharge for which no approval of the Commission shall be required.

Provided that the impact of such surcharge waiver shall not be allowed as pass through in the next ARR / Tariff or true-ups. In this regard, the Licensees would have to submit the certificate duly verified by the statutory auditor, of the surcharge waived for any previous year along with the ARR / Tariff Petition of the ensuing year.

ii. Further, the Licensee may launch a surcharge waiver scheme without any restrictions on quantum of surcharge waiver provided the State Government provides an advance subsidy to compensate the complete / full loss of the Licensee arising out of surcharge waiver.

iii. The Licensees would be required to submit the full details of each Surcharge Waiver Scheme (One time Settlement Scheme) within one month from the end of the scheme.

10. PROTECTIVE LOAD:

Consumers getting supply on independent feeder at 11kV & above voltage, emanating from sub-station, may opt for facility of protective load and avail supply during the period of scheduled rostering imposed by the Licensee, except under emergency rostering. An additional charge @ 100% of base demand charges fixed per month shall be levied on the contracted protective (as per Electricity Supply Code) load each month. During the period of scheduled rostering, the load shall not exceed the sanctioned protective load. In case the consumer exceeds the sanctioned protective load during scheduled rostering, he shall be liable to pay twice the prescribed charges for such excess load. Consumers of LMV-4 (A) - Public Institutions will however pay the additional charge @ 25% only.

11. ROUNDING OFF:

All bills will be rounded off to the nearest rupee.

12. OPTION OF MIGRATION TO HV2 CATEGORY:

The consumer under LMV-1, LMV-2, LMV-4 and LMV-6 with contracted load above 50 kW and getting supply at 11 kV & above voltage shall have an option to migrate to the HV-2 category. Furthermore, the consumers shall have an option of migrating back to the original category on payment of charges prescribed in Cost Data Book for change in voltage level.

13. PRE-PAID METERS / AUTOMATIC METER READING SYSTEM:

In line with the directive given in the last Tariff Order, the Commission directs the Licensees to expedite the process of introduction of pre-paid meters on all government connections and public institutions wanting to opt for with loads below 45 kW and installation of automatic meter reading systems for loads above 45 kW.

14. Consumers not covered under any rate schedule or expressly excluded from any category:

For consumers of light, fan & power (excluding motive power loads) not covered under any rate schedule or expressly excluded from any LMV rate schedule will be categorized under LMV-2.

15. Wherever, the billing is based on two part tariff structure, the fixed charge will be computed on the basis of contracted load.

16. A consumer under metered category may undertake any extension work, in the same premises, on his existing connection without taking any temporary connection as long as his demand does not exceed his contracted demand and the consumer shall be billed in accordance with the tariff applicable to that category of consumer.

RATE SCHEDULE LMV – 1:

DOMESTIC LIGHT, FAN & POWER:

1. APPLICABILITY:

This schedule shall apply to:

a) Premises for residential / domestic purpose, Janata Service Connections, Kutir Jyoti Connections, Places of Worship (e.g. Temples, Mosques, Gurudwaras, Churches) and Electric Crematoria.

b) Mixed Loads

i. 50 kW and above

a. Registered Societies, Residential Colonies / Townships, Residential Multi-Storied Buildings with mixed loads (getting supply at single point) with the condition that 70% of the total contracted load shall be exclusively for the purposes of domestic light, fan and power. The above mixed load, within 70%, shall also include the load required for lifts, water pumps and common lighting,

b. Military Engineer Service (MES) for Defence Establishments (Mixed load without any load restriction).

ii. Less than 50 kW

For mixed loads less than 50 kW, however, if any portion of the above load is utilized for conduct of business for non-domestic purposes then the entire energy consumed shall be charged under the rate schedule of higher charge.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate, gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(a) Consumers getting supply as per 'Rural Schedule' (other than Tehsil Head Quarters, Nagar Palikas and Nagar Panchayat Areas):

Description	Fixed charge	Energy charge)
i) Un-metered	Rs. 180 / connection / month	Nil
ii) Metered	Rs. 50 / kW / month	Rs. 2.20 / kWh

(b) Supply at Single Point for bulk loads:

Description	Fixed Charge	Energy Charge
For Townships, Registered Societies, Residential Colonies, multi-storied residential complexes (including lifts, water pumps and common lighting within the premises) with loads 50 kW and above with the restriction that at least 70% of the total contracted load is meant exclusively for the domestic light, fan and power purposes and for Military Engineer Service (MES) for Defence Establishments (Mixed load without any load restriction).	Rs. 70.00 / kW / Month	Rs. 4.50 / kWh

The body seeking the supply at Single point for bulk loads under this category shall be considered as a deemed franchisee of the Licensee.

(c) OTHER METERED DOMESTIC CONSUMERS:

1. **Lifeline consumers:** Consumers with contracted load of 1 kW, energy consumption up to 150 kWh / month.

Description	Fixed Charge	Energy Charge
Loads of 1 kW only and for consumption up to 100 kWh / month (0 to 100 kWh / month)	Rs. 50.00 / kW / month	Rs. 2.20 / kWh
Loads of 1 kW only and for consumption above 100 kWh / month up to 150 kWh / month (101 to 150 kWh / month)		Rs. 2.60 / kWh

2. **Others:** Other than life line consumers (i.e. consumers who do not qualify under the criteria laid down for lifeline consumers.)

Description	Consumption Range	Fixed Charge	Energy Charge
All loads	Upton 200 kWh / month	Rs. 75.00 / kW / month	Rs. 4.00 / kWh
	201 – 500 kWh / month		Rs. 4.50 / kWh
	Above 500 kWh / month (From 501st unit onwards)		Rs. 5.00 / kWh

Note:

1. For all consumers under this category the maximum demand during the month recorded by the meter has to be essentially indicated in their monthly bills. However, this condition would be mandatory only in case meter reading is done by the Licensee. Accordingly, if the bill is being prepared on the basis of reading being submitted by the consumer then the consumer would not be liable to furnish maximum demand during the month and his bill would not be held back for lack of data on maximum demand. Recording of such maximum demand will be used for the purpose of system planning and consumer education in the current tariff year.

RATE SCHEDULE LMV– 2:

NON DOMESTIC LIGHT, FAN AND POWER:

1. APPLICABILITY:

This schedule shall apply to all consumers using electric energy for Light, Fan and Power loads for Non-Domestic purposes, like all type of Shops, Hotels, Restaurants, Private Guest Houses, Private Transit Hostels, Private Students Hostels, Marriage Houses, Show-Rooms, Commercial / Trading Establishments, Cinema and Theatres, Banks, Cable T.V. Operators, Telephone Booths / PCO (STD / ISD), Fax Communication Centres, Photo Copiers, Cyber Café, Private Diagnostic Centres including X-Ray Plants, MRI Centres, CAT Scan Centres, Pathologies and Private Advertising / Sign Posts / Sign Boards, Commercial Institutions / Societies, Automobile Service Centres, Coaching Institutes, Private Museums, Power Looms with less than 5 kW load and for all companies registered under Companies Act-1956 with loads less than 75 kW and getting supply at low voltages.

2. Character and Point of Supply:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate, gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(a) Consumers getting supply as per 'Rural Schedule' (other than Tehsil Head Quarters, Nagar Palikas and Nagar Panchayat Areas):

Description	Fixed Charge	Energy charge
(i) Un-metered	Rs. 300 / connection / month	Nil
(ii) Metered	Rs. 65 / kW / month	Rs. 2.50 / kWh

(b) Private Advertising / Sign Posts / Sign Boards / Glow Signs / Flex:

For all commercial (road side / roof tops of buildings) advertisement hoardings such as Private Advertising / Sign Posts / Sign Boards / Glow Signs / Flex, the rate of charge shall be as below:

Description	Fixed Charge	Energy Charge	Minimum Charge
Metered	-	Rs. 14.00 / kWh	Rs. 1200/kW/Month

Note:

For application of these rates Licensee shall ensure that such consumption is separately metered.

(c) In all other cases, including urban consumers and consumers getting supply through rural feeders but exempted from scheduled rostering / restrictions or through co-generating radial feeders in villages / towns.

<table>
<tr><th>Consumption Range</th><th>Fixed Charge</th><th>Energy Charge</th></tr>
<tr><td>Upton 300 kWh / month</td><td rowspan="2">Rs. 200.00 / kW / month</td><td>Rs. 6.00 / kWh</td></tr>
<tr><td>Above 300 kWh / month (From 301st unit onwards)</td><td>Rs. 6.50 / kWh</td></tr>
</table>

Note:

1. For all consumers under this category the maximum demand during the month recorded by the meter has to be essentially indicated in their monthly bills. However, this condition would be mandatory only in case meter reading is done by the Licensee. Accordingly, if the bill is being prepared on the basis of reading being submitted by the consumer then the consumer would not be liable to furnish maximum demand during the month and his bill would not be held back for lack of data on maximum demand.

4. REBATE TO POWER LOOMS:

Rebate to Power Loom consumers shall be applicable in accordance with the Government order dated 14th June, 2006 and the Commission's order dated 11th July, 2006 subject to adherence of provision of advance subsidy.

RATE SCHEDULE LMV -3:

PUBLIC LAMPS:

1. APPLICABILITY:

This schedule shall apply to Public Lamps including Street Lighting System, Road Traffic Control Signals, Lighting of Public Parks, etc. The street lighting in Harijan Bastis and Rural Areas are also covered by this rate schedule.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate gives the fixed and energy charges (including the TOD rates as applicable to the hour of operation) at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(a) Un-metered Supply:

Description	Gram Panchayat	Nagar Palika and Nagar Panchayat	Nagar Nigam
To be billed on the basis of total connected load calculated as the summation of individual points	Rs. 1700 per kW or part thereof per month	Rs. 2000 per kW or part thereof per month	Rs. 2500 per kW or part thereof per month

(b) Metered Supply:

Description	Gram Panchayat		Nagar Palika and Nagar Panchayat		Nagar Nigam	
All loads	Fixed Charges	Energy Charges	Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
	Rs. 120 / kW / month	Rs. 5.25 / kWh	Rs. 150 / kW / month	Rs. 5.60 / kWh	Rs. 160 / kW / month	Rs. 5.75 / kWh

TOD Rates applicable for the metered supply (% of Energy Charges):

18:00 hrs – 06:00 hrs	0%
06:00 hrs – 18:00 hrs	(+) 20%

4. For 'Maintenance Charges', 'Provision of Lamps' and 'Verification of Load' refer ANNEXURE 10.2.2**.**

RATE SCHEDULE LMV– 4:

LIGHT, FAN & POWER FOR PUBLIC INSTITUTIONS AND PRIVATE INSTITUTIONS:

1. APPLICABILITY:

LMV- 4 (A) - PUBLIC INSTITUTIONS:

This schedule shall apply to:

(a) Government Hospitals / Government Research Institutions / Offices of the Government Organizations other than companies registered under Companies Act 1956.

(b) Government & Government aided (i) Educational Institutions (ii) Hostels (iii) Libraries

(c) Religious and charitable Institutions including orphanage homes, old age homes and those providing services free of cost or at the charges / structure of charges not exceeding those in similar Government operated institutions.

(d) Railway Establishments (excluding railway traction, industrial premises & Metro) such as Booking Centres, Railway Stations & Railway Research and Development Organization, Railway rest houses, Railway holiday homes, Railway inspection houses.

(e) All India Radio and Doordarshan.

LMV-4 (B) - PRIVATE INSTITUTIONS:

This schedule shall apply to non-Government hospitals, nursing homes / dispensaries / clinics, private research institutes, and schools / colleges / educational institutes & charitable institutions / trusts not covered under **(A)** above**.**

2. **CHARACTER AND POINT OF SUPPLY**:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate, gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

Description	Fixed Charge	Energy Charge
(A) For Public Institutions	Rs. 200 / kW / month	Rs. 6.50 / kWh
(B) For Private Institutions	Rs. 200 / kW / month	Rs. 6.75 / kWh

RATE SCHEDULE LMV– 5:

SMALL POWER FOR PRIVATE TUBE WELLS / PUMPING SETS FOR IRRIGATION PURPOSES:

1. APPLICABILITY:

This schedule shall apply to all power consumers getting supply as per Rural / Urban Schedule for Private Tube-wells / Pumping Sets for irrigation purposes having a contracted load up to 25 BHP and for additional agricultural processes confined to Chaff-Cutter, Thresher, Cane Crusher and Rice Huller. All new connections under this category shall necessarily have the ISI marked energy efficient mono-bloc pump sets with power factor compensation capacitors of adequate rating to qualify for the supply. All existing pump sets shall be required to install power factor compensation capacitors.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(A) For consumers getting supply as per **Rural Schedule**:

(i) Un-metered Supply

Fixed Charge	Energy Charge
Rs. 100 / BHP / month	Nil
Consumer under this category will be allowed a maximum lighting load of 120 Watts.	

(ii) Metered Supply

Fixed Charge	Minimum Charges	Energy Charge
Rs. 30 / BHP / month	Rs. 75 / BHP / month	Rs. 1.00 / kWh

NOTE: *Minimum bill payable by a consumer under Rural Schedule (Metered Supply) shall be Rs. 75 per BHP per month, till the installation of the meter.*

(B) For consumers getting supply as per **Urban Schedule** (Metered Supply) including consumers getting supply through rural feeders exempted from scheduled rostering or through co-generating radial feeders in villages and towns.

Fixed Charge	Minimum Charges	Energy Charge
Rs. 55 / BHP / month	Rs. 140 / BHP / month	Rs. 4.00 / kWh

NOTE: *Minimum bill payable by a consumer under Urban Schedule (Metered Supply) shall be Rs. 140 per BHP per month, till the installation of the meter.*

Rate Schedule LMV– 6:

SMALL AND MEDIUM POWER:

1. **APPLICABILITY:**

   This schedule shall apply to all consumers of electrical energy having a contracted load up to 100 HP (75 kW) for industrial / processing or agro-industrial purposes, power loom (load of 5 kW and above) and to other power consumers, not covered under any other rate schedule. Floriculture / Mushroom farming units having loads up-to 100 BHP (75kW) shall also be covered under this rate schedule. This schedule shall also apply to pumping sets above 25 BHP.

2. **CHARACTER AND POINT OF SUPPLY:**

   As per the applicable provisions of Electricity Supply Code.

3. **RATE:**

   Rate, gives the fixed and energy charges (including the TOD rates as applicable to the hour of operation) at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(A) Consumers getting supply other than Rural Schedule:

Consumption Range	Fixed Charge	Energy Charge
For all Consumption	Rs. 225.00 / kW / month	Rs. 6.00 / kWh

TOD Rates (% of Energy Charges):

22:00 hrs – 06:00 hrs	(-) 7.5%
06:00 hrs – 17:00 hrs	0%
17:00 hrs – 22:00 hrs	(+) 15%

(B) Consumers getting supply as per Rural Schedule:

The consumer under this category shall be entitled to a rebate of 15% on demand & energy charges as given for under urban schedule without TOD rates.

4. PROVISIONS RELATED TO SEASONAL INDUSTRIES:

Seasonal industries will be determined in accordance with the criteria laid down below. No exhaustive list can be provided but some examples of industries exhibiting such characteristics are sugar, ice, rice mill and cold storage. The industries which operate during certain period of the year, i.e. have seasonality of operation, can avail the benefits of seasonal industries provided:

i) The load of such industry is above 13.4 BHP (for motive power loads) & 10 kW (other loads) and have Tri-vector Meters / TOD meters installed at their premises.

ii) The continuous period of operation of such industries shall be at least 4 (four) months but not more than 9 (nine) months in a financial year.

iii) Any prospective consumer, desirous of availing the seasonal benefit, shall specifically declare his season at the time of submission of declaration / execution of agreement mentioning the period of operation unambiguously.

iv) The seasonal period once notified cannot be reduced during the next consecutive 12 months. The off-season tariff is not applicable to composite units having seasonal and other category loads.

v) The off-season tariff is also not available to those units who have captive generation exclusively for process during season and who avail Licensees supply for miscellaneous loads and other non-process loads.

vi) The consumer opting for seasonal benefit has a flexibility to declare his off seasonal maximum demand subject to a maximum of 25% of the contracted demand. The tariff rates (demand charge per kW / kVA and energy charge per kWh / kVAh) for such industries during off-season period will be the same as for normal period. Further, during the off season fixed charges shall be levied on the basis of maximum demand recorded by the meter (not on normal billable demand or on percentage contracted demand). Rates for the energy charges shall however be the same as during the operational season. Further, first violation in the season would attract full billable demand charges and energy charges calculated at the unit rate 50% higher than the applicable tariff during normal period but only for the month in which the consumer has defaulted. However, on second default the consumer will forfeit the benefit of seasonal rates for the entire season.

5. REBATE TO POWER LOOMS:

Rebate to Power Loom consumers shall be applicable in accordance with the Government order dated 14th June, 2006 and the Commission's order dated 11th July, 2006 subject to adherence of provision of advance subsidy.

6. FACTORY LIGHTING:

The electrical energy supplied shall also be utilized in the factory premises for lights, fans, coolers, etc. which shall mean and include all energy consumed for factory lighting in the offices, the main factory building, stores, time keeper's office, canteen, staff club, library, crèche, dispensary, staff welfare centres, compound lighting, etc. No separate connection for the same shall be provided.

7. LOAD FACTOR REBATE:

For any excess consumption over the defined kVAh per KVA (of maximum demand recorded) as defined in the table below, a graded rebate is provided on the energy charges for such excess consumption. This rebate will be available on monthly basis and will be given to the consumer for each slab.

Description	Rebate on Energy charges
For all consumption over 288 kVAh per kVA up to 432 kVAh per kVA per month	7.5% on the consumption over 288 kVAh / kVA / month and up to 432 kVAh / kVA / month
For all consumption over 432 kVAh per kVA up to 504 kVAh per kVA per month	7.5% as applicable in first slab *plus* 10% on the consumption over 432 kVAh / kVA / month and up to 504 kVAh / kVA / month
For all consumption in excess of 504 kVAh per kVA per month	7.5% as applicable in first slab *plus* 10% as applicable in second slab *plus* 20% on the consumption over 504 kVAh / kVA / month

Note: Consumer with arrears shall not be eligible for above rebate. In case the consumer has obtained an order of stay from a court or any other statutory authority, the amount of load factor rebate for which the consumer is eligible in respect of the amount of the bill shall be calculated and the same shall accrue to the account of the consumer. However, the actual credit thereof shall not be given to the consumer in his monthly bill until the case relating to the dispute regarding arrear is finally decided by the competent court / statutory authority.

RATE SCHEDULE LMV– 7:

PUBLIC WATER WORKS:

1. APPLICABILITY:

This schedule shall apply to Public Water Works, Sewage Treatment Plants and Sewage Pumping Stations functioning under Jal Sansthan, Jal Nigam or other local bodies.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

(A) Consumers getting supply other than "Rural Schedule":

Rate gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

Fixed Charge	Energy Charge
Rs. 230 / kW / month	Rs. 6.25 / kWh

(B) Consumers getting supply as per "Rural Schedule":

The consumer under this category shall be entitled to a rebate of 15% on demand & energy charges as given for under other than rural schedule.

Rate Schedule LMV – 8:

STATE TUBE WELLS / PANCHAYTI RAJ TUBE WELL & PUMPED CANALS:

1. APPLICABILITY:

(i) This schedule shall apply to supply of power for all State Tube wells, including Tube wells operated by Panchayti Raj, World Bank Tube wells, Indo Dutch Tube wells, Pumped Canals and Lift Irrigation schemes having a load up to 100 BHP.

(ii) Laghu Dal Nahar having load above 100 BHP.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

Description	Fixed Charge	Energy Charge
Metered	Rs. 200 / BHP / month	Rs. 6.00 / kWh
Un-metered	Rs. 1250 / BHP / month	Nil

4. For finding out net additional load during any quarter of the year for this category refer ANNEXURE 10.2.3

RATE SCHEDULE LMV – 9:

TEMPORARY SUPPLY:

1. APPLICABILITY:

A) Un-metered Supply for Illumination/ Public Address/ Temporary Shops in Melas:

This schedule shall apply to temporary supply of light, fan & power up to 20 KW, Public address system and illumination loads during functions, ceremonies and festivities and temporary shops, not exceeding three months.

B) Metered Supply for all other purposes:

This schedule shall apply to all temporary supplies of light, fan and power load for the purpose other than mentioned in (A) above.

This schedule shall also apply for power taken for construction purposes not exceeding two years, including civil work by all consumers and Govt. Departments.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE (SEPARATELY FOR EACH POINT OF SUPPLY):

Rate gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

A. Un-metered:

(i) Fixed charges ***for illumination / public address / ceremonies*** for load up to 20 kW per connection plus Rs. 100 per kW per day for each additional kW.	Rs. 2500 / day
(ii) Fixed charges for ***temporary shops*** set-up during festivals / melas or otherwise and having load up to 2KW	Rs. 170 / day / shop

B. Metered:

Description	Minimum Charge	Energy Charge
Individual Residential construction	Rs. 115/kW/week	Rs. 6.00 / kWh
Others		Rs. 6.50 / kWh

Note:

Charge as specified at A, shall be paid by the consumer in advance.

RATE SCHEDULE LMV– 10:

DEPARTMENTAL EMPLOYEES AND PENSIONERS:

1. **APPLICABILITY:**

   This schedule shall apply only to such employees (including the cases of retired / voluntary retired or deemed retired) of Licensees / successor entities of erstwhile Uttar Pradesh State Electricity Board (UPSEB), who own electricity connection in their own name and opt for the same for their own use for light, fan and power for domestic appliances, where the energy is being fed directly from Licensee mains. The Schedule shall also apply to spouse of employees served under Licensees / successor entities of erstwhile UPSEB.

2. **RATE:**

   Un-metered: Rate, gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

Category	Fixed charge / month	Fixed Monthly Energy Charge
Class IV employees / Operating staff	Rs. 90.00	Rs. 90.00
Class III employees	Rs. 90.00	Rs. 120.00
Junior Engineers & equivalent posts	Rs. 175.00	Rs. 250.00
Assistant Engineers & equivalent posts	Rs. 185.00	Rs. 370.00
Executive Engineers & equivalent posts	Rs. 185.00	Rs. 400.00
Superintending Engineers / Deputy General Managers & equivalent posts	Rs. 425.00	Rs. 490.00
Chief Engineers (I & II) / General Managers and above	Rs. 425.00	Rs. 600.00
Additional charge for employees using Air Conditioners (April to September).	Rs. 500.00 per month per Air conditioner	

Metered: Metered consumers under this category shall be given 50% rebate on rate of charge applicable to “other metered consumers” under LMV-1 category.

3. ELECTRICITY DUTY:

Electricity duty on the above shall be levied in addition at the rates as may be notified by the State Government from time to time.

Note: In case of retired / voluntary retired or deemed retired employees, the rate shall be the same as applicable to the post from which he / she has retired.

4. For 'Other Provisions' and 'Mode of Payment' for Departmental Employees refer ANNEXURE 10.2.1.

Section 23 (7) of Electricity Reforms Act, 1999 provides that "terms and condition of service of the personnel shall not be less favourable to the terms and condition which were applicable to them before the transfer". The same spirit has been echoed under first proviso of section 133 (2) of the Electricity Act, 2003. The benefits for employees / pensioners as provided in section 12 (b) (ii) of the Uttar Pradesh Reform Transfer Scheme, 2000 include "concessional rate of electricity", which means concession in rate of electricity to the extent it is not inferior to what was existing before 14th January, 2000. The rates and charges indicated above for this category are strictly in adherence of above statutory provisions.

RATE SCHEDULE HV– 1:

NON INDUSTRIAL BULK LOADS:

1. APPLICABILITY:

This rate schedule shall apply to:

(a) Commercial loads (as defined within the meaning of LMV-2) with contracted load of 75 kW & above and getting supply at single point on 11 kV & above voltage levels.

(b) Private institutions (as defined within the meaning of LMV-4 (b)) with contracted load of 75 kW & above and getting supply at single point on 11 kV & above voltage levels.

(c) Non domestic bulk power consumer (other than industrial loads covered under HV-2) with contracted load 75 kW & above and getting supply at single point on 11 kV & above voltage levels and feeding multiple individuals (owners / occupiers / tenants of some area within the larger premises of the bulk power consumer) through its own network and also responsible for maintaining distribution network.

(d) Public institutions (as defined within the meaning of LMV-4 (a)) with contracted load of 75 kW & above and getting supply at single point on 11 kV & above voltage levels. The institution / consumer seeking the supply at Single point for non-industrial bulk loads under this category shall be considered as a deemed franchisee of the Licensee.

(e) Registered Societies, Residential Colonies / Townships, Residential Multi-Storied Buildings with mixed loads (getting supply at single point) with contracted load 75 kW & above and getting supply at single point on 11 kV & above voltage levels and having less than 70% of the total contracted load exclusively for the purposes of domestic light, fan and power. Figure of 70%, shall also include the load required for lifts, water pumps and common lighting,

(f) For Offices / Buildings / Guesthouses of UPPCL / UPRVUNL / UPJVNL / UPPTCL / Distribution Licensees having loads above 75 kW and getting supply at 11 kV & above voltages.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate, gives the demand and energy charges at which the consumer shall be billed for consumption during the billing period applicable to the category:

(a) Commercial Loads / Private Institutions / Non domestic bulk power consumer with contracted load 75 kW & above and getting supply at Single Point on 11 kV & above:

	For supply at 11kV	For supply at 33 kV & above
Demand Charges	Rs. 270 / kVA / month	Rs. 250 / kVA / month
Energy Charges	Rs. 6.10 / kVAh	Rs. 6.00 / kVAh

(b) Public Institutions with contracted load 75 kW & above and getting supply at Single Point on 11 kV & above voltage levels:

	For supply at 11kV	For supply at 33 kV & above
Demand Charges	Rs. 250 / kVA / month	Rs. 240 / kVA / month
Energy Charges	Rs. 6.00 / kVAh	Rs. 5.80 / kVAh

RATE SCHEDULE HV– 2:

LARGE AND HEAVY POWER:

1. APPLICABILITY:

This rate schedule shall apply to all consumers having contracted load above 75 kW (100 BHP) for industrial and / or processing purposes as well as to Arc / induction furnaces, rolling / re-rolling mills, mini-steel plants and floriculture & farming units and to any other HT consumer not covered under any other rate schedule.

Supply to Induction and Arc furnaces shall be made available only after ensuring that the loads sanctioned are corresponding to the load requirement of tonnage of furnaces. The minimum load of one-ton furnace shall in no case be less than 400 kVA and all loads will be determined on this basis. No supply will be given on loads below this norm.

For all HV-2 consumers, conditions of supply, apart from the rates, as agreed between the Licensee and the consumer shall continue to prevail as long as they are in line with the existing Regulations & Acts.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate, gives the demand and energy charges (including the TOD rates as applicable to the hour of operation) at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(A) Urban Schedule:

	For supply at 11 kV	For supply above 11 kV and up to & including 66 kV	For supply above 66 kV and up to & including 132 kV	For supply above 132 kV
BASE RATE				
Demand Charges	Rs. 250 / kVA / month	Rs. 240 / kVA / month	Rs. 220 / kVA / month	Rs. 220 / kVA / month
Energy Charges	Rs. 5.90 / kVAh	Rs. 5.60 / kVAh	Rs. 5.40 / kVAh	Rs. 5.20 / kVAh
TOD RATE				
22:00 hrs – 06:00 hrs	(-) 7.5%	(-) 7.5%	(-) 7.5%	(-) 7.5%
06:00 hrs – 17:00 hrs	0%	0%	0%	0%
17:00 hrs – 22:00 hrs	(+) 15%	(+) 15%	(+) 15%	(+) 15%

(B) Rural Schedule:

This schedule shall be applicable only to consumers getting supply up to 11 kV as per 'Rural Schedule'. The consumer under this category shall be entitled to a rebate of 15% on demand & energy charges as given for 11 kV consumers under urban schedule without TOD rates.

(C) Consumers already existing under HV-2 category with metering arrangement at low voltage:

Existing consumer under HV-2 with metering at 0.4 kV shall be required to pay as per schedule applicable to 11 kV consumers under HV-2 category.

4. PROVISIONS RELATED TO SEASONAL INDUSTRIES:

Seasonal industries will be determined in accordance with the criteria laid down below. No exhaustive list can be provided but some examples of industries exhibiting such characteristics are sugar, ice, rice mill and cold storage. The industries which operate during certain period of the year, i.e. have seasonality of operation, can avail the benefits of seasonal industries provided:

i. The continuous period of operation of such industries shall be at least 4 (four) months but not more than 9 (nine) months in a financial year.

ii. Any prospective consumer, desirous of availing the seasonal benefit, shall specifically declare his season at the time of submission of declaration / execution of agreement mentioning the period of operation unambiguously.

iii. The seasonal period once notified cannot be reduced during the next consecutive 12 months. The off-season tariff is not applicable to composite units having seasonal and other category loads.

iv. The off-season tariff is also not available to those units who have captive generation exclusively for process during season and who avail Licensees supply for miscellaneous loads and other non-process loads.

v. The consumer opting for seasonal benefit has a flexibility to declare his off seasonal maximum demand subject to a maximum of 25% of the contracted demand. The tariff rates (demand charge per kW / kVA and energy charge per kWh / kVAh) for such industries during off-season period will be the same as for normal period. Further, during the off season fixed charges shall be levied on the basis of maximum demand recorded by the meter (not on normal billable demand or on percentage contracted demand). Rates for the energy charges shall however be the same as during the operational season. Further, first violation in the season would attract full billable demand charges and energy charges calculated at the unit rate 50% higher than the applicable tariff during normal period but only for the month in which the consumer has defaulted. However, on second default the consumer will forfeit the benefit of seasonal rates for the entire season.

5. LOAD FACTOR REBATE:

For any excess consumption over the defined kVAh per KVA (of maximum demand recorded) as defined in the table below, a graded rebate is provided on the energy charges for such excess consumption. This rebate will be available on monthly basis and will be given to the consumer for each slab.

Description	Rebate on Energy charges
For all consumption over 396 kVAh per kVA up to 432 kVAh per kVA per month	7.5% on the consumption over 396 kVAh / kVA / month and up to 432 kVAh / kVA / month
For all consumption over 432 kVAh per kVA up to 504 kVAh per kVA per month	7.5% as applicable in first slab *plus* 10% on the consumption over 432 kVAh / kVA / month and up to 504 kVAh / kVA / month
For all consumption in excess of 504 kVAh per kVA per month	7.5% as applicable in first slab *plus* 10% as applicable in second slab *plus* 20% on the consumption over 504 kVAh / kVA / month

Note: Consumer with arrears shall not be eligible for above rebate. In case the consumer has obtained an order of stay from a court or any other statutory authority, the amount of load factor rebate for which the consumer is eligible in respect of the amount of the bill shall be calculated and the same shall accrue to the account of the consumer. However, the actual credit thereof shall not be given to the consumer in his monthly bill until the case relating to the dispute regarding arrear is finally decided by the competent court / statutory authority.

6. FACTORY LIGHTING:

The electrical energy supplied shall also be utilized in the factory premises for lights, fans, coolers, etc. which shall mean and include all energy consumed for factory lighting in the offices, the main factory building, stores, time keeper’s office, canteen, staff club, library, crèche, dispensary, staff welfare centres, compound lighting, etc. No separate connection for the same shall be provided.

RATE SCHEDULE HV – 3:

A: RAILWAY TRACTION:

1. APPLICABILITY:

This schedule shall apply to the Railways for Traction loads only.

2. CHARACTER OF SERVICE AND POINT OF SUPPLY:

Alternating Current, single phase, two phase or three phase, 50 cycles, 132 kV or below depending on the availability of voltage of supply and the sole discretion of the Licensee. The supply at each sub-station shall be separately metered and charged.

3. RATE:

Rate, gives the demand and energy charges at which the consumer shall be billed for consumption during the billing period applicable to the category:

Description	Charges
(a) Demand Charge	
For supply at and above 132 kV	Rs. 280 / kVA / month
Below 132 kV	Rs. 280 / kVA / month
(b) Energy Charge (all consumption in a month)	
For supply at and above 132 kV	Rs. 5.90 / kVAh
Below 132 kV	Rs. 5.90 / kVAh
(c) Minimum Charge	Rs. 650 / kVA / month

4. LOAD FACTOR REBATE:

For any excess consumption over the defined kVAh per KVA (of maximum demand recorded) as defined in the table below, a graded rebate is provided on the energy charges for such excess consumption. This rebate will be available on monthly basis and will be given to the consumer for each slab.

Description	Rebate on Energy charges
For all consumption over 396 kVAh per kVA up to 432 kVAh per kVA per month	7.5% on the consumption over 396 kVAh / kVA / month and up to 432 kVAh / kVA / month
For all consumption over 432 kVAh per kVA up to 504 kVAh per kVA per month	7.5% as applicable in first slab *plus* 10% on the consumption over 432 kVAh / kVA / month and up to 504 kVAh / kVA / month
For all consumption in excess of 504 kVAh per kVA per month	7.5% as applicable in first slab *plus* 10% as applicable in second slab *plus* 15% on the consumption over 504 kVAh / kVA / month

5. DETERMINATION OF THE DEMAND:

Demand measurement at a particular time will be made on basis of simultaneous maximum demands recorded in summation kilovolt-ampere meter installed at contiguous substation serviced by same grid transformer.

The demand for any month shall be defined as the highest average load measured in Kilo Volt –amperes during any fifteen consecutive minutes period of the month.

B: DELHI METRO RAIL:

1. APPLICABILITY:

This schedule shall apply to the DMRC (Delhi Metro Rail Corporation).

2. CHARACTER OF SERVICE AND POINT OF SUPPLY:

Alternating Current, single phase, two phase or three phase, 50 cycles, 132 kV or below depending on the availability of voltage of supply and the sole discretion of the Licensee. The supply at each sub-station shall be separately metered and charged.

3. RATE:

Rate, gives the energy charges at which the consumer shall be billed for consumption during the billing period applicable to the category:

Demand Charges	Rs. 125 / kVA / month
Energy Charges	Rs. 5.00 / kVAh
Minimum charge	Rs. 550 / kVA / month

- Penalty @ Rs. 540 / kVA will be charged on excess demand, if demand exceeds contracted load.
- This category has been made as per the agreement between DMRC and NOIDA Administration.

4. DETERMINATION OF THE DEMAND:

Demand measurement shall be made by suitable kilovolt ampere indicator at the point of delivery. The demand for any month shall be defined as the highest average load measured in Kilo Volt-Amperes during any fifteen consecutive minutes period of the month.

RATE SCHEDULE HV – 4:

LIFT IRRIGATION WORKS:

1. APPLICABILITY:

This Rate Schedule shall apply to medium and large pumped canals having load of more than 100 BHP (75kW).

2. CHARACTER OF SERVICE & POINT OF SUPPLY:

As per applicable provisions of Electricity Supply Code.

3. RATE:

Rate, gives the demand and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(a) Demand Charges:

Voltage Level	Rate of Charge
For supply at 11 kV	Rs. 250 / kVA / month
For supply at 33 kV and 66 kV	Rs. 240 / kVA / month
For supply at 132 kV	Rs. 230 / kVA / month

(b) Energy Charges:

Voltage Level	Rate of Charge
For supply at 11 kV	Rs. 6.00 / kVAh
For supply at 33 kV and 66 kV	Rs. 5.80 / kVAh
For supply at 132 kV	Rs. 5.60 / kVAh

c) Minimum Charges:

Rs. 650 / kVA / month irrespective of supply voltage

4. DETERMINATION OF THE DEMAND:

Demand measurement shall be made by suitable kilovolt ampere indicator at the point of supply. In the absence of suitable demand indicator, the demand as assessed by the Licensee shall be final and binding. If, however, the number of circuits is more than one, demand and energy measurement will be done on the principle of current transformer summation metering.

10.2.1 DEPARTMENTAL EMPLOYEES:

1. OTHER PROVISIONS:

(i) For serving / retired employees and their spouse, the supply will only be given at one place where Licensee's mains exist. The electric supply under this tariff will be given only at one place, within the area of erstwhile UPSEB / its successor companies.

(ii) In the event of transfer of the employee, this tariff shall be applied at the new place of posting only when a certificate has been obtained from the concerned Executive Engineer of the previous place of posting, that the supply under this tariff has been withdrawn at previous place of posting. Further, the employee shall also be required to submit an affidavit that he is not availing the benefit of LMV-10 connection anywhere else in the state.

(iii) Those who are not availing this tariff shall also give a declaration to this effect. This declaration shall be pasted / kept in his service book / personal file / Pensioners record. If the declaration is found wrong, necessary action against the employee shall be taken as per the provisions of service rules. If declaration has already been given at the present place of posting then further declaration is not necessary due to this revision. Pensioners shall also have to give a similar declaration for availing departmental tariff at only one place. In case this declaration is found wrong, this tariff shall be withdrawn forever.

(iv) No other concession shall be admissible on this tariff.

(v) The schedule of miscellaneous charges as appended with Licensee's General Tariff as amended from time to time and Electricity Supply (Consumers) Regulation, 1984 as enforced from time to time shall also be applicable on the employee / pensioner receiving supply under this schedule.

(vi) Retired employees drawing pension from the Treasury / Bank will have to pay the monthly electricity charges as per the rates given in the rate schedule applicable to their category.

(vii) In case of Multi-Storied / Societies where the electricity connection are provided at single point with HT metering, the employees / pensioners /

family pensioners, shall be provided through a separate meter and shall be given adjustment towards HT side metered energy at single point. Fixed charges equivalent to sanctioned load of the departmental employee shall also be adjusted. One percent of energy consumed by LMV-10 consumer shall also be added towards transformation losses for giving adjustment

(viii) LMV-10 consumers will have to give an undertaking regarding use of Air conditioners.

2. MODE OF PAYMENT:

(i) The Disbursing Officer shall compulsorily and regularly deduct the amount due monthly from the salary bill of each and every employee / pensioners drawing pay / pension from his unit each month. The Drawing Officer shall ensure that each employee / pensioner has given the declaration about the connection in his name together with details of S.C. No. / Book No. and name of the billing division, before the disbursement of pay / pension.

(ii) The monthly amount due from a consumer of this category can also be deposited by the concerned officer / employee to the concerned division in case the said amount is not being deducted from his salary / pension.

(iii) Revenue and Energy Statistics in respect of the category of employee / pensioner shall be regularly prepared by the Divisions in the same manner as for every other manually billed category.

(iv) Recovery from the salary shall be sent to the billing units in accordance with the instructions contained in circular No. 362-CAO/C-177 (Misc.) dated 5.5.89 and No. 380-CAO dated 12.5.89 from Chief Accounts Officer of erstwhile UPSEB, Lucknow.

(v) In case of metered consumption, the mode of payment shall be similar to the domestic consumer.

10.2.2 PUBLIC LAMPS:

1. MAINTENANCE CHARGE:

In addition to the “Rate of Charge” mentioned above, a sum of Rs. 10.00 per light point per month will be charged for operation and maintenance of street lights. This Maintenance Charge will cover only labour charges, where all required materials are supplied by the local bodies. However, the local bodies will have an option to operate and maintain the public lamps themselves and in such case, no maintenance charge shall be recovered. This charge shall not apply to the consumers with metered supply.

2. PROVISION OF LAMPS:

Streets where distribution mains already exist, the Licensee will provide a separate single-phase, 2-wire system for the street lights including light fitting and incandescent lamps of rating not exceeding 100 Watts each. In case the above maintenance charge is being levied, the labour involved in replacements or renewal of lamps shall be provided by the Licensee. However, all the required materials shall be provided by the local bodies. The cost of all other types of street light fittings shall be paid by the local bodies.

The cost involved in extension of street light mains (including cost of sub - stations, if any) in areas where distribution mains of the Licensee have not been laid, will be paid for by the local bodies.

3. VERIFICATION OF LOAD:

The number of light points including that of traffic signals together with their wattage will be verified jointly by the representatives of Licensee and Town Area / Municipal Board / Corporation at least once in a year. However, additions will be intimated by the Town Area / Municipal Board / Corporation on monthly basis. The Licensee will carry out the checking of such statements to satisfy themselves of the correctness of the same. The monthly bills shall be issued on the basis of verified number of points at the beginning of the year and additions, if any, during the months as intimated above. The difference, if any, detected during joint verification in the following year shall be reconciled and supplementary bills shall be issued.

Further, if the authorized representative of concerned local body does not participate in the work of verification of light points, a notice will be sent by concerned Executive Engineer in writing to such local bodies for deputing representative on specific date(s), failing which the verification of the light points shall be done by the concerned representative of Licensee which shall be final and binding upon such local body.

10.2.3 STATE TUBE-WELLS

NET ADDITIONAL LOAD:

(i) Net additional load hereinafter shall mean the total additional load connected during the quarter less the load of failed and abandoned tube-wells accounted for during that quarter.

(ii) The connected load as on 31st March of the preceding year will be worked out on the basis of 'Net additional load' reported by the Executive Engineers of concerned Divisions after joint inspection and verification of the same by the concerned officers of the State Government / Panchayat, joint meter reading shall also be taken during the inspection on quarterly basis. The monthly bills for three months of the first quarter will be issued on the connected load worked out as such at the above rates. The same process shall be repeated for subsequent quarters.

10.3 SCHEDULE OF MISCELLANEOUS CHARGES

Sl. No.	NATURE OF CHARGES	UNIT	RATES (₹)
1.	Checking and Testing of Meters:		
	a. Single Phase Meters	Per Meter	50.00
	b. Three Phase Meters	Per Meter	50.00
	c. Recording Type Watt-hour Meters	Per Meter	175.00
	d. Maximum Demand Indicator	Per Meter	350.00
	e. Tri-vector Meters	Per Meter	1000.00
	f. Ammeters and Volt Meters	Per Meter	50.00
	g. Special Meters	Per Meter	400.00
	h. Initial Testing of Meters	Per Meter	Nil
2.	Disconnection and Reconnection of supply for any reason whatsoever (Disconnection & Reconnection to be separately treated as single job)		
	a. Consumer having load above 100 BHP/75kW	Per Job	500.00
	b. Power consumers up to 100BHP/75kW	Per Job	275.00
	c. All other categories of consumers.	Per Job	150.00
3.	Replacement of Meters:		
	a. By higher capacity Meter	Per Job	50.00
	b. Installation of Meter and its subsequent removal in case of Temporary Connections	Per Job	75.00
	c. Changing of position of Meter Board at the consumer's request	Per Job	100.00
4.	Service of Wireman :		
	a. Replacement of Fuse	Per Job	20.00
	b. Inserting and Removal of Fuse in respect of night loads.	Per Job	25.00

Sl. No.	NATURE OF CHARGES	UNIT	RATES (₹)
	c. Hiring of services by the consumer during temporary supply or otherwise.	Per wireman /day of 6 Hrs.	60.00
5.	Resealing of Meters on account of any reason in addition to other charges payable in terms of other provision of charging of penalties, etc.)	Per Meter	100.00
6.	Checking of Capacitors (other than initial checking) on consumer's request:		
	a. At 400 V / 230 V	Per Job	100.00
	b. At 11 kV and above.	Per Job	200.00

<u>CHARGES FOR TATKAL VIDYUT SANYOJAN (TATKAL CONNECTION):</u>

For urban consumers of LMV-1, LMV-2 and LMV-9 categories, desirous of getting connection within 24 hours of making the application, provided such release of connection does not require extension of distribution mains or commissioning of sub-station or augmenting capacity of transformers, shall have to pay following additional charges apart from the regular connection charges:

1. **FOR PERMANENT ELECTRICITY CONNECTION:**
    a. Single Phase Domestic light and fan : Rs. 500 per connection
    b. Three Phase Domestic light and fan : Rs. 750 per connection
    c. Single Phase Commercial : Rs. 750 per connection
    d. Three Phase Commercial : Rs. 1000 per connection

2. **FOR TEMPORARY ELECTRICITY CONNECTION:**
    a. Single Phase (Up to 4 kW) : Rs. 750 per connection
    b. Three Phase (from 5 kW to 24 kW) : Rs. 1000 per connection

10.4 LIST OF POWER FACTOR APPARATUS

FOR MOTORS:

Sl. No.	Rating of Individual Motor	KVAR Rating of Capacitor			
		750 RPM	1000 RPM	1500 RPM	3000 RPM
1.	Up to 3 HP	1	1	1	1
2.	5 HP	2	2	2	2
3.	7.5 HP	3	3	3	3
4.	10 HP	4	4	4	3
5.	15 HP	6	5	5	4
6.	20 HP	8	7	6	5
7.	25 HP	9	8	7	6
8.	30 HP	10	9	8	7
9.	40 HP	13	11	10	9
10.	50 HP	15	15	12	10
11.	60 HP	20	20	16	14
12.	75 HP	24	23	19	16
13.	100 HP	30	30	24	20
14.	125 HP	39	38	31	26
15.	150 HP	45	45	36	30
16.	200 HP	60	60	48	40

FOR WELDING TRANSFORMERS:

Sl. No.	Name Plate Rating in KVA of Individual Welding Transformer	Capacity of the Capacitors (KVAR)
1.	1	1
2.	2	2
3.	3	3
4.	4	3
5.	5	4
6.	6	5
7.	7	6
8.	8	6
9.	9	7
10.	10	8
11.	11	9
12.	12	9
13.	13	10
14.	14	11
15.	15	12
16.	16	12
17.	17	13
18.	18	14
19.	19	15
20	20	15
21.	21	16
22.	22	17
23.	23	18

Sl. No.	Name Plate Rating in KVA of Individual Welding Transformer	Capacity of the Capacitors (KVAR)
24.	24	19
25.	25	19
26.	26	20
27.	27	21
28.	28	22
29.	29	22
30.	30	23
31.	31	24
32.	32	25
33.	33	25
34.	34	26
35.	35	27

10.5 LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT 4 PLACES IN RESPECT OF SUO-MOTU PROCEEDINGS FOR ARR & TARIFF DETERMINATION FOR FY 2013-14

List of Persons who attended Public Hearing in Kanpur on 15th April, 2013		
S. No	**Name**	**Organization**
1	Mr. S.K. Verma	SE, KESCO
2	Mr. Sushil Garg	EE, KESCO
3	Er. B.K. Astha	SDO, KESCO
4	Mr. Pankaj Saxena	Dy. CAO, KESCO
5	Mr. Lalit Mohan Agarwal	Girohar Cold Storage
6	Mr. Ramesh Kumar	CE (Commercial), KESCO
7	Mr. S.B. Verma	PA (Commercial), KESCO
8	Mr. R.D. Pandey	EE, KESCO
9	Mr. Manmohan Rajpal	Indian Industries Association (IIA)
10	Mr. Rajesh Grover	Indian Industries Association (IIA)
11	Mr. G.R. Ambwani	Indian Industries Association (IIA)
12	Mr. Anil Gupta	Consumer
13	Mr. Umesh Chandra Srivastava	Consumer
14	Mr. Chotebhai Naronha	Consumer
15	Mr. G.K Agarwal	Consumer
16	Mr. Sunil Gupta	PIA
17	Mrs. Nisha Rani	Consumer
18	Mr. B.D. Rai	Bhartiya Janata Party (BJP)
19	Mr. D.N. Mishra	Consumer
20	Mr. R.S. Pandey	Managing Director, KESCO
21	Mr. S.N. Bajpai	Director (Technical), KESCO
22	Mr. Bharat Rajyogi	Aam Aadmi Party
23	Mr. P.N. Agarwal	Prakash Metal Works (P) Ltd.
24	Mr. D.C. Verma	EE, (RAU), UPPCL
25	Mrs. Rani	Consumer
26	Mr. Mohd. Ghufran	CE (RAU), UPPCL
27	Mr. Sukhendu Joshi	EE (RAU), UPPCKL

List of Persons who attended Public Hearing in Lucknow on 17th April, 2013		
S.N	**Name**	**Organization**
1	Mr. Rakesh Goel	Consumer
2	Mr. Munna Lal	Consumer
3	Mr. Raghendra Singh	Consumer
4	Mr. P.N. Kulki	Akhil Bhartiya Mathadhikar Sangh
5	Mr. J.P. Arya	Indira Nagar Adhivakta Sangh
6	Col. M.C. Papnai	President VSS
7	Mr. S.M.S. Chauhan	Consumer
8	Mr. Sayed Ghazi Abbas	Consumer
9	Mr. Awadhesh Kumar Verma	Chairman, UP Rajya Vidyut Upbhokta Parishad
10	Mr. G.S. Dhirani	Cold Storage Association UP
11	Mr. Mohd Firoz	Consumer
12	Mr. Munna Lal Sonkar	Consumer
13	Mr. Akram	Consumer
14	Mr. Arun Kumar Tiwari	Consumer
15	Mr. Satish Kumar	Consumer
16	Mr. Brij Nath Yadav	Consumer
17	Mr. Parvesh	Consumer
18	Mr. Deena Nath	Consumer
19	Mr. K.K. Jaiswal	Consumer
20	Mr. G.C. Chaturvedi	Indian Industries Association (IIA)
21	Mr. Shashi Bhushan Mishra	Consumer
22	Mr. Gokul Prasad	Consumer
23	Mr. Naseeruddin	Consumer
24	Mr. Babu Lal	Consumer
25	Mr. Lakhan	Consumer
26	Mr. Mohd Sharif	Consumer
27	Mr. A.K. Arora	Consumer
28	Mr. Gyan Prakash	Hindustan
29	Mr. Rohit Joshi	Consumer
30	Mr. Rohit Gupta	Consumer
31	Mr. Nadeem	Consumer
32	Mr. Golu Sonkar	Consumer
33	Mr. Amir	Consumer

List of Persons who attended Public Hearing in Lucknow on 17th April, 2013		
S.N	**Name**	**Organization**
34	Mr. Raju Sonkar	Consumer
35	Mr. Prashant Bhatia	Indian Industries Association (IIA)
36	Mr. Rama Shanker Awasthi	Consumer
37	Mr. Vaibhav Shukla	NTPC Ltd.
38	Mr. K.B. Singh	NTPC Ltd.
39	Mr. Prashant Chaturvedi	NTPC Ltd.
40	Mr. Mahendra Tiwari	Amar Ujala
41	Mr. Vipin Kumar Gupta	Secretary, ABMS
42	Mr. G.C. Chaturvedi	Indian Industries Association (IIA)
43	Mr. Tanay Agarwal	Indian Industries Association (IIA)
44	Mr. P.R. Pandey	Vice President, Jan Kalyan Mahasamiti
45	Brijesh Kumar Tiwari	President, Jan Kalyan Mahasamiti
46	Mr. Guddu	Consumer
47	Mr. Ram Ashim Yadav	Consumer
48	Mr. S.A. Rizvi	EE (RAU), UPPCL
49	Mr. Mohd Ghufran	CE (RAU), UPPCL
50	Mr. D.C. Verma	EE (RAU), UPPCL

List of Persons who attended Public Hearing in Greater Noida on 22nd April, 2013		
S.N	**Name**	**Organization**
1	Mr. Mohit Bhatia	WLL, Junpat
2	Mr. Jogendra	Makara
3	Mr. Manoj Bhatt	Bulk
4	Mr. Harber Singh	Kanpur
5	Mr. Naveen	Village- Tilpata
6	Mr. Manoj Nagar	Village- Bajpura
7	Mr. Mahaveer	Khanpur
8	Mr. Sunil	Sakipur
9	Mr. Narendra	Bhanohta
10	Mr. Sanjeev	Makara
11	Mr. Balendra Singh	Beta II, G. Nagar
12	Mr. Haroon Khan	Thapheda
13	Mr. Govind Singh	-
14	Mr. Suresh Bhatia	Junpat
15	Mr. Ravi Nagar	Chaula
16	Mr. Vinit Rana	Lukshar
17	Mr. Anil Kumar	D-92, Alpha 01
18	Mr. Satish	Dabra
19	Ms. Rupa Gupta	G-193,
20	Mr. A.W. Pandey	Chairman, Indian Industries Association
21	Mr. Bhim	-
22	Mr. Abhishek	Habibpur
23	Mr. Basanta Sahu	-
24	Mr. Priyanshu	Sallarpur
25	Mr. Ashok Kumar	Ghaziabad
26	Mr. J.S. Rana	Accman Industry
27	Mr. Anil Bhava	NBT
28	Mr. Rajesh Gautam	Dainik jagran
29	Mr. Arun Bhatia	National
30	Ms. Pinki Verma	AWHO Society
31	Mr. Deepak Kumar	-
32	Mr. Vinod Kumar	Surajpur S/s
33	Mr. Vamid Kumar	Bata I

List of Persons who attended Public Hearing in Greater Noida on 22nd April, 2013		
S.N	**Name**	**Organization**
34	Mr. Arvind Mishra	Dainik Jagran
35	Mr. Sanjay Garg	Dainik Jagran
36	Mr. Vishaeed Gautam	RWA
37	Mr. Alok Singh	RWA
38	Mr. Ajay Bhatt	-
39	Mr. S.A. Rizvi	EE (RAU), UPPCL
40	Mr. Mohd Ghufran	CE (RAU), UPPCL
41	Mr. D.C. Verma	EE (RAU), UPPCL

List of Persons who attended Public Hearing in Noida on 22nd April, 2013		
S.N	**Name**	**Organization**
1	Mr. Vinod Kumar	Consumer
2	Mr. J.L. Bajaj	Former Chairman, UPERC
3	Mr. Vipin Melhan	Noida Entrepreneurs Association (NEA)
4	Mr. Harish Joneja	Noida Entrepreneurs Association (NEA)
5	Mr. Sharad Jain	Noida Entrepreneurs Association (NEA)
6	Mr. Sushil Kumar Agarwal	Consumer
7	Mr. R.K. Singh	EE, PVVNL
8	Mr. R.P. Singh	SE, PVVNL
9	Mr. Mohan Singh	CE, PVVNL
10	Mr. Mahkas Singh	Consumer
11	Mr. Krishan Singh	EE, UPPTCL
12	Mr. Mohd Ismail	EE, UPPTCL
13	Mr. Arun P. Singh	SE, UPPTCL
14	Mr. J.S. Yadav	EE, PVVNL
15	Mr. Raghvendra	EE, PVVNL
16	Mr. Salil Yadav	SDO, PVVNL
17	Mr. Durgesh Jha	DLA-News
18	Mr. Anant Kumar Das	News Bench
19	Mr. Jyoti Kumar	News Bench
20	Mr. Vishal	EUDD, Noida, PVVNL
21	Mr. Saadal	EUDD, Noida, PVVNL
22	Mr. Sumesh Singh	DPS Autocad
23	Mr. Mukesh Gorgel	Shakti Enterprises
24	Mr. A.K. Chaudhary	EE, PVVNL
25	Mr. D.C. Verma	EE (RAU), UPPCL
26	Ms. Sukriti Mishra	Viom Networks Ltd
27	Mr. Sakesh Sharma	Noida Small Ind. Association
28	Mr. M.K. Sharma	Noida Small Ind. Association
29	Mr. Atul Mittal	Noida Entrepreneurs Association (NEA)
30	Mr. S.A. Rizvi	EE (RAU), UPPCL
31	Mr. Mohd Ghufran	CE (RAU), UPPCL

10.6 FUEL AND POWER PURCHASE COST ADJUSTMENT SURCHARGE

TABLE 10.6-1: APPROPRIATION OF APPROVED POWER PURCHASE FOR FY 2013-14: FPPCA

	FY 2013-14												
DVVNL	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
Allocation of Approved Power Purchase (MU)	1,669	1,835	1,829	1,831	1,848	1,548	1,540	1,375	1,430	1,460	1,284	1,495	19,144
Approved average power (Rs/kWh)													3.56
Allocated Approved Power Purchase Cost (Rs. Crores)	**595**	**654**	**652**	**653**	**659**	**552**	**549**	**490**	**510**	**521**	**458**	**533**	**6,824**
	FY 2013-14												
MVVNL	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
Allocation of Purchases Energy (MU)	1,368	1,504	1,499	1,501	1,514	1,269	1,262	1,127	1,172	1,197	1,052	1,225	15,688
Approved average power (Rs/kWh)													3.56
Allocated Approved Power Purchase Cost (Rs. Crores)	**488**	**536**	**534**	**535**	**540**	**452**	**450**	**402**	**418**	**427**	**375**	**437**	**5,592**

FY 2013-14													
PuVVNL	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
Allocation of Purchases Energy (MU)	1,618	1,778	1,772	1,775	1,791	1,500	1,492	1,332	1,385	1,415	1,244	1,449	18,551
Approved average power (Rs/kWh)													3.56
Allocated Approved Power Purchase Cost (Rs. Crores)	**577**	**634**	**632**	**633**	**638**	**535**	**532**	**475**	**494**	**504**	**443**	**517**	**6,613**

FY 2013-14													
PaVVNL	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
Allocation of Purchases Energy (MU)	2,372	2,607	2,599	2,603	2,626	2,200	2,188	1,954	2,032	2,075	1,824	2,125	27,205
Approved average power (Rs/kWh)													3.56
Allocated Approved Power Purchase Cost (Rs. Crores)	**846**	**929**	**927**	**928**	**936**	**784**	**780**	**697**	**724**	**740**	**650**	**757**	**9,698**

FY 2013-14													
KESCO	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
Allocation of Purchases Energy (MU)	322	354	352	353	356	298	297	265	275	281	247	288	3,688
Approved average power (Rs/kWh)													3.56
Allocated Approved Power Purchase Cost (Rs. Crores)	**115**	**126**	**126**	**126**	**127**	**106**	**106**	**94**	**98**	**100**	**88**	**103**	**1,315**

	FY 2013-14												
NPCL	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
Allocation of Purchases Energy (MU)	31	34	34	34	34	29	29	26	27	27	24	28	356
Approved average power (Rs/kWh)													3.56
Allocated Approved Power Purchase Cost (Rs. Crores)	**11**	**12**	**12**	**12**	**12**	**10**	**10**	**9**	**9**	**10**	**9**	**10**	**127**

	FY 2013-14												
Total - UPPCL	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
Allocation of Purchases Energy (MU)	7,380	8,111	8,086	8,097	8,169	6,844	6,807	6,078	6,320	6,455	5,675	6,610	84,632
Approved average power (Rs/kWh)													3.56
Allocated Approved Power Purchase Cost (Rs. Crores)	**2,631**	**2,892**	**2,883**	**2,886**	**2,912**	**2,440**	**2,426**	**2,167**	**2,253**	**2,301**	**2,023**	**2,356**	**30,170**

10.7 ACTION TAKEN REPORT ON THE DIRECTIONS ISSUED BY THE COMMISSION IN THE ARR / TARIFF ORDER FOR FY 2013-14

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance
1	The Commission directs the Licensee to pressingly pursue the proposal for allocation of PPAs to Discoms with GoUP and expedite the process of allocation.	Immediate	
2	The Commission directs the Licensee to file its ARR / Tariff Petition for FY 2014-15 along with True up Petition for FY 2011-12 based on audited accounts.	By 30th November, 2013	
3	The Commission directs UPPTCL to submit the supplementary audit report of the AGUP for FY 2009-10 and 2010-11.	Within 7 days of the date of its finalization by the AGUP	
4	The scheme of the Act requires the Licensee to work with complete functional autonomy and independence. The Commission, with a view to ensure functional autonomy, independence, transparency and regulatory discipline, hereby direct, that in case of all future ARR submissions, each distribution Licensee shall file independent ARR petitions, rate schedule, response to deficiency notes, additional	Along with the petition for FY 2014-15	

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance
	submissions, response to stakeholder queries, etc directly before the Commission and not through its holding company namely UPPCL.		
5	The Commission directs the Licensee to pressingly pursue the GoUP for finalisation of the Transfer Scheme and submit a copy of the same.	Within 3 months	
6	The Commission reiterates its direction to the Licensee to ensure proper maintenance of detailed fixed assets registers as specified in the Distribution Tariff Regulations. As the fixed asset registers are pending since the creation of Discom, the Commission directs the Licensee to submit a status report and provide the proposed timelines / milestones for clearing the backlog. The Commission understands that clearing the backlog would take substantive time. In order to ensure that fixed asset registers are timely and regularly prepared going forward, the Commission directs the Licensee to prepare the fixed asset registers duly accounting for the yearly capitalisations from FY 2012-13 onwards. The capitalisation for the period before that may be shown on gross level basis. This dispensation is merely to ensure that the proper asset registers	Immediate	

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance
	capturing all necessary details of the asset, including the costs incurred, date of commissioning, location of asset, and all other technical details are maintained for the ensuing years. However, the Licensee would also be required to clear the backlog in a time bound manner. Upon finalisation of the Transfer Scheme and clearing of backlog, the Licensee may update the fixed asset registers appropriately by passing necessary adjustments.		
7	The Commission directs the Licensee to submit its share of apportioned O&M expenses of UPPCL from FY 2007-08 onwards. The same would be considered along with the true up petitions filed by the Licensee.	Within 1 month	
8	The Commission directs the Licensee to frame an appropriate policy on capitalization of (i) employee costs, and (ii) A&G expenses.	Along with the petition for FY 2014-15	
9	The Commission directs the Licensee to submit Fresh Actuarial Valuation Study Report in respect to employee expenses.	Along with the petition for FY 2014-15	
10	The Commission directs the Licensee to submit statutory auditor certificate towards pay revision impacts which are uncontrollable in	Within 1 month	

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance
	nature for FY 2008-09, 2009-10, 2010-11 and 2011-12.		
11	As lack of approved transparent policy on identifying and writing off bad debts is hindering allowance of bad debts as an ARR component; the Commission directs the Licensee to submit ten sample cases of LT & HT consumers where orders have been issued for writing off bad debts, clearly depicting the procedure adopted for writing off bad debts along with policy framework for managing bad debts for the Commission's perusal.	Within 1 month	
12	The Commission directs the Licensee to evolve principles for prudent segregation of ARR towards wheeling function and retail supply function embedded in the distribution function in accordance with Clause 2.1.2 of the Distribution Tariff Regulations.	Within 4 months	

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance
13	The Commission directs the Licensee to submit a long term business plan in accordance with Clause 2.1.7 of the Distribution Tariff Regulations. The Licensee in such business plan shall identify capex projects for the ensuing year and subsequent four years and submit detailed capital investment plan along with a financing plan for undertaking the identified projects in order to meet the requirement of load growth, refurbishment and replacement of equipment, reduction in distribution losses, improvement of voltage profile, improvement in quality of supply, system reliability, metering, communication and computerization, etc.	Within 3 months	
14	The Commission directs the Licensee to conduct benchmarking studies to determine the desired performance standards in accordance with Clause 2.1.8 of the Distribution Tariff Regulations.	Within 3 months	
15	The Commission directs the Licensee to conduct proper loss estimate studies for assessment of technical and commercial losses under its supervision so that the Commission may set the base line losses in	Within 3 months	

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance
	accordance with Clause 3.2.3 and Clause 3.2.4 of the Distribution Tariff Regulations and submit the report to the Commission. The study shall segregate voltage-wise distribution losses into technical loss (i.e. Ohmic/Core loss in the lines, substations and equipment) and commercial loss (i.e. unaccounted energy due to metering inaccuracies/inadequacies, pilferage of energy, improper billing, no billing, unrealized revenues etc.).		
16	The Commission directs the Licensee to submit completion report in respect of all capital projects which have achieved the Commercial Operation Date during FY 2011-12 in accordance with Clause 4.5.7 of the Distribution Tariff Regulations.	Along with the true up petition for FY 2011-12	
17	The Commission directs the Licensee to conduct Cost of Service studies which would serve as a tool for alignment of costs and charges and submit details regarding the cost of service studies for each category or voltage level.	Within 6 months	
18	Commission directs the Licensee to submit a road map for 100% metering in its licensed area. However, based on the ground realities, if	Within 2 months	

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance
	the Distribution Licensee seeks exemption towards its metering obligation for any particular category of consumers, it must provide the Commission revised norms specific for its supply area, based on fresh studies, for assessment of consumption for these categories. Sales forecast for un-metered categories shall be validated with norms approved by the Commission on the basis of above study carried out by the Licensee.		
19	The Commission directs the Licensee to install electronic meters in the residential consumers under LMV-10 category and submit a progress report every month.	Within one month	
20	The Commission directs the Licensee to submit data related to its peak demand and off peak demand in MW along with its sales projections in accordance with Clause 3.1.4 of the Distribution Tariff Regulations.	Along with the petition for FY 2014-15	
21	The Commission directs the Licensee to reconcile the inter-unit balances lying un-reconciled either itself or through independent chartered accountant firms.	Along with the petition for FY 2014-15	

S. No	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance
22	The Commission directs the Licensee to file submissions in respect of FPPCA in a timely and regular manner.	Every quarter as per the time frame prescribed in the Regulations	
23	The Commission directs the Licensee to depict the regulatory surcharge distinctly in the electricity bills of the consumers and create separate accounting fields to capture the amounts collected as regulatory surcharge in both of its financial and commercial statements. The Commission directs the Licensee to provide the details of the regulatory surcharge so collected for FY 2013-14 duly certified by the statutory auditor.	By 30^{th} September 2014	
24	The Commission directs the Licensee to finalise the allocation of subsidy among all the four Discoms namely DVVNL, MVVNL, PVVNL and PuVVNL in concurrence with the State Government up to 30^{th} November, 2013 and submit a report on the same to the Commission.	Along with the petition for FY 2014-15	