



EXECUTIVE SUMMARY

On

**SUO-MOTO PROCEEDINGS ON TRUING UP OF TARIFF FOR FY 2015-16 & FY 2016-17,
ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2017-18**

AND

APPROVAL OF AGGREGATE REVENUE REQUIREMENT AND TARIFF FOR FY 2018-19

FOR

Dakshinanchal Vidyut Vitran Nigam Ltd., Agra (DVVNL)

Madhyanchal Vidyut Vitran Nigam Ltd., Lucknow (MVVNL)

Pashchimanchal Vidyut Vitran Nigam Ltd., Meerut (PVVNL)

Purvanchal Vidyut Vitran Nigam Ltd., Varanasi (PuVVNL)

Kanpur Electricity Supply Company Ltd., Kanpur (KESCO)

ORDER UNDER SECTION 62 & 64 OF

THE ELECTRICITY ACT, 2003

January __, 2019



1. BACKGROUND AND BRIEF HISTORY

1.1 BACKGROUND:

1.1.1 The Uttar Pradesh Electricity Regulatory Commission (UPERC) was formed under U.P. Electricity Reforms Act, 1999 by Government of Uttar Pradesh (GoUP) in one of the first steps of reforms and restructuring process of the power sector in the State. Thereafter, in pursuance of the reforms and 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 January 14, 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 January 15, 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' / 'Distribution Licensees') were created vide Uttar Pradesh Transfer of Distribution Undertaking Scheme, 2003 dated August 12, 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 the Commission and as "State Transmission Utility" under sub-section (1) of Section 27-B of the Indian Electricity Act, 1910.



- 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 and open access consumers 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 July 18, 2007 notified Uttar Pradesh Power Transmission Corporation Limited as the "State Transmission Utility" of Uttar Pradesh. Subsequently, on December 23, 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 April 1, 2007.
- 1.1.6 Thereafter, on January 21, 2010, as the successor Distribution companies of UPPCL (a deemed Licensee), the Distribution Companies, which were created through the notification of the UP Power Sector Reforms (Transfer of Distribution Undertakings) Scheme, 2003 were issued fresh Distribution Licenses which replaced the UP Power Corporation Ltd (UPPCL) Distribution, Retail & Bulk Supply License, 2000.

1.2 DISTRIBUTION 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, 2006") were notified on October 6, 2006. These Regulations were applicable for the purposes of ARR filing and Tariff determination of all the Distribution Licensees within the State of Uttar Pradesh from FY 2007-08 onwards.
- 1.2.2 Further the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 (hereinafter referred to as the "Distribution MYT Regulations, 2014") were notified on May 12, 2014. These Regulations are applicable for determination of Tariff in all cases covered under these Regulations from April 1, 2015 to March 31, 2020, unless extended by an Order of the Commission. Embarking upon the MYT framework, the Commission has divided the period of five years (i.e. April 1, 2015 to March 31, 2020) into two periods namely –



a) Transition period (April 1, 2015 to March 31, 2017)

b) Control period (April 1, 2017 to March 31, 2020)

1.2.3 The transition period being of two years ended in FY 2016-17. The Distribution Tariff Regulations, 2006 shall remain applicable during the Truing Up for the transition period (FY 2014-15 to FY 2016-17) whereas, the first control period of the MYT Period (FY 2017-18 to FY 2019-20), shall be governed in accordance to the Distribution MYT Regulations, 2014.

1.3 SUO-MOTO PROCEEDINGS ON TRUING UP OF TARIFF FOR FY 2015-16 & FY 2016-17, ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2016-17 AND 2017-18 AND TARIFF FOR FY 2018-19

1.3.1 As per the provisions of the Distribution Tariff Regulations, 2014 the Distribution Licensees' were required to file their ARR / Tariff Petitions before the Commission latest by November 30th each year so that the tariff can be determined and be made applicable for the subsequent financial year.

1.3.2 The Commission in the matter of Suo Moto Proceedings on Truing Up for FY 2015-16 & FY 2016-17, Annual Performance Review (APR) for FY 2016-17 and FY 2017-18 and Tariff for FY 2018-19 for the State Discoms (DVVNL, PVVNL, PuVVNL, KESCO and MVVNL) & UPPTCL issued the Order for Suo Motu proceedings on August 30, 2018.

1.3.3 The Commission, vide its Admittance Order dated November 13, 2018, directed the Petitioner to publish, within 3 days from the date of issue of that Order, the Public Notice detailing the summary and highlights of the Truing up for FY 2015-16 and FY 2016-17, Annual Performance Review (APR) for FY 2017-18 and Aggregate Revenue Requirement (ARR) for FY 2018-19 etc. along with its website address, in at least two (2) English and two (2) Hindi language daily newspapers for two successive days inviting views / comments / suggestions / objections / representations within 15 days from the date of publication of the Public Notice(s) by all stakeholders and public at large.

1.3.4 Thereafter, the UPPCL submitted the Tariff formats for True up of tariff for FY 2015-16 & FY 2016-17, Annual Performance Review of FY 2017-18 & ARR for FY 2018-19 along with the Capex plan and Bulk Supply Tariff on November 19, 2018.

1.4 PUBLIC HEARING:

1.4.1 To provide an opportunity to all sections of the population in the State to express their views and to also obtain feedback from them, public hearings for were held



by the Commission at various places in the State. The public hearings were conducted on December 10, 2018, December 14, 2018, December 17, 2018 and December 19, 2018 as per details given below:

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

Sl. No	Date	Place of Hearing	Hearings in the matter of
1	December 10, 2018	Kanpur	DVVNL & KESCO
2	December 14, 2018	Noida	MVVNL & UPPTCL
3	December 17, 2018	Varanasi	PVVNL & NPCL
4	December 19, 2018	Lucknow	PuVVNL

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



2. TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2015-16

2.1 CONSOLIDATED ARR AND REVENUE GAP/ (SURPLUS) FOR FY 2015-16 OF FIVE STATE DISCOMS (DVVNL, MVVNL, PVVNL, PuVVNL & KESCO) AFTER TRUING UP

2.1.1 The Annual Revenue Requirement for FY 2015-16 after final Truing-up of DVVNL is summarized in the Tables below:

Table 2-1: ARR, REVENUE AND GAP SUMMARY OF DVVNL FOR FY 2015-16 (Rs. Crore)

Particulars (DVVNL)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Power Purchase Expenses	10811.09	8642.64	9196.04	8642.64
Transmission Expenses	436.34	377.28	377.28	354.57
Apportionment of O&M Expenses of UPPCL	-	-	59.37	-
Gross O&M Expenses	701.81	961.74	696.62	693.50
Employee Expenses	406.17	391.56	395.36	393.55
R&M Expenses	231.97	441.54	236.76	235.73
A&G Expenses	63.67	128.64	64.50	64.22
Gross Interest on Long Term Loans	265.76	2138.00	204.63	206.32
Discount to Consumers				
Interest on security deposit	37.47	35.37	35.37	35.37
Finance/Bank Charges	0.20	4.12	4.12	4.12
Interest on Working Capital	124.69	-	122.00	113.80
Add: Sharing of Gains			(276.70)	276.80
Add: Contribution to contingency reserve on account of better Performance		-	138.35	-
Depreciation	262.89	149.62	468.19	467.89
Other Misc Expenses				
Prior Period Expenses	-	108.44	-	-
Interest on GPF				
Provision for Bad and Doubtful Debts	-	118.82	118.82	118.82
Gross Expenditure	12640.25	12536.03	11144.08	10913.83
Less:				
Employee Capitalisation	60.93	196.30	196.30	196.30
A&G Capitalisation	9.55	-	-	-
Interest Capitalisation	61.12	-	57.74	57.74



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (DVVNL)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Total Capitalisation	131.60	196.30	254.04	254.04
Net Expenditure	12508.65	12339.74	10890.05	10659.79
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	20.54	26.02	26.02	324.09 **
Annual Revenue Requirement	12488.11	12313.72	10864.03	10335.70
Less: Revenue from Tariff incl DPS	8691.82	7835.86	7835.86	7567.86*
Less: GoUP Subsidy	1444.28	1748.76	1748.76	1748.76
Less: Additional Subsidy to be provided by GoUP	-	-	-	583.32
Net Revenue Gap	2352.01	2729.10	1279.41	435.76

Note: *Revenue from Tariff, **Non-Tariff income including DPS

2.1.2 The Annual Revenue Requirement for FY 2015-16 after final Truing-up of MVVNL is summarized in the Tables below:

Table 2-2: ARR, REVENUE AND GAP SUMMARY OF MVVNL FOR FY 2015-16 (Rs. Crore)

Particulars (MVVNL)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Power Purchase Expenses	7801.42	6917.13	6814.62	6814.76
Transmission Expenses	314.87	302.35	302.35	297.88
Apportionment of O&M Expenses of UPPCL	-	-	47.52	-
Gross O&M Expenses	806.16	1,084.74	789.94	787.16
Employee Expenses	533.84	496.68	515.02	512.66
R&M Expenses	173.65	299.67	173.33	173.33
A&G Expenses	98.67	288.39	101.59	101.16
Gross Interest on Long Term Loans	205.07	1214.32	245.97	227.73
Discount to Consumers	0.28	-	-	-
Interest on security deposit	28.15	27.30	27.30	27.30
Finance/Bank Charges	0.08	2.83	2.83	2.83
Interest on Working Capital	131.40	26.29	115.10	94.18
Add: Sharing of Gains	-	-	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-	-	-



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (MVVNL)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Depreciation	235.17	216.00	398.98	391.22
Other Misc Expenses	-	-	-	-
Prior Period Expenses	-	-71.11	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	119.21	119.21	119.21
Gross Expenditure	9522.59	9839.05	8863.83	8762.27
Less:				
Employee Capitalisation	80.08	236.74	236.74	236.74
A&G Capitalisation	14.80	-	-	-
Interest Capitalisation	47.16	38.19	38.19	38.19
Total Capitalisation	142.04	274.94	274.94	274.94
Net Expenditure	9,380.56	9564.12	8588.89	8487.33
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	35.48	54.25	54.25	967.46**
Annual Revenue Requirement	9345.08	9509.87	8534.65	7519.87
Less: Revenue from Tariff incl DPS	8,098.79	7548.82	7548.82	6636.92*
Less: GoUP Subsidy	939.84	1011.91	1011.91	1011.91
Less: Additional Subsidy to be provided by GoUP	-	-	-	74.09
Net Revenue Gap	306.45	949.14	(26.08)	(203.05)

Note: *Revenue from Tariff, **Non-Tariff income including DPS

2.1.3 The Annual Revenue Requirement for FY 2015-16 after final Truing-up of PVVNL is summarized in the Tables below:

Table 2-3: ARR, REVENUE AND GAP SUMMARY OF PVVNL FOR FY 2015-16 (Rs. Crore)

Particulars (PVVNL)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Power Purchase Expenses	12905.61	11389.80	11513.14	11389.66
Transmission Expenses	520.87	498.86	498.86	498.86
Apportionment of O&M Expenses of UPPCL	-	-	78.25	-
Gross O&M Expenses	730.06	1043.60	715.06	711.84
Employee Expenses	470.43	469.47	450.96	448.90
R&M Expenses	199.66	401.88	201.37	200.48



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (PVVNL)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
A&G Expenses	59.97	172.25	62.73	62.46
Gross Interest on Long Term Loans	280.31	1,011.54	231.79	227.79
Discount to Consumers	-	-	-	-
Interest on security deposit	98.98	201.64	201.64	201.64
Finance/Bank Charges	-	47.88	47.88	47.88
Interest on Working Capital	117.04	-	142.25	133.98
Add: Sharing of Gains	-	-	-61.67	61.74
Add: Contribution to contingency reserve on account of better Performance	-	-	30.84	-
Depreciation	310.14	73.99	547.00	542.69
Other Misc Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	139.69	139.69	139.69
Gross Expenditure	14963.01	14406.99	14084.72	13959.82
Less:				
Employee Capitalisation	70.56	201.90	201.90	201.90
A&G Capitalisation	9.00			
Interest Capitalisation	64.47		2.29	2.29
Total Capitalisation	144.03	201.90	204.20	204.20
Net Expenditure	14818.98	14205.08	13880.53	13751.55
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	22.59	24.11	24.11	246.87**
Annual Revenue Requirement	14796.38	14180.97	13856.41	13504.68
Less: Revenue from Tariff incl DPS	12,791.89	12217.55	12217.55	12019.12*
Less: GoUP Subsidy	1,749.26	775.17	775.17	775.17
Less: Additional Subsidy to be provided by GoUP	838.96	-	-	2484.80
Net Revenue Gap	(583.73)	1188.25	863.70	(1774.40)

Note: *Revenue from Tariff, **Non-Tariff income including DPS

2.1.4 The Annual Revenue Requirement for FY 2015-16 after final Truing-up of PuVVNL is summarized in the Tables below:



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Table 2-4: ARR, REVENUE AND GAP SUMMARY OF PuVVNL FOR FY 2015-16 (Rs. Crore)

Particulars (PuVVNL)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Power Purchase Expenses	9307.77	8729.81	8499.26	8499.60
Transmission Expenses	375.67	380.77	380.77	380.78
Apportionment of O&M Expenses of UPPCL	-	-	59.97	-
Gross O&M Expenses	970.42	1025.68	1041.24	1025.68
Employee Expenses	531.68	533.00	772.28	533.00
R&M Expenses	331.70	372.37	204.45	372.37
A&G Expenses	107.03	120.32	64.51	120.32
Gross Interest on Long Term Loans	315.62	1351.76	304.60	283.74
Discount to Consumers	-	-	-	-
Interest on security deposit	42.10	24.18	57.88	24.18
Finance/Bank Charges	-	0.03	0.03	0.03
Interest on Working Capital	110.82	36.69	146.69	137.08
Add: Sharing of Gains	-	-	-7.78	7.78
Add: Contribution to contingency reserve on account of better Performance	-	-	3.89	-
Depreciation	248.93	245.02	462.07	444.97
Other Misc Expenses	-	-	-	-
Prior Period Expenses	-	93.39	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	184.29	161.76	161.76
Gross Expenditure	11371.32	12071.61	11110.38	10965.59
Less:				
Employee Capitalisation	79.75	379.96	379.96	379.96
A&G Capitalisation	16.06	-	-	-
Interest Capitalisation	72.59	42.71	42.71	42.71
Total Capitalisation	168.40	422.67	422.67	422.67
Net Expenditure	11202.92	11648.95	10687.72	10542.92
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	27.37	22.75	22.75	365.96**
Annual Revenue Requirement	11175.55	11626.19	10664.96	10176.96
Less: Revenue from Tariff incl DPS	8104.96	8088.06	8088.06	7755.12*
Less: GoUP Subsidy	1779.62	1904.16	1904.16	1904.16



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (PuVVNL)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Less: Additional Subsidy to be provided by GoUP	381.14	-	-	1006.77
Net Revenue Gap	909.84	1633.98	672.75	(489.09)

2.1.5 The Annual Revenue Requirement for FY 2015-16 after final Truing-up of KESCO is summarized in the Tables below:

Table 2-5: ARR, REVENUE AND GAP SUMMARY OF KESCO FOR FY 2015-16 (Rs. Crore)

Particulars (KESCO)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Power Purchase Expenses	1621.85	1613.60	1622.99	1520.42
Transmission Expenses	65.46	66.52	66.52	66.52
Apportionment of O&M Expenses of UPPCL	-	-	10.44	-
Gross O&M Expenses	208.00	233.43	193.28	192.38
<i>Employee Expenses</i>	<i>142.24</i>	<i>111.07</i>	<i>132.12</i>	<i>131.51</i>
<i>R&M Expenses</i>	<i>56.54</i>	<i>53.11</i>	<i>54.44</i>	<i>54.19</i>
<i>A&G Expenses</i>	<i>9.21</i>	<i>69.25</i>	<i>6.71</i>	<i>6.68</i>
Gross Interest on Long Term Loans	-	285.50	-	-
Discount to Consumers	-	-	-	-
Interest on security deposit	9.50	9.18	9.18	9.18
Finance/Bank Charges	0.00	6.39	6.39	6.39
Interest on Working Capital	28.89	-	32.75	31.92
<i>Add: Sharing of Gains</i>	<i>-</i>	<i>-</i>	<i>(51.28)</i>	<i>51.30</i>
Add: Contribution to contingency reserve on account of better Performance	-	-	25.64	-
Depreciation	26.15	10.85	45.40	45.40
Other Misc Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	12.78	12.78	12.78
Gross Expenditure	1959.84	2238.24	1974.07	1936.29
Less:				
Employee Capitalisation	21.34	3.07	3.07	3.07



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (KESCO)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
A&G Capitalisation	1.38	-	-	-
Interest Capitalisation	-	-	-	-
Total Capitalisation	22.72	3.07	3.07	3.07
Net Expenditure	1937.13	2235.17	1971.00	1933.21
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	58.26	9.52	9.52	21.90**
Annual Revenue Requirement	1878.87	2225.65	1961.48	1911.32
Less: Revenue from Tariff incl DPS	2004.88	2109.87	2109.87	2104.17*
Less: GoUP Subsidy	-	-	-	-
Less: Additional Subsidy to be provided by GoUP	-	-	-	-
Net Revenue Gap	(126.01)	115.79	(148.38)	(192.85)

2.1.6 The consolidated Annual Revenue Requirement for FY 2015-16 after final Truing-up of five State Discoms (DVVNL, MVVNL, PVVNL, PuVVNL & KESCO) is summarized in the Tables below:

Table 2-6: CONSOLIDATED ARR, REVENUE AND GAP SUMMARY OF FIVE DISCOMS FOR FY 2015-16 (Rs. Crore)

Particulars (Consolidated)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Power Purchase Expenses	42447.74	37292.98	37646.04	36867.08
Transmission Expenses	1713.21	1625.79	1625.79	1598.61
Apportionment of O&M Expenses of UPPCL	-	-	255.55	-
Gross O&M Expenses	3416.45	4349.19	3436.13	3410.57
<i>Employee Expenses</i>	2084.36	2001.78	2265.74	2019.63
<i>R&M Expenses</i>	993.53	1568.56	870.35	1036.10
<i>A&G Expenses</i>	338.56	778.86	300.04	354.84
Gross Interest on Long Term Loans	1066.75	6001.10	987.00	945.58
Discount to Consumers	0.28	-	-	-
Interest on security deposit	216.20	297.66	331.36	297.66
Finance/Bank Charges	9.78	61.25	61.25	61.25
Interest on Working Capital	512.83	62.98	558.79	510.96
<i>Add: Sharing of Gains</i>	-	-	(397.43)	397.62



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (Consolidated)	Approved in Tariff Order Dated 18.6.2015	Audited	Claimed	Approved
Add: Contribution to contingency reserve on account of better Performance	-	-	198.72	-
Depreciation	1083.28	695.48	1921.64	1892.16
Other Misc Expenses	-	-	-	-
Prior Period Expenses	-	130.72	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	574.78	552.25	552.25
Gross Expenditure	50457.02	51091.93	47177.09	46533.72
Less:				
Employee Capitalisation	312.65	1017.97	1017.97	1017.97
A&G Capitalisation	50.78	-	-	-
Interest Capitalisation	245.35	80.90	140.94	140.94
Total Capitalisation	608.79	1098.87	1158.91	1158.91
Net Expenditure	49848.23	49993.06	46018.19	45374.81
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	164.24	136.65	136.65	1926.28**
Annual Revenue Requirement	49683.99	49856.41	45881.53	43448.53
Less: Revenue from Tariff incl DPS	39692.34	37800.14	37800.14	36083.19*
Less: GoUP Subsidy	5913.00	5440.00	5440.00	5440.00
Less: Additional Subsidy to be provided by GoUP	1220.10	-	-	4148.97
Net Revenue Gap	2858.55	6616.26	2641.39	(2223.63)

2.1.7 Analysis on few parameters for percentage are depicted below:

Table 4-82: ANALYSIS ON FEW PARAMETERS FOR PERCENTAGE CHANGE

Parameters	FY 2014-15	FY 2015-16	% Change
Total Sales (MU)	60,415.41	68886.26	14.02%
Revenue from tariff (Rs. Cr.)	31490.47	36083.19	14.58%
Total Power Purchase (MU)	77,692.53	87155.98	12.18%
Total Power Purchase (Rs. Cr.)	34950.4	37256.92	6.60%
ARR (Rs. Cr.)	41360.48	43448.53	5.05%
Revenue Gap / (Surplus) (Rs. Cr.)	(1142.33)	(2223.63)	94.66%
BST (Rs. / kWh)	4.5	4.23	-6.00%
ABR (Rs./ kWh)	5.21	5.24	0.49%
ACoS (Rs./ kWh)	6.85	6.31	-7.87%



3. TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2016-17

3.1 CONSOLIDATED ARR AND REVENUE GAP/ (SURPLUS) FOR FY 2016-17 OF FIVE STATE DISCOMS (DVVNL, MVVNL, PVVNL, PuVVNL & KESCO) AFTER TRUING UP

3.1.1 The Annual Revenue Requirement for FY 2016-17 after final Truing-up of DVVNL is summarized in the Tables below:

Table 3-1: ARR, REVENUE AND GAP SUMMARY OF DVVNL FOR FY 2016-17 (Rs. Crore)

Particulars (DVVNL)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Power Purchase Expenses	11498.75	9505.84	9430.27	9430.27
Transmission Expenses	437.78	370.10	370.10	370.10
Apportionment of O&M Expenses of UPPCL	-	-	45.03	-
Gross O&M Expenses	718.58	938.35	721.98	723.39
Employee Expenses	415.15	352.97	407.39	408.20
R&M Expenses	238.83	408.72	245.53	246.00
A&G Expenses	64.61	176.66	69.06	69.19
Gross Interest on Long Term Loans	340.58	752.76	238.61	239.75
Interest on Bonds	-	-	-	-
Interest on security deposit	38.59	34.64	34.64	34.64
Finance/Bank Charges	0.17	2.02	2.02	2.02
Interest on Working Capital	159.88	-	117.88	112.27
<i>Add: Sharing of Gains</i>				
<i>Add: Contribution to contingency reserve on account of better Performance</i>				
Depreciation	293.83	62.64	413.34	399.72
Other Misc Expenses				
Prior Period Expenses	-	0.00	-	-
Interest on GPF				
Provision for Bad and Doubtful Debts	-	126.64	126.64	126.64
Gross Expenditure	13488.17	11792.99	11500.51	11438.80
Less:				
Employee Capitalisation	62.27	203.34	203.34	203.34
A&G Capitalisation	9.69			-
Interest Capitalisation	78.33		107.38	107.38
Total Capitalisation	150.30	203.34	310.72	310.72
Net Expenditure	13337.87	11589.65	11189.80	11128.09
Add: Return on Equity	-			
Less: Non-tariff Incomes*	40.00	42.17	42.17	228.34**
Annual Revenue Requirement	13297.87	11547.49	11147.63	10899.74



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (DVVNL)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Less: Revenue from Tariff incl DPS	10553.24	7921.47	7921.47	7757.72*
Less: GoUP Subsidy	1142.73	1951.99	1951.99	1951.99
Net Revenue Gap / (Surplus)	1601.90	1674.03	1274.18	1190.04
Less: Additional Subsidy to be provided by GoUP				644.17
Net Revenue Gap	1601.90	1674.03	1274.18	545.86

Note: *Revenue from Tariff, **Non-Tariff income including DPS

3.1.2 The Annual Revenue Requirement for FY 2016-17 after final Truing-up of MVVNL is summarized in the Tables below:

Table 3-2: ARR, REVENUE AND GAP SUMMARY OF MVVNL FOR FY 2016-17 (Rs. Crore)

Particulars (MVVNL)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Power Purchase Expenses	9468.92	8174.41	8036.32	8036.42
Transmission Expenses	360.12	318.89	318.89	313.51
Apportionment of O&M Expenses of UPPCL	-	-	38.72	-
Gross O&M Expenses	815.70	1,284.93	814.58	815.84
Employee Expenses	543.55	583.77	530.49	533.39
R&M Expenses	177.22	347.66	178.84	177.38
A&G Expenses	94.93	353.50	105.25	105.06
Gross Interest on Long Term Loans	275.02	144.63	323.76	274.01
Interest on Bonds				
Interest on security deposit	31.93	157.51	157.51	157.51
Finance/Bank Charges	0.12	17.19	17.19	17.19
Interest on Working Capital	155.56	15.31	132.57	116.10
Add: Sharing of Gains				
Add: Contribution to contingency reserve on account of better Performance				
Depreciation	274.83	192.84	412.03	383.77
Other Misc Expenses				
Prior Period Expenses	-	-	-	-
Interest on GPF	-	23.66	23.66	23.66
Provision for Bad and Doubtful Debts	-	140.46	140.46	140.46
Gross Expenditure	11382.20	10469.83	10415.70	10278.47
Less:				
Employee Capitalisation	81.53	230.03	230.03	230.03



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (MVVNL)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
A&G Capitalisation	14.24	-	-	-
Interest Capitalisation	63.26	59.85	59.85	59.85
Total Capitalisation	159.03	289.88	289.88	289.88
Net Expenditure	11,223.17	10179.95	10125.82	9988.59
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	29.15	33.69	33.69	712.60**
Annual Revenue Requirement	11194.02	10146.25	10092.13	9275.99
Less: Revenue from Tariff incl DPS	9,741.60	8659.51	8659.51	7977.77*
Less: GoUP Subsidy	939.17	670.75	670.75	670.75
Net Revenue Gap / (Surplus)	513.26	816.00	761.87	627.47
Less: Additional Subsidy to be provided by GoUP				875.52
Net Revenue Gap / (Surplus)	513.26	816.00	761.87	(248.05)

Note: *Revenue from Tariff, **Non-Tariff income including DPS

3.1.3 The Annual Revenue Requirement for FY 2016-17 after final Truing-up of PVVNL is summarized in the Tables below:

Table 3-3: ARR, REVENUE AND GAP SUMMARY OF PVVNL FOR FY 2016-17 (Rs. Crore)

Particulars (PVVNL)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Power Purchase Expenses	14972.86	13294.53	13566.85	13294.53
Transmission Expenses	569.44	519.00	519.00	519.00
Apportionment of O&M Expenses of UPPCL	-	-	62.98	-
Gross O&M Expenses	743.82	1,011.25	748.38	749.83
Employee Expenses	477.29	473.43	468.56	469.49
R&M Expenses	205.62	297.83	209.90	210.30
A&G Expenses	60.90	239.99	69.91	70.04
Gross Interest on Long Term Loans	380.05	227.85	314.64	295.79
Interest on Bonds				
Interest on security deposit	106.25	275.63	275.63	275.63
Finance/Bank Charges	14.28	27.63	27.63	27.63
Interest on Working Capital	157.93	0.00	155.34	147.10
Add: Sharing of Gains	-	-	-136.16	136.16
Add: Contribution to contingency reserve on account of better Performance	-	-	68.08	-
Depreciation	322.22	113.18	652.99	633.76
Other Misc Expenses	-	-	-	-



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (PVVNL)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	109.45	109.45	109.45
Gross Expenditure	17266.86	15578.51	16364.80	16188.88
Less:				
Employee Capitalisation	71.59	228.73	228.73	228.73
A&G Capitalisation	9.14	-	-	-
Interest Capitalisation	87.41	62.62	62.62	62.62
Total Capitalisation	168.14	291.35	291.35	291.35
Net Expenditure	17,098.72	15287.15	16073.45	15897.53
Add: Return on Equity	-			
Less: Non-tariff Incomes	21.14	28.37	28.37	260.83**
Annual Revenue Requirement	17,077.57	15258.79	16045.08	15636.70
Less: Revenue from Tariff incl DPS	15,987.81	13393.56	13393.56	13177.38*
Less: GoUP Subsidy	1,549.97	1414.19	1414.19	1414.19
Net Revenue Gap / (Surplus)	(460.21)	451.04	1237.33	1045.13
Less: Additional Subsidy to be provided by GoUP	-			3190.25
Net Revenue Gap	(460.21)	451.04	1237.33	(2145.12)

Note: *Revenue from Tariff, **Non-Tariff income including DPS

3.1.4 The Annual Revenue Requirement for FY 2016-17 after final Truing-up of PuVVNL is summarized in the Tables below:

Table 3-4: ARR, REVENUE AND GAP SUMMARY OF PuVVNL FOR FY 2016-17 (Rs. Crore)

Particulars (PuVVNL)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Power Purchase Expenses	13749.88	10117.55	9966.09	9966.21
Transmission Expenses	522.93	393.98	393.98	388.09
Apportionment of O&M Expenses of UPPCL	-	-	47.93	-
Gross O&M Expenses	1,118.27	1,251.66	1,098.24	1,093.16
Employee Expenses	565.42	522.44	804.62	806.55
R&M Expenses	386.51	546.71	223.01	217.76
A&G Expenses	166.34	182.51	70.61	68.85
Gross Interest on Long Term Loans	713.22	478.52	492.26	421.91
Interest on Bonds	-	-	-	-
Interest on security deposit	45.10	23.98	54.63	23.98
Finance/Bank Charges	0.09	17.41	17.41	17.41
Interest on Working Capital	215.00	18.96	176.21	169.33
Add: Sharing of Gains	-	-	-	-



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (PuVVNL)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
<i>Add: Contribution to contingency reserve on account of better Performance</i>	-	-	-	-
Depreciation	385.90	376.41	548.05	496.86
Other Misc Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	222.19	190.68	190.68
Gross Expenditure	16750.40	12900.65	12985.47	12767.63
Less:				
Employee Capitalisation	84.81	194.37	194.37	194.37
A&G Capitalisation	24.95	-	-	-
Interest Capitalisation	164.04	57.93	57.93	57.93
Total Capitalisation	273.80	252.30	252.30	252.30
Net Expenditure	16476.60	12648.35	12733.17	12515.33
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	22.70	16.79	16.79	230.85**
Annual Revenue Requirement	16453.90	12631.56	12716.38	12284.48
Less: Revenue from Tariff incl DPS	13595.26	9534.25	9534.25	9334.32*
Less: GoUP Subsidy	1808.13	1944.94	1944.94	1944.94
Net Revenue Gap / (Surplus)	1050.50	1152.38	1237.20	1005.23
Less: Additional Subsidy to be provided by GoUP	-	-	-	1890.97
Net Revenue Gap	1050.50	1152.38	1237.20	(885.74)

3.1.5 The Annual Revenue Requirement for FY 2016-17 after final Truing-up of KESCO is summarized in the Tables below:

Table 3-5: ARR, REVENUE AND GAP SUMMARY OF KESCO FOR FY 2016-17 (Rs. Crore)

Particulars (KESCO)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Power Purchase Expenses	1803.23	1576.40	1703.55	1576.40
Transmission Expenses	68.58	61.67	61.67	61.67
Apportionment of O&M Expenses of UPPCL	-	-	7.47	-
Gross O&M Expenses	206.79	263.12	200.21	200.62
<i>Employee Expenses</i>	<i>141.19</i>	<i>122.93</i>	<i>136.70</i>	<i>136.97</i>
<i>R&M Expenses</i>	<i>56.42</i>	<i>64.84</i>	<i>56.38</i>	<i>56.49</i>
<i>A&G Expenses</i>	<i>9.18</i>	<i>75.35</i>	<i>7.14</i>	<i>7.15</i>
Gross Interest on Long Term Loans	10.62	104.17	-	-



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (KESCO)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Interest on Bonds	-	-	-	-
Interest on security deposit	9.85	8.82	8.82	8.82
Finance/Bank Charges	0.46	18.72	18.72	18.72
Interest on Working Capital	30.39	-	36.35	35.55
<i>Add: Sharing of Gains</i>	-	-	(63.57)	63.58
<i>Add: Contribution to contingency reserve on account of better Performance</i>	-	-	31.79	-
Depreciation	33.06	12.07	48.19	48.19
Other Misc Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	13.30	13.30	13.30
Gross Expenditure	2162.98	2058.27	2066.49	2026.84
Less:				
Employee Capitalisation	21.18	2.49	2.49	2.49
A&G Capitalisation	1.38	-	-	-
Interest Capitalisation	2.44	-	-	-
Total Capitalisation	25.00	2.49	2.49	2.49
Net Expenditure	2137.98	2055.77	2064.00	2024.35
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	7.39	16.90	16.90	27.94**
Annual Revenue Requirement	2,130.59	2038.87	2047.10	1996.41
Less: Revenue from Tariff incl DPS	2,164.79	2325.32	2325.32	2324.47*
Less: GoUP Subsidy	-	-	-	-
Net Revenue Gap / (Surplus)	(34.19)	(286.45)	(278.22)	(328.06)
Less: Additional Subsidy to be provided by GoUP	-	-	-	-
Net Revenue Gap	(34.19)	(286.45)	(278.22)	(328.06)

3.1.6 The consolidated Annual Revenue Requirement for FY 2016-17 after final Truing-up of five State Discoms (DVVNL, MVVNL, PVVNL, PuVVNL & KESCO) is summarized in the Tables below:



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Table 3-6: CONSOLIDATED ARR, REVENUE AND GAP SUMMARY OF FIVE DISCOMS FOR FY 2016-17

(Rs. Crore)

Particulars (Consolidated)	Approved in Tariff Order Dated 1.8.2016	Audited	Claimed	Approved
Power Purchase Expenses	51493.63	42668.73	42703.08	42303.83
Transmission Expenses	1958.86	1663.65	1663.65	1652.37
Apportionment of O&M Expenses of UPPCL	-	-	202.13	-
Gross O&M Expenses	3603.16	4749.30	3583.39	3582.83
Employee Expenses	2142.60	2055.55	2347.76	2354.61
R&M Expenses	1064.60	1665.75	913.66	907.94
A&G Expenses	395.97	1028.01	321.97	320.29
Gross Interest on Long Term Loans	1719.49	1707.92	1369.27	1231.46
Interest on Bonds	-	-	-	-
Interest on security deposit	231.72	500.58	531.23	500.58
Finance/Bank Charges	15.13	82.97	82.97	82.97
Interest on Working Capital	718.76	34.27	618.36	580.34
Add: Sharing of Gains	-	-	-199.73	199.75
Add: Contribution to contingency reserve on account of better Performance	-	-	99.87	-
Depreciation	1309.85	757.13	2074.59	1962.30
Other Misc Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	23.66	23.66	23.66
Provision for Bad and Doubtful Debts	-	612.04	580.54	580.54
Gross Expenditure	61050.60	52800.25	53332.99	52700.63
Less:				
Employee Capitalisation	321.39	858.96	858.96	858.96
A&G Capitalisation	59.40	0.00	0.00	0.00
Interest Capitalisation	395.48	180.41	287.78	287.78
Total Capitalisation	776.27	1039.37	1146.75	1146.75
Net Expenditure	60274.33	51760.88	52186.24	51553.88
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	120.38	137.92	137.92	1460.56**
Annual Revenue Requirement	60153.95	51622.96	52048.32	50093.33
Less: Revenue from Tariff incl DPS	52042.69	41834.09	41834.09	40571.65*
Less: GoUP Subsidy	5440.00	5981.87	5981.87	5981.87
Net Revenue Gap / (Surplus)	2671.26	3806.99	4232.36	3539.80
Less: Additional Subsidy to be provided by GoUP	-	-	-	6600.90
Net Revenue Gap / (Surplus)	2671.26	3806.99	4232.36	(3061.10)



3.1.7 Analysis on few parameters for percentage change are depicted below:

Table 3-7: ANALYSIS ON FEW PARAMETERS FOR PERCENTAGE CHANGE

Parameters	FY 2015-16	FY 2016-17	% Change
Total Sales (MU)	68886.26	78285.66	14.00%
Revenue from Tariff (Rs. Cr.)	36083.19	40571.65	12.00%
Total Power Purchase (MU)	87155.98	98995.42	14.00%
Total Power Purchase (Rs. Cr.)	37256.92	42303.83	14.00%
ARR (Rs. Cr.)	43448.53	50093.32	15.00%
Revenue Gap / Surplus (Rs. Cr.)	-2223.63	-3061.10	38.00%
BST (Rs. / kWh)	4.23	4.27	1.00%
ABR (Rs./ kWh)	5.24	5.18	-1.00%
ACoS (Rs./ kWh)	6.31	6.40	1.00%



4. ANNUAL PERFORMANCE REVIEW OF FY 2017-18

4.2 ARR AND REVENUE GAP

4.1.1 In the preceding Sections, the Commission has detailed the expenses submitted by the State Discoms for FY 2017-18. The comparison of ARR and Revenue Gap as approved by the Commission in MYT Order dated November 30, 2017 and as submitted by the State Discoms for FY 2017-18 is shown in the Tables below:

Table 4-1: ARR SUMMARY FOR FY 2017-18 FOR DVVNL (Rs. Crore)

Particulars (DVVNL)	Approved in Tariff Order Dated 30.11.2017	Claimed in APR
Purchases Required & Billed Energy (MU)	24014.62	26863.47
Sales (MUs)	19194.89	18735.57
Power Purchase Expenses	10210.93	9919.05
Transmission Expenses	559.51	448.48
Gross O&M Expenses	1307.33	1276.33
Employee Expenses	681.21	623.80
R&M Expenses	510.20	526.38
A&G Expenses	115.92	81.12
UPPCL O&M expenses	-	45.03
Add: Sharing of Gains	-	-
Gross Interest on Long Term Loans	343.00	285.85
Interest on Bonds	-	-
Interest on security deposit	37.23	46.70
Finance/Bank Charges	0.69	2.22
Interest on Working Capital	211.20	134.59
Add: Contribution to contingency reserve on account of better Performance	-	-
Depreciation	168.44	355.89
Other Misc. Expenses	-	-
Prior Period Expenses	-	-
Interest on GPF	-	-
Provision for Bad and Doubtful Debts	-	167.69
Gross Expenditure	12838.33	12636.81
Less:		
Employee Capitalisation	95.12	346.79
A&G Capitalisation	17.39	0.00
Interest Capitalisation	78.89	116.26
Total Capitalisation	191.40	463.05
Net Expenditure	12646.93	12173.76
Add: Return on Equity	330.35	710.03
Less: Non-tariff Incomes	29.78	23.01
Annual Revenue Requirement	12947.50	12860.77
Less: Revenue from Tariff including DPS	11195.41	8384.75
Less: GoUP Subsidy	950.85	1864.69



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (DVVNL)	Approved in Tariff Order Dated 30.11.2017	Claimed in APR
Less: Additional Subsidy to be provided by GoUP	-	-
Net Revenue Gap	801.24	2611.33

Table 4-2: ARR SUMMARY FOR FY 2017-18 FOR MVVNL (Rs. Crore)

Particulars (MVVNL)	Approved in Tariff Order Dated 30.11.2017	Claimed in APR
Purchases Required & Billed Energy (MU)	22819.62	23477.10
Sales (MUs)	18448.46	17007.33
Power Purchase Expenses	9702.82	8902.72
Transmission Expenses	531.67	388.28
Gross O&M Expenses	1885.85	1888.28
Employee Expenses	1243.81	1228.24
R&M Expenses	396.11	390.88
A&G Expenses	245.94	230.45
UPPCL O&M expenses	-	38.72
Add: Sharing of Gains	-	-
Gross Interest on Long Term Loans	328.38	381.31
Interest on Bonds	-	-
Interest on security deposit	33.09	45.20
Finance/Bank Charges	27.76	21.33
Interest on Working Capital	204.53	209.27
Add: Contribution to contingency reserve on account of better Performance	-	-
Depreciation	256.81	367.01
Other Misc. Expenses	-	-
Prior Period Expenses	-	-
Interest on GPF	-	-
Provision for Bad and Doubtful Debts	-	164.94
Gross Expenditure	12970.92	12368.35
Less:		
Employee Capitalisation	186.57	214.15
A&G Capitalisation	36.89	-
Interest Capitalisation	75.52	0.00
Total Capitalisation	298.99	214.15
Net Expenditure	12671.93	12154.20
Add: Return on Equity	313.47	393.32
Less: Non-tariff Incomes	28.50	40.36
Annual Revenue Requirement	12956.91	12507.16
Less: Revenue from Tariff including DPS	10508.94	10078.14
Less: GoUP Subsidy	1122.84	1342.50
Less: Additional Subsidy to be provided by GoUP	-	-
Net Revenue Gap	1325.12	1086.51



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Table 4-3: ARR SUMMARY FOR FY 2017-18 FOR PVVNL (Rs. Crore)

Particulars (PVVNL)	Approved in Tariff Order Dated 30.11.2017	Claimed in APR
Purchases Required & Billed Energy (MU)	33504.20	36991.32
Sales (MUs)	27413.42	28437.00
Power Purchase Expenses	14245.87	14885.43
Transmission Expenses	780.60	610.28
Gross O&M Expenses	1480.27	1844.91
Employee Expenses	950.44	983.66
R&M Expenses	432.02	704.53
A&G Expenses	97.81	93.75
UPPCL O&M expenses	-	62.98
Add: Sharing of Gains	-	-
Gross Interest on Long Term Loans	549.75	417.77
Interest on Bonds	-	-
Interest on security deposit	90.74	377.61
Finance/Bank Charges	51.65	12.38
Interest on Working Capital	214.35	215.39
Add: Contribution to contingency reserve on account of better Performance	-	-
Depreciation	458.76	390.45
Other Misc. Expenses	-	-
Prior Period Expenses	-	-
Interest on GPF	-	-
Provision for Bad and Doubtful Debts	-	160.59
Gross Expenditure	17871.99	18914.82
Less:		
Employee Capitalisation	142.57	258.47
A&G Capitalisation	14.67	0.00
Interest Capitalisation	126.44	65.75
Total Capitalisation	283.68	324.22
Net Expenditure	17588.31	18590.60
Add: Return on Equity	486.85	613.17
Less: Non-tariff Incomes	26.45	39.40
Annual Revenue Requirement	18048.70	19164.37
Less: Revenue from Tariff including DPS	15764.57	15275.33
Less: GoUP Subsidy	1989.61	911.84
Less: Additional Subsidy to be provided by GoUP	-	-
Net Revenue Gap	294.52	2995.20



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Table 4-4: ARR SUMMARY FOR FY 2017-18 FOR PuVVNL (Rs. Crore)

Particulars (PuVVNL)	Approved in Tariff Order Dated 30.11.2017	Claimed in APR
Purchases Required & Billed Energy (MU)	28994.21	25860.96
Sales (MUs)	23273.34	20758.60
Power Purchase Expenses	12328.24	10943.54
Transmission Expenses	675.53	482.50
Gross O&M Expenses	1880.00	1980.66
Employee Expenses	1219.23	1247.44
R&M Expenses	546.04	569.50
A&G Expenses	114.73	115.78
UPPCL O&M expenses	-	47.93
Add: Sharing of Gains	-	-
Gross Interest on Long Term Loans	-	-
Interest on Bonds	358.49	588.99
Interest on security deposit	-	-
Finance/Bank Charges	56.64	48.32
Interest on Working Capital	0.02	19.10
Add: Contribution to contingency reserve on account of better Performance	190.96	222.02
Depreciation	236.57	312.40
Other Misc. Expenses	-	-
Prior Period Expenses	-	-
Interest on GPF	-	-
Provision for Bad and Doubtful Debts	-	204.35
Gross Expenditure	15726.44	14801.87
Less:	-	-
Employee Capitalisation	169.88	256.56
A&G Capitalisation	17.21	-
Interest Capitalisation	82.45	77.27
Total Capitalisation	269.54	333.83
Net Expenditure	15456.90	14468.04
Add: Return on Equity	366.34	594.94
Less: Non-tariff Incomes	18.28	15.80
Annual Revenue Requirement	15804.96	15047.18
Less: Revenue from Tariff including DPS	11673.97	10513.84
Less: GoUP Subsidy	1436.70	1634.45
Less: Additional Subsidy to be provided by GoUP	-	-
Net Revenue Gap	2694.29	2898.89

Table 4-5: ARR SUMMARY FOR FY 2017-18 FOR KESCO (Rs. Crore)

Particulars (KESCO)	Approved in Tariff Order Dated 30.11.2017	Claimed in APR
Purchases Required & Billed Energy (MU)	4442.74	4020.52



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (KESCO)	Approved in Tariff Order Dated 30.11.2017	Claimed in APR
Sales (MUs)	3763.70	3171.27
Power Purchase Expenses	1889.04	1584.02
Transmission Expenses	103.51	64.56
Gross O&M Expenses	271.91	254.51
Employee Expenses	198.18	180.13
R&M Expenses	49.57	46.66
A&G Expenses	24.16	20.25
UPPCL O&M expenses	-	7.47
Add: Sharing of Gains	-	-
Gross Interest on Long Term Loans	-	-
Interest on Bonds	8.61	2.69
Interest on security deposit	-	-
Finance/Bank Charges	9.95	10.32
Interest on Working Capital	0.00	21.75
Add: Contribution to contingency reserve on account of better Performance	49.30	47.69
Depreciation	18.06	19.73
Other Misc. Expenses	-	-
Prior Period Expenses	-	-
Interest on GPF	-	-
Provision for Bad and Doubtful Debts	-	15.75
Gross Expenditure	2350.37	2021.00
Less:		
Employee Capitalisation	27.56	11.68
A&G Capitalisation	3.62	
Interest Capitalisation	1.98	
Total Capitalisation	33.16	11.68
Net Expenditure	2317.21	2009.32
Add: Return on Equity	30.07	35.08
Less: Non-tariff Incomes	10.37	18.44
Annual Revenue Requirement	2336.90	2025.97
Less: Revenue from Tariff including DPS	2706.32	2548.54
Less: GoUP Subsidy	-	-
Less: Additional Subsidy to be provided by GoUP	-	-
Net Revenue Gap	(369.42)	(522.57)

Table 4-6: ARR SUMMARY FOR FY 2017-18 FOR CONSOLIDATED (5 DISCOMS) (Rs. Crore)

Consolidated (5 DISCOMS)	Tariff Order	Claimed
Power Purchase Expenses	48376.89	46234.76
Transmission Expenses	2650.81	1994.10
Apportionment of O&M Expenses of UPPCL	-	202.13
Gross O&M Expenses	6825.36	7042.57



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Consolidated (5 DISCOMs)	Tariff Order	Claimed
Employee Expenses	4292.87	4263.27
R&M Expenses	1933.93	2237.94
A&G Expenses	598.56	541.35
Gross Interest on Long Term Loans	1588.23	1676.61
Interest on Bonds	0.00	0.00
Interest on security deposit	227.65	528.15
Finance/Bank Charges	80.12	76.77
Interest on Working Capital	870.34	828.96
Add: Sharing of Gains	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-
Depreciation	1138.64	1445.47
Other Misc Expenses	-	-
Prior Period Expenses	-	-
Interest on GPF	-	-
Provision for Bad and Doubtful Debts	-	713.33
Gross Expenditure	61758.05	60742.85
Less:	-	-
Employee Capitalisation	621.69	1087.64
A&G Capitalisation	89.79	-
Interest Capitalisation	365.29	259.29
Total Capitalisation	1076.77	1346.93
Net Expenditure	60681.28	59395.91
Add: Return on Equity	1527.07	2346.54
Less: Non-tariff Incomes	113.39	137.01
Annual Revenue Requirement	62094.96	61605.44
Less: Revenue from Tariff incl DPS	49788.32	46782.60
Less: GoUP Subsidy	5500.00	5753.48
Net Revenue Gap / (Surplus)	6806.65	9069.36
Less: Additional Subsidy to be provided by GoUP	-	-
Net Revenue Gap	6806.65	9069.36



5. ANNUAL PERFORMANCE REVIEW OF FY 2018-19

5.1 CONSUMPTION PARAMETERS: CONSUMER NUMBERS, CONNECTED LOAD, SALES

TABLE 5-1: CONSOLIDATED CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19

CONSOLIDATED	FY 2018-19		
	No of Consumers (Nos)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	30698780	31387683.90	47003.26
LMV-2: Non-Domestic	1401713	3888413.87	6727.57
LMV-3: Public Lamps	5443	338215.01	1126.16
LMV-4: Institutions	87856	988238.26	1761.93
LMV-5: Private Tube Wells	1231905	7882383.64	16133.19
LMV 6: Small and Medium Power	187395	2040657.87	3755.73
LMV-7: Public Water Works	22393	617439.92	2416.12
LMV-8: State Tube Wells	33316	647151.85	4286.83
LMV-9: Temporary Supply	10941	77777.15	157.47
LMV-10: Departmental Employees	99107	357708.92	623.64
HV-1: Non-Industrial Bulk Loads	4276	1928543.99	4138.31
HV-2: Large and Heavy Power	12614	4287343.32	11852.65
HV-3: Railway Traction	38	656764.85	1252.09
HV-4: Lift Irrigation	137	186809.14	976.85
Bulk & Extra State	0	1088218.00	2168.05
GRAND TOTAL	33795914	56373349.70	104379.83

5.2 Distribution Losses from FY 2018-19

5.2.1 It is observed that the Licensees have projected the same distribution losses as approved in MYT Order vide November 30, 2017. Hence the Commission approves the same as claimed by the Licensees.

TABLE 5-2: DISTRIBUTION LOSSES (%) FOR FY 2018-19

Distribution Loss	DVVNL	MVVNL	PVVNL	PuVVNL	KESCo
MYT Order	16.25%	16.09%	15.20%	16.43%	15.13%
Claimed	16.25%	16.09%	15.20%	16.43%	15.13%

5.3 Energy Balance

5.3.1 The approved energy balance for FY 2018-19 for the State-owned Distribution Licensees is shown in the Table below:



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Table 5-3: APPROVED ENERGY BALANCE FOR FY 2018-19

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Retail Sales (MU)	21494.67	21038.64	33508.59	24942.39	3395.53	104379.83
Distribution Losses (%)	16.25%	16.09%	15.20%	16.43%	15.13%	15.89%
Energy at DISCOM Periphery for Retail Sales (MU)	25665.28	25072.86	39514.85	29846.10	4000.86	124099.96
Intra-State Transmission Losses (%)	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
Energy Requirement at State periphery for Transmission (MU)	26623.73	26009.20	40990.51	30960.69	4150.27	128734.40
Periphery Loss (Upto inter connection Point) (%)	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
Purchases Required & Billed Energy (MU)	27004.50	26381.17	41576.74	31403.48	4209.63	130575.52
Total Inter & Intra State Transmission Losses (%)	4.96%	4.96%	4.96%	4.96%	4.96%	4.96%
Total T&D Losses in Retail Sales (MU) / (%)	5509.83	5342.53	8068.15	6461.09	814.10	20.06%

5.3.2 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 observed few errors on part of Licensee in computation of sales, the same has been rectified. Accordingly, the Commission has approved the bulk power supply tariff for FY 2018-19 as given in the Table below:

Table 5-4: APPROVED CONSOLIDATED BULK SUPPLY TARIFF

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Purchases Required & Billed Energy (MU)	A	148145.64	130724.09	130575.52
Periphery Loss (Up to inter connection Point) (%)	B	1.41%	1.41%	1.41%
Energy Available at State periphery for Transmission (MU)	$C = A * (1 - B)$	146060.95	128880.88	128734.40
Intra -State Transmission losses %	D	3.79%	3.79%	3.60%
Energy Input into Transmission-Distribution Interface (MU)	$E = C * (1 - D)$	140525.24	123996.30	124099.96
Power Purchase Cost (Rs. Crore)	F	59466.75	53391.57	50603.93
PGCIL Inter-State transmission charges (Rs. Crore)	G	2366.66	2971.40	2971.40



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Total Power Procurement Cost (Rs. Crore)	H=F+G	61,833.40	56362.97	53575.33
Bulk Supply Tariff (Rs./Unit)	I= (H/E)*10	4.40	4.55	4.32

5.4 ARR & REVENUE GAP FROM FY 2018-19:

5.4.1 The consolidated Annual Revenue Requirement from FY 2018-19 for 5 State Discoms (DVVNL, MVVNL, PVVNL, PuVVNL & KSECO) is summarized in the Table below:

Table 5-5: ARR, REVENUE AND GAP SUMMARY FOR DVVNL FOR FY 2018-19 (Rs. Crore)

Particulars (DVVNL)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Claimed	Approved
Power Purchase Expenses	12786.03	11666.25	11079.99
Transmission Expenses	689.99	460.63	488.81
Apportionment of O&M Expenses of UPPCL#	0.00	45.03	0.00
Gross O&M Expenses	1732.84	1654.23	1618.65
<i>Employee Expenses</i>	895.63	906.86	906.86
<i>R&M Expenses</i>	680.55	625.81	590.22
<i>A&G Expenses</i>	156.67	121.57	121.57
Gross Interest on Long Term Loans	436.00	368.17	351.03
Interest on Bonds	0.00	0.00	0.00
Interest on security deposit	39.83	51.32	51.32
Finance/Bank Charges	0.72	2.22	2.22
Interest on Working Capital	294.22	257.57	264.79
<i>Add: Sharing of Gains</i>	0.00	0.00	0.00
<i>Add: Contribution to contingency reserve on account of better Performance</i>	0.00	0.00	0.00
Depreciation	181.81	529.59	153.06
Other Misc Expenses	0.00	0.00	0.00
Prior Period Expenses	0.00	0.00	0.00
Interest on GPF	0.00	0.00	0.00
Provision for Bad and Doubtful Debts	0.00	237.55	237.55
Gross Expenditure	16161.44	15272.58	14247.42
Less:	0.00	0.00	0.00
Employee Capitalisation	134.34	465.90	465.90
A&G Capitalisation	23.50	0.00	0.00
Interest Capitalisation	100.28	149.75	142.77
Total Capitalisation	258.12	615.65	608.68



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (DVVNL)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Claimed	Approved
Net Expenditure	15903.32	14656.93	13638.74
Add: Return on Equity	394.25	794.39	334.00
Less: Non-tariff Incomes	30.94	23.01	23.01
Annual Revenue Requirement	16266.63	15428.31	13949.73
Less: Revenue from Tariff incl DPS	14713.07	11877.69	12217.93
Less: GoUP Subsidy	1007.88	2861.42	1838.13
Revenue Gap / (Surplus)	545.68	689.20	-106.33
Less: Additional Subsidy to be provided by GoUP			155.16
Net Revenue Gap / (Surplus)	545.68	689.20	(261.49)

Table 5-6: ARR, REVENUE AND GAP SUMMARY FOR MVVNL FOR FY 2018-19 (Rs. Crore)

Particulars (MVVNL)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Claimed	Approved
Power Purchase Expenses	13227.35	11349.84	10824.23
Transmission Expenses	713.81	443.57	477.52
Apportionment of O&M Expenses of UPPCL#	0.00	38.72	0.00
Gross O&M Expenses	2691.56	2744.41	2693.34
<i>Employee Expenses</i>	1813.16	1849.98	1849.98
<i>R&M Expenses</i>	505.43	494.30	443.23
<i>A&G Expenses</i>	372.97	400.14	400.14
Gross Interest on Long Term Loans	394.33	440.03	351.56
Interest on Bonds	0.00	0.00	0.00
Interest on security deposit	35.14	51.25	51.25
Finance/Bank Charges	28.84	21.33	21.33
Interest on Working Capital	320.00	279.62	259.97
<i>Add: Sharing of Gains</i>	0.00	0.00	0.00
<i>Add: Contribution to contingency reserve on account of better Performance</i>	0.00	0.00	0.00
Depreciation	326.22	263.56	193.90
Other Misc Expenses	0.00	0.00	0.00
Prior Period Expenses	0.00	0.00	0.00
Interest on GPF	0.00	0.00	0.00
Provision for Bad and Doubtful Debts	0.00	255.49	255.49
Gross Expenditure	17737.24	15887.83	15128.61



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (MVVNL)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Claimed	Approved
Less:	0.00	0.00	0.00
Employee Capitalisation	271.98	214.15	214.15
A&G Capitalisation	55.94	0.00	0.00
Interest Capitalisation	90.67	68.32	80.84
Total Capitalisation	418.59	282.47	294.99
Net Expenditure	17318.64	15605.35	14833.62
Add: Return on Equity	375.24	453.88	332.75
Less: Non-tariff Incomes	29.61	40.36	40.36
Annual Revenue Requirement	17664.28	16018.87	15126.01
Less: Revenue from Tariff incl DPS	15282.12	12774.70	12970.32
Less:GoUP Subsidy	1093.35	2060.11	1350.73
Revenue Gap / (Surplus)	1288.81	1184.06	804.96
Less: Additional Subsidy to be provided by GoUP			538.31
Net Revenue Gap / (Surplus)	1288.81	1184.06	266.65

Table 5-7: ARR, REVENUE AND GAP SUMMARY FOR PVVNL FOR FY 2018-19

Particulars (PVVNL)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Claimed	Approved
Power Purchase Expenses	18159.50	17961.62	17059.00
Transmission Expenses	979.97	700.30	752.58
Apportionment of O&M Expenses of UPPCL	0.00	62.98	0.00
Gross O&M Expenses	2077.00	2254.40	2086.39
<i>Employee Expenses</i>	1367.72	1222.09	1222.09
<i>R&M Expenses</i>	563.51	915.72	747.70
<i>A&G Expenses</i>	145.77	116.60	116.60
Gross Interest on Long Term Loans	742.87	534.91	387.55
Interest on Bonds	0.00	0.00	0.00
Interest on security deposit	117.63	119.69	119.69
Finance/Bank Charges	53.67	12.38	12.38
Interest on Working Capital	287.88	286.84	288.70
<i>Add: Sharing of Gains</i>	0.00	0.00	0.00
<i>Add: Contribution to contingency reserve on account of better Performance</i>	0.00	0.00	0.00



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (PVVNL)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Claimed	Approved
Depreciation	555.18	406.11	289.30
Other Misc Expenses	0.00	0.00	0.00
Prior Period Expenses	0.00	0.00	0.00
Interest on GPF	0.00	0.00	0.00
Provision for Bad and Doubtful Debts	0.00	371.85	371.85
Gross Expenditure	22973.70	22711.09	21367.44
Less:	0.00	0.00	0.00
Employee Capitalisation	205.16	327.00	327.00
A&G Capitalisation	21.87	0.00	0.00
Interest Capitalisation	170.86	106.46	77.13
Total Capitalisation	397.88	433.46	404.13
Net Expenditure	22575.82	22277.63	20963.31
Add: Return on Equity	617.72	717.98	447.25
Less: Non-tariff Incomes	27.48	39.40	39.40
Annual Revenue Requirement	23166.05	22956.21	21371.16
Less: Revenue from Tariff incl DPS	21911.92	18592.31	18822.97
Less: GoUP Subsidy	2274.31	1399.24	3043.84
Revenue Gap / (Surplus)	-1020.18	2964.66	-495.64
Less: Additional Subsidy to be provided by GoUP			1263.45
Net Revenue Gap / (Surplus)	(1020.18)	2964.66	(1759.09)

Table 5-8: ARR, REVENUE AND GAP SUMMARY FOR PuVVNL FOR FY 2018-19 (Rs. Crore)

Particulars (PuVVNL)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Petition	Approved
Power Purchase Expenses	15486.14	13566.65	12884.89
Transmission Expenses	835.70	533.04	568.43
Apportionment of O&M Expenses of UPPCL	0.00	47.93	0.00
Gross O&M Expenses	2283.78	2784.47	2731.32
Employee Expenses	1471.39	1913.17	1913.17
R&M Expenses	673.88	693.54	640.27
A&G Expenses	138.51	177.76	177.88
Gross Interest on Long Term Loans	503.48	678.17	521.78
Interest on Bonds	0.00	0.00	0.00
Interest on security deposit	62.06	35.66	35.66



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (PuVVNL)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Petition	Approved
Finance/Bank Charges	0.02	19.10	19.10
Interest on Working Capital	301.17	287.02	292.85
Add: Sharing of Gains	0.00	0.00	0.00
Add: Contribution to contingency reserve on account of better Performance	0.00	0.00	0.00
Depreciation	284.46	327.01	234.32
Other Misc Expenses	0.00	0.00	0.00
Prior Period Expenses	0.00	0.00	0.00
Interest on GPF	0.00	0.00	0.00
Provision for Bad and Doubtful Debts	0.00	261.16	261.16
Gross Expenditure	19756.80	18540.21	17549.51
Less:	0.00	0.00	0.00
Employee Capitalisation	207.70	369.63	369.63
A&G Capitalisation	20.78	0.00	0.00
Interest Capitalisation	115.80	88.97	68.45
Total Capitalisation	344.28	458.60	438.08
Net Expenditure	19412.52	18081.61	17111.42
Add: Return on Equity	435.59	670.47	403.76
Less: Non-tariff Incomes	18.99	15.80	15.80
Annual Revenue Requirement	19829.12	18736.27	17499.38
Less: Revenue from Tariff incl DPS	16589.37	13058.10	13355.14
Less: GoUP Subsidy	1124.46	2579.22	2667.29
Revenue Gap / (Surplus)	2115.29	3098.96	1476.95
Less: Additional Subsidy to be provided by GoUP			1308.02
Net Revenue Gap / (Surplus)	2115.29	3098.96	168.92

Table 5-9: ARR, REVENUE AND GAP SUMMARY FOR KESCO FOR FY 2018-19 (Rs. Crore)

Particulars (KESCO)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Petition	Approved
Power Purchase Expenses	2174.39	1818.61	1727.22
Transmission Expenses	117.34	65.59	76.20
Apportionment of O&M Expenses of UPPCL	0.00	7.47	0.00
Gross O&M Expenses	317.31	280.67	282.44



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Particulars (KESCo)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Petition	Approved
Employee Expenses	228.00	203.78	203.78
R&M Expenses	63.06	56.00	57.77
A&G Expenses	26.25	20.90	20.90
Gross Interest on Long Term Loans	19.49	10.62	5.69
Interest on Bonds	0.00	0.00	0.00
Interest on security deposit	10.55	12.25	12.25
Finance/Bank Charges	0.00	21.75	21.75
Interest on Working Capital	57.95	49.65	47.10
Add: Sharing of Gains	0.00	0.00	0.00
Add: Contribution to contingency reserve on account of better Performance	0.00	0.00	0.00
Depreciation	23.34	16.37	25.44
Other Misc Expenses	0.00	0.00	0.00
Prior Period Expenses	0.00	0.00	0.00
Interest on GPF	0.00	0.00	0.00
Provision for Bad and Doubtful Debts	0.00	52.74	52.74
Gross Expenditure	2720.37	2335.71	2250.83
Less:	0.00	0.00	0.00
Employee Capitalisation	32.03	13.27	13.27
A&G Capitalisation	3.94	0.00	0.00
Interest Capitalisation	4.48	0.00	0.00
Total Capitalisation	40.45	13.27	13.27
Net Expenditure	2679.93	2322.44	2237.56
Add: Return on Equity	37.24	41.49	37.91
Less: Non-tariff Incomes	10.78	18.44	18.44
Annual Revenue Requirement	2706.39	2345.50	2257.04
Less: Revenue from Tariff incl DPS	3149.94	2637.21	2638.70
Less: GoUP Subsidy	0.00	0.00	0.00
Revenue Gap / (Surplus)	-443.55	-291.71	-381.66
Less: Additional Subsidy to be provided by GoUP			
Net Revenue Gap / (Surplus)	(443.55)	(291.71)	(381.66)



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Table 5-10: CONSOLIDATED APPROVED ARR, REVENUE AND GAP SUMMARY FROM FY 2018-19 (Rs. Crore)

Particulars (Consolidated 5 Discoms)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Petition	Approved
Power Purchase Expenses	61833.40	56362.97	53575.33
Transmission Expenses	3336.80	2203.13	2363.54
Apportionment of O&M Expenses of UPPCL	-	202.13	-
Gross O&M Expenses	9102.50	9718.19	9412.14
<i>Employee Expenses</i>	<i>5775.90</i>	<i>6095.87</i>	<i>6095.87</i>
<i>R&M Expenses</i>	<i>2486.43</i>	<i>2785.36</i>	<i>2479.20</i>
<i>A&G Expenses</i>	<i>840.17</i>	<i>836.96</i>	<i>837.07</i>
Gross Interest on Long Term Loans	2096.17	2031.90	1617.61
Interest on Bonds	-	-	-
Interest on security deposit	265.21	270.18	270.18
Finance/Bank Charges	83.25	76.77	76.77
Interest on Working Capital	1261.23	1160.70	1153.42
<i>Add: Sharing of Gains</i>	-	-	-
<i>Add: Contribution to contingency reserve on account of better Performance</i>	-	-	-
Depreciation	1370.99	1542.63	896.02
Other Misc Expenses	-	-	-
Prior Period Expenses	-	-	-
Interest on GPF	-	-	-
Provision for Bad and Doubtful Debts	-	1178.80	1178.80
Gross Expenditure	79349.55	74747.40	70543.80
Less:			
Employee Capitalisation	851.21	1389.95	1389.95
A&G Capitalisation	126.02	-	-
Interest Capitalisation	482.10	413.50	369.20
Total Capitalisation	1459.33	1803.45	1759.14
Net Expenditure	77890.22	72943.96	68784.66
Add: Return on Equity	1860.04	2678.21	1555.67
Less: Non-tariff Incomes	117.81	137.01	137.01
Annual Revenue Requirement	79632.45	75485.16	70203.32
Less: Revenue from Tariff incl DPS	71646.41	58940.01	60005.06
Less: GoUP Subsidy	5500.00	8899.99	8899.99
Revenue Gap / (Surplus)	2486.04	7645.15	1298.27
Less: Additional Subsidy to be provided by GoUP	-	-	3264.93
Net Revenue Gap / (Surplus)	2486.04	7645.15	(1966.67)



5.4.2 Analysis on few parameters for percentage change are depicted below:

Table 5-11: ANALYSIS ON FEW PARAMETERS FOR PERCENTAGE CHANGE

Parameters	MYT Tariff Order Dated Nov. 30, 2017	Claimed	Approved FY 2018-19	% Change in Approved FY 2018-19 as Compared to MYT Order
Total Sales (MU)	1,18,163.19	104292.84	104379.83	-11.66%
Revenue including DPS (Rs. Cr.)	71646.41	58940.01	60005.06	-12.40%
Total Power Purchase (MU)	148145.64	130724.09	130575.52	-11.86%
Total Power Purchase (Rs. Cr.)	59659.01	56362.97	53575.33	-10.20%
ARR (Rs. Cr.)	79632.45	75485.16	70203.32	-8.74%
Revenue Gap / (Surplus) (Rs. Cr.)	2486.04	7645.15	(1966.67)	-167.13%
P.P. After Applying Merit Order	4.01	4.08	3.88	-4.90%
BST (Rs. / kWh)	4.4	4.55	4.32	-1.82%
ABR (Rs./Unit)	6.06	5.65	5.75	-0.83%
ACoS (Rs./Unit)	6.74	7.24	6.73	3.31%

5.4.3 Currently, the Licensees have not submitted any tariff proposal. Further, the Commission is aware that this being a suo-motu proceeding, it is empowered to decide the tariff based on philosophies and principles as discussed above. This process would ideally require a tariff design based on the feedback from all stakeholders. As the proceedings are already much delayed, the Commission felt that it should not embark on the design and determination of revised tariff and hence directs the Licensee to continue with the tariff for FY 2017-18 till further orders. Hence, the current rate schedule as approved vide MYT Order dated November 30, 2017 and other orders shall be applicable, unless amended or revised, continue to be in force for such period as be stipulated therein. It is further directed that the Licensee to make all the filings in time along with tariff proposal in the next tariff proceedings in accordance to Regulations, to avoid such aberrations and further widening of the regulatory assets.

5.5 CROSS SUBSIDY SURCHARGE

5.5.1 The Commission approves the same rates for FY 2018-19 as per MYT Order dated November 30, 2017. The same is being reproduced below:



Table 5-12: CROSS SUBSIDY SURCHARGE APPROVED BY THE COMMISSION FOR FY 2018-19

Sl. No.	Categories	Average Billing Rate	Average Billing Rate (inclusive of Regulatory Surcharge) "T"	Cost of Supply for computing CSS	Cross Subsidy Surcharge "CSS"
1	HV-1 (Supply at 11 kV)	10.39	10.84	7.15	3.69
2	HV-1 (Supply above 11 kV)	11.27	11.75	6.65	5.10
3	HV-2 (Supply at 11 kV)	7.80	8.14	7.15	0.99
4	HV-2 (Supply above 11 kV)	6.98	7.28	6.65	0.63
5	HV-3 (Supply above 11 kV)	9.34	9.74	6.65	3.10
6	HV-4 (Supply at 11 kV)	8.35	8.71	7.15	1.56
7	HV-4 (Supply above 11 kV)	8.17	8.51	6.65	1.87

5.6 WHEELING CHARGE

5.6.1 The Commission in its deficiency note had directed the Licensees to submit the wheeling charges and cross subsidy charges. In response the Licensees submitted that the Hon'ble Commission had approved CSS & Wheeling charges for FY2017-18, 2018-19 and FY2019-20 in MYT Tariff Order dated 30.11.2017. Thus, the Commission is of the view, that as there has been no revision in tariff rates for FY 2018-19, the wheeling charges for distribution network and Open Access charges will be as approved by the Commission in its MYT Order dated November 30, 2017 for FY 2018-19.

Table 5-13: APPROVED VOLTAGE-WISE WHEELING CHARGES FOR FY 2018-19

S. No.	Particulars	Units	Approved FY 2018-19
1	Connected at 11 kV		
I	Long Term (@ 80% of Average Wheeling Charge)	Rs. / kWh	0.708
II	Short Term (@ 80% of Average Wheeling Charge)	Rs. / kWh	0.708
2	Connected above 11 kV		
I	Long Term (@ 50% of Average Wheeling Charge)	Rs. / kWh	0.443
II	Short Term (@ 50% of Average Wheeling Charge)	Rs. / kWh	0.443

5.7 REGULATORY SURCHARGE

5.7.1 As can be seen from the ARR tables in FY 2018-19, DVVNL, PVVNL and KESCo are having surplus of Rs (-) 261.49 Crore, Rs (-) 1,759.09 Crore and (-) 381.66 Crore respectively. MVVNL and PuVVNL have revenue gap of Rs 266.65 Crore and Rs. 168.92 Crore respectively. However, as per Commission's computation of regulatory assets (including carrying cost) up to FY 2018-19 (not considering FY 2017-18) comes out to be Rs. 40,541.06 Crore (DVVNL is Rs 13,513.27 Crore,



MVVNL is Rs 12,762.93 Crore, PVVNL is (-) 1086.14 Crore, PuVVNL is Rs. 15,050.91 Crore and KESCO is Rs 300.09 Crore). These are tentative figures and need to be vetted upon. As it can be seen that, PVVNL is already in surplus, the Licensee would be required to pay carrying cost on the above amount which would be deducted from future ARR or dealt with as per further orders of the Commission. For rest of the four Discoms there is already a positive regulatory asset, hence they will continue to recover regulatory surcharge as approved in its MYT Order dated November 30, 2017.

- 5.7.2 The Commission directs the Licensees to levy the rates for Regulatory Surcharge - 2 (RS-2) as per the table below, till issuance of any further Orders by the Commission in this regard.

Table 5-14: REGULATORY SURCHARGE APPLICABLE TILL FURTHER ISSUANCE OF ORDERS

Distribution Licensee	Regulatory Surcharge – 2
DVVNL	4.28%
MVVNL	4.28%
PVVNL	0.00%
PuVVNL	4.28%
KESCO	For the consumers of LMV-1 & LMV-5 categories -3.91% For all other categories - 4.13%.

- 5.7.3 Further, in Petition No. 1295 / 2018, filed by the Licensees the matter of review against the tariff order dated November 30, 2017, on amortization of Regulatory assets is being heard by the Commission whose outcome may alter the regulatory surcharge.
- 5.7.4 The Licensees are directed to depict the Regulatory Surcharge separately and distinctly in the electricity bills of the consumers. The Commission directs the Licensees to maintain separate accounting fields for the regulatory surcharge and capture the amounts billed and collected as Regulatory Surcharge in both of its financial and commercial statements. This would enable the Licensees to correctly report the amounts collected towards Regulatory Surcharge.



6. IMPORTANT DIRECTIVES PROVIDED TO THE LICENSEES

6.1 DIRECTIVES FOR FY 2018-19

Table 6-1: DIRECTIVES ISSUED UNDER PRESENT TARIFF ORDER

Sl. No.	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
1	The Commission directs the Licensee to submit the details of the process to identify consumers who are not paying up and then making adequate attempts to collect from such consumers.	Immediate
2	The Commission had directed the Licensees to submit the actual details of revenue category and sub-category wise for all the consumers.	Next ARR Filings
3	The Commission directed the Licensees to submit a trajectory of targets for improving Collection Efficiency during the Control Period (FY 2017-19) at the time of Annual Performance Review. However, the Licensees have not submitted any trajectory targets for improving the Collection Efficiency.	Next ARR Filings
4	Submit the actual details of capital investment and capitalisation showing scheme wise details including the funding of individual projects taken in investment and capitalisation from FY 2017-18 to FY 2019-20.	Next ARR Filings
5	Submit the detailed power purchase along with reasons of deviations or under achievement of planned capacities in their next Tariff filings after assessing need for power procurement based on existing PPAs against the projected load without transmission constraints, developing a power procurement scenario including long-term and medium-term PPA (RTC versus peak hours etc.) and short-term power procurement including that through power exchanges	Next ARR Filings
6	The Licensees are directed to comply with the directions as stated in Order in Petition No. 1322 / 2018 and make their submissions at the earliest, so that the same can be considered in the next tariff proceedings	Immediate
7	The Licensees are directed to depict the Regulatory Surcharge separately and distinctly in the electricity bills of the consumers. The Licensees should maintain separate accounting fields for the regulatory surcharge and capture the amounts billed and collected as	Immediate / Pending petitions



Suo Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY 2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Sl. No.	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
	Regulatory Surcharge in both of its financial and commercial statements. This would enable the Licensees to correctly report the amounts collected towards Regulatory Surcharge.	
8	The Licensees are directed to timely upload all required details during the filing of petitions	Next ARR Filings
9	Submit details of inter- state losses as per the format described in the relevant part of this order	Next ARR Filings
10	A presentation was given by UPPCL on “Uttar Pradesh Power Sector Snapshot” before the Commission on July 9, 2018. During the meeting the MD, UPPCL and the MD, UPPTCL committed to submit the Rural Metering Plan and Detailed Transmission Plan, respectively, within 15 days, with effect from the date of the presentation i.e. July 9, 2018. The Commission vide letter dated July 30, 2018 asked them to submit the above details within 7 days i.e. by August 6, 2018.	Next ARR Filings

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