



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



**UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**

**LUCKNOW**

Suo - Moto Case No. 15SM of 2018

**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 SECTIONS 62 & 64 OF

THE ELECTRICITY ACT, 2003

January 22<sup>nd</sup>, 2019



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## TABLE OF CONTENTS

1. BACKGROUND AND BRIEF HISTORY.....	24
1.1 BACKGROUND:.....	24
1.2 DISTRIBUTION TARIFF REGULATIONS .....	25
2. PROCEDURAL HISTORY.....	27
2.1 BUSINESS PLAN, MULTI YEAR ARR & TARIFF AND TRUE UP PETITION BY THE LICENSEES.....	27
2.2 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.....	27
2.3 PRELIMINARY SCRUTINY OF THE FILINGS .....	27
2.4 ADMITTANCE OF THE TRUE-UP, APR AND ARR / TARIFF FILINGS.....	29
2.5 PUBLICITY OF THE LICENSEES FILINGS.....	29
3. PUBLIC HEARING PROCESS.....	31
3.1 OBJECTIVE:.....	31
3.2 PUBLIC HEARING: .....	31
3.3 VIEWS / COMMENTS / SUGGESTIONS / OBJECTIONS / REPRESENTATIONS ON TRUE-UP, APR AND ARR / TARIFF FILINGS.....	33
3.4 ARR OF FY 2018-19 .....	33
3.5 DELAYED TRUE- UP AND FUEL SURCHARGE FILING BY DISCOMS.....	34
3.6 AUDITED ACCOUNTS .....	36
3.7 DISTRIBUTION CAPACITY .....	37
3.8 NON- COMPLIANCE OF COMMISSION'S SUO- MOTO ORDER DATED NOVEMBER 30, 2018.....	38
3.9 INTRA- STATE TRANSMISSION LOSSES .....	39
3.10 REGULATORY SURCHARGE/ASSET .....	44
3.11 TARIFF OF UNMETERED RURAL CONSUMERS.....	47
3.12 TARIFF DETERMINATION.....	48
3.13 AT&C LOSSES .....	51
3.14 DISTRIBUTION LOSSES .....	56
3.15 O&M EXPENSES.....	57
3.16 BAD & DOUBTFUL DEBTS .....	58
3.17 SUBSIDY .....	59
3.18 POWER PURCHASE .....	61
3.19 ELECTRICITY DUTY .....	63
3.20 IT AND BILLING EXPENDITURE.....	64
3.21 REVENUE REALIZATION.....	65
3.22 CAPITAL WORKS .....	67
3.23 SECURITY DEPOSIT.....	68
3.24 TARIFF HIKE.....	70
3.25 RETURN ON EQUITY (ROE) .....	71
3.26 GST FOR ELECTRICITY.....	71
3.27 GENERATION COST .....	72
3.28 MINIMUM CHARGES .....	73
3.29 ELECTRICAL ACCIDENTS .....	74
3.30 GRADE OF UP DISCOMS .....	75
3.31 NEW CONSUMER CATEGORY FOR POOR RURAL HOUSEHOLDS .....	77
3.32 PRE- PAID METERING.....	78
3.33 SINGLE POINT CONNECTION .....	78
3.34 UDAY SCHEME.....	79
3.35 TARIFF FOR LMV-10 CATEGORY AND 100% METERED SUPPLY .....	79
3.36 MCG PROVISIONS FOR LMV - 6 & HV-2 CATEGORIES .....	81

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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

3.37	OTHER ISSUES.....	82
3.38	VOLTAGE WISE COST OF SUPPLY .....	82
3.39	PROVISION OF INTEREST ON EXCESS AMOUNT RECOVERED BY DISCOMS.....	83
3.40	ADJUSTMENT OF COMPOUNDING FEES .....	84
3.41	MRI REPORTS TO THE CONSUMERS.....	85
3.42	DISTRIBUTION FRANCHISEE- M/S TORRENT POWER LIMITED (TPL) .....	85
3.43	FLAT RATE BILLING.....	86
3.44	AMENDMENT OF COST DATA BOOK .....	86
3.45	REGULAR POSTS FOR METER READERS .....	86
3.46	SAME TARIFF FOR PTW CONSUMERS .....	87
3.47	TEMPORARY CONNECTION .....	87
3.48	STANDARDS OF PERFORMANCE.....	87
3.49	COMPLAINT REDRESSAL MECHANISM AND AWARENESS PROGRAMME.....	88
4.	TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2015-16.....	90
4.1	INTRODUCTION.....	90
4.2	POWER PURCHASE EXPENSES .....	90
4.3	TRANSMISSION CHARGES .....	98
4.4	O&M EXPENSES.....	99
4.5	FINANCING OF CAPITAL INVESTMENTS.....	104
4.6	INTEREST AND FINANCE CHARGES .....	114
4.7	DEPRECIATION .....	125
4.8	PRIOR PERIOD EXPENSES .....	129
4.9	PROVISION FOR BAD AND DOUBTFUL DEBTS.....	129
4.10	RETURN ON EQUITY .....	133
4.11	DEEMED REVENUE LMV-10.....	133
4.12	REVENUE SUBSIDY FROM GOUP.....	135
4.13	ADDITIONAL SUBSIDY REQUIREMENT .....	135
4.14	REVENUE SIDE TRUING UP .....	139
4.15	REVENUE FROM SALE OF POWER .....	140
4.16	ARR AND REVENUE GAP/ (SURPLUS) FOR FY 2015-16 AFTER TRUING UP.....	142
5.	TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2016-17.....	150
5.1	INTRODUCTION.....	150
5.2	POWER PURCHASE EXPENSES .....	150
5.3	TRANSMISSION CHARGES .....	158
5.4	O&M EXPENSES.....	159
5.5	FINANCING OF CAPITAL INVESTMENTS.....	164
5.6	INTEREST AND FINANCE CHARGES .....	174
5.7	DEPRECIATION .....	185
5.8	PRIOR PERIOD EXPENSES .....	189
5.9	PROVISION FOR BAD AND DOUBTFUL DEBTS.....	190
5.10	RETURN ON EQUITY.....	192
5.11	DEEMED REVENUE LMV-10.....	192
5.12	REVENUE SUBSIDY FROM GOUP.....	194
5.13	ADDITIONAL SUBSIDY REQUIREMENT .....	194
5.14	REVENUE SIDE TRUING UP .....	198
5.15	REVENUE FROM SALE OF POWER.....	199
5.16	ARR AND REVENUE GAP/ (SURPLUS) FOR FY 2016-17 AFTER TRUING UP.....	201
6.	ANNUAL PERFORMANCE REVIEW OF FY 2017-18.....	208
6.1	INTRODUCTION.....	208

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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

6.2	BILLING DETERMINANTS: NUMBER OF CONSUMERS AND CONNECTED LOAD .....	210
6.3	ENERGY SALES .....	214
6.4	DISTRIBUTION LOSS .....	217
6.5	COLLECTION EFFICIENCY .....	219
6.6	POWER PURCHASE QUANTUM AND COST .....	220
6.7	ENERGY BALANCE .....	226
6.8	TRANSMISSION AND SLDC CHARGES .....	229
6.9	EMPLOYEE EXPENSES.....	230
6.10	A&G EXPENSES .....	233
6.11	R&M EXPENSES .....	235
6.12	O&M EXPENSES.....	237
6.13	CAPITAL INVESTMENT .....	239
6.14	FINANCING OF THE CAPITAL INVESTMENT.....	242
6.15	GROSS FIXED ASSETS (GFA) AND DEPRECIATION .....	244
6.16	INTEREST ON LONG TERM LOANS.....	250
6.17	INTEREST ON WORKING CAPITAL .....	251
6.18	INTEREST ON CONSUMER SECURITY DEPOSITS .....	254
6.19	INTEREST AND FINANCE CHARGES .....	256
6.20	PROVISION FOR DOUBTFUL DEBTS.....	259
6.21	RETURN ON EQUITY .....	260
6.22	NON-TARIFF INCOME .....	262
6.23	GoUP SUBSIDY.....	263
6.24	REVENUE FROM SALE OF ENERGY .....	264
6.25	ARR AND REVENUE GAP .....	268
7.	AGGREGATE REVENUE REQUIREMENT FOR FY 2018-19.....	275
7.1	INTRODUCTION .....	275
7.2	CONSUMPTION PARAMETERS: CONSUMER NUMBERS, CONNECTED LOAD, SALES .....	275
7.3	DISTRIBUTION LOSSES .....	286
7.4	ENERGY BALANCE.....	287
7.5	ENERGY AVAILABILITY.....	288
7.6	POWER PROCUREMENT FROM STATE GENERATING STATIONS .....	293
7.7	POWER PROCUREMENT FROM CENTRAL GENERATING STATIONS.....	301
7.8	POWER PROCUREMENT FROM IPPS / JVs .....	307
7.9	POWER PROCUREMENT FROM OTHER SOURCES .....	311
7.10	POWER PROCUREMENT FROM BILATERAL SOURCES .....	312
7.11	NEW GENERATING STATIONS .....	314
7.12	FUEL & POWER PURCHASE COST ADJUSTMENT SURCHARGE (FPPCA) / INCREMENTAL POWER PROCUREMENT COST .....	315
7.13	SUMMARY OF POWER PURCHASE .....	329
7.14	APPROVED MERIT ORDER DISPATCH .....	335
7.15	POWER PROCUREMENT COST.....	338
7.16	TRANSMISSION AND SLDC CHARGES .....	340
7.17	O&M EXPENSES .....	342
7.18	GFA BALANCES AND CAPITAL FORMATION ASSUMPTIONS .....	351
7.19	FINANCING OF THE CAPITAL INVESTMENT.....	356
7.20	DEPRECIATION EXPENSE .....	360
7.21	INTEREST CHARGES .....	366
7.22	INTEREST ON WORKING CAPITAL .....	368
7.23	INTEREST ON CONSUMER SECURITY DEPOSITS .....	371
7.24	SUMMARY OF INTEREST CHARGES.....	373
7.25	PROVISION FOR BAD AND DOUBTFUL DEBTS.....	376

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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

7.26	NON-TARIFF INCOME .....	378
7.27	INCOME FROM OTHER BUSINESS .....	380
7.28	RETURN ON EQUITY .....	381
7.29	CONTRIBUTION TO CONTINGENCY RESERVE .....	386
7.30	APPORTIONMENT OF O&M EXPENSES AND INTEREST & FINANCE CHARGES OF UPPCL .....	386
7.31	GoUP SUBSIDY .....	388
7.32	ADDITIONAL SUBSIDY REQUIREMENT .....	389
7.33	REVENUE FROM SALE OF ELECTRICITY .....	390
7.34	APPROVED ARR SUMMARY, REVENUE FROM TARIFFS AND RESULTANT GAP .....	393
8.	OPEN ACCESS CHARGES .....	401
8.1	BACKGROUND: .....	401
8.2	OPEN ACCESS CHARGES .....	402
8.3	WHEELING CHARGES .....	403
8.4	CROSS SUBSIDY SURCHARGE .....	408
9.	TARIFF PHILOSOPHY .....	416
9.1	CONSIDERATIONS IN TARIFF DESIGN .....	416
10.	REVENUE AT REVISED TARIFF AND REVENUE GAP .....	426
10.1	REVENUE FROM SALE OF POWER AT APPROVED TARIFF .....	426
10.2	AVERAGE COST OF SUPPLY .....	433
10.3	REGULATORY SURCHARGE .....	434
11.	DIRECTIVES .....	439
11.1	DIRECTIVES PROVIDED BY COMMISSION AND THEIR COMPLIANCE BY LICENSEES .....	439
12.	APPLICABILITY OF THE ORDER .....	453
13.	ANNEXURES .....	454
13.1	RATE SCHEDULE FOR FY 2018-19 .....	455
13.2	LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARINGS .....	504
13.3	CATEGORY WISE AVERAGE BILLING RATE FOR FY 2018-19 .....	514
13.4	ORDER ON SUO-MOTO PROCEEDINGS (15 SM OF 2018) & ADMITTANCE ORDER .....	531

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### LIST OF TABLES

TABLE 3-1: SCHEDULE OF PUBLIC HEARING AT VARIOUS LOCATIONS OF THE STATE.....	31
TABLE 4-1: BULK SUPPLY TARIFF AS COMPUTED BY THE STATE DISCOMS FOR FY 2015-16.....	90
TABLE 4-2: POWER PURCHASE COST AS COMPUTED BY STATE DISCOMS FOR FY 2015-16: .....	91
TABLE 4-3: ACTUAL DISTRIBUTION LOSSES FOR FY 2015-16 AS PER STATE DISCOMs .....	91
TABLE 4-4: EFFICIENCY GAIN & PROFIT CONTRIBUTION TO CONTINGENCY RESERVE FOR FY 2015-16 AS PER STATE DISCOMs (RS. CRORE) .....	92
TABLE 4-5: UPPCL O&M EXPENSES FOR FY 2015-16 AS PER STATE DISCOMs (RS. CRORE) .....	92
TABLE 4-6: ACTUAL DISTRIBUTION LOSSES FOR FY 2015-16 AS PER STATE DISCOMs .....	93
TABLE 4-7: APPROVED EFFICIENCY GAINS FOR FY 2015-16 .....	94
TABLE 4-8: ENERGY BALANCE AND BULK SUPPLY TARIFF APPROVED FOR FY 2015-16.....	96
TABLE 4-9: ALLOWABLE POWER PURCHASE COST FOR FY 2015-16 .....	97
TABLE 4-10: ALLOWABLE INTRA STATE TRANSMISSION CHARGES FOR FY 2015-16 .....	99
TABLE 4-11: ESCALATION INDEX FOR FY 2015-16 .....	100
TABLE 4-12: APPROVED SHARING OF GAINS (PuVVNL) FOR FY 2015-16 (RS. CRORE) .....	102
TABLE 4-13: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR DVVNL FY 2015-16 (RS. CRORE) .....	102
TABLE 4-14: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR MVVNL FY 2015-16 (RS. CRORE) .....	103
TABLE 4-15: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR PVVNL FY 2015-16 (RS. CRORE).....	103
TABLE 4-16: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR PuVVNL FY 2015-16 (RS. CRORE).....	104
TABLE 4-17: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR KESCO FY 2015-16 (RS. CRORE).....	104
TABLE 4-18: SCHEMES AS ALLOWED BY THE COMMISSION FOR FY 2015-16 (RS. CRORE).....	106
TABLE 4-19: SCHEMES AS APPROVED BY THE COMMISSION FOR DVVNL FOR FY 2015-16 (RS. CRORE).....	106
TABLE 4-20: SCHEMES AS APPROVED BY THE COMMISSION FOR MVVNL FOR FY 2015-16 (RS. CRORE).....	106
TABLE 4-21: SCHEMES AS APPROVED BY THE COMMISSION FOR PVVNL FOR FY 2015-16 (RS. CRORE) .....	107
TABLE 4-22: SCHEMES AS APPROVED BY THE COMMISSION FOR PuVVNL FOR FY 2015-16 (RS. CRORE) .....	107
TABLE 4-23: CAPITAL INVESTMENTS IN FY 2015-16 OF DVVNL (RS. CRORE).....	108
TABLE 4-24: CAPITAL INVESTMENTS IN FY 2015-16 OF MVVNL (RS. CRORE).....	109
TABLE 4-25: CAPITAL INVESTMENTS IN FY 2015-16 OF PVVNL (RS. CRORE).....	109
TABLE 4-26: CAPITAL INVESTMENTS IN FY 2015-16 OF PuVVNL (RS. CRORE).....	109
TABLE 4-27: CAPITAL INVESTMENTS IN FY 2015-16 OF KESCO (RS. CRORE).....	110
TABLE 4-28: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 FOR DVVNL (RS. CRORE) .....	110

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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 4-29: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 FOR MVVNL (RS. CRORE).....	111
TABLE 4-30: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 FOR PVVNL (RS. CRORE).....	111
TABLE 4-31: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 FOR PuVVNL (RS. CRORE).....	111
TABLE 4-32: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 FOR KESCO (RS. CRORE).....	112
TABLE 4-33: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR DVVNL FOR FY 2015-16 (RS. CRORE).....	113
TABLE 4-34: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR MVVNL FOR FY 2015-16 (RS. CRORE).....	113
TABLE 4-35: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR PVVNL FOR FY 2015-16 (RS. CRORE).....	113
TABLE 4-36: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR PuVVNL FOR FY 2015-16 (RS. CRORE).....	114
TABLE 4-37: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR KESCO FOR FY 2015-16 (RS. CRORE).....	114
TABLE 4-38: INTEREST ON LONG TERM LOAN FOR DVVNL FOR FY 2015-16 (RS. CRORE) .....	115
TABLE 4-39: INTEREST ON LONG TERM LOAN FOR MVVNL FOR FY 2015-16 (RS. CRORE) .....	116
TABLE 4-40: INTEREST ON LONG TERM LOAN FOR PVVNL FOR FY 2015-16 (RS. CRORE).....	116
TABLE 4-41: INTEREST ON LONG TERM LOAN FOR PuVVNL FOR FY 2015-16 (RS. CRORE).....	117
TABLE 4-42: INTEREST ON LONG TERM LOAN FOR KESCO FOR FY 2015-16 (RS. CRORE).....	117
TABLE 4-43: ALLOWABLE FINANCE CHARGES FOR DVVNL FOR FY 2015-16 (RS. CRORE).....	118
TABLE 4-44: ALLOWABLE FINANCE CHARGES FOR MVVNL FOR FY 2015-16 (RS. CRORE).....	118
TABLE 4-45: ALLOWABLE FINANCE CHARGES FOR PVVNL FOR FY 2015-16 (RS. CRORE).....	118
TABLE 4-46: ALLOWABLE FINANCE CHARGES FOR PuVVNL FOR FY 2015-16 (RS. CRORE) .....	118
TABLE 4-47: ALLOWABLE FINANCE CHARGES FOR KESCO FOR FY 2015-16 (RS. CRORE) .....	119
TABLE 4-48: INTEREST ON WORKING CAPITAL FOR DVVNL FOR FY 2015-16 (RS. CRORE) .....	120
TABLE 4-49: INTEREST ON WORKING CAPITAL FOR MVVNL FOR FY 2015-16 (RS. CRORE) .....	121
TABLE 4-50: INTEREST ON WORKING CAPITAL FOR PVVNL FOR FY 2015-16 (RS. CRORE).....	121
TABLE 4-51: INTEREST ON WORKING CAPITAL FOR PuVVNL FOR FY 2015-16 (RS. CRORE).....	122
TABLE 4-52: INTEREST ON WORKING CAPITAL FOR KESCO FOR FY 2015-16 (RS. CRORE).....	122
TABLE 4-53: ALLOWABLE INTEREST AND FINANCE CHARGES FOR DVVNL FOR FY 2015-16 (RS. CRORE).....	123
TABLE 4-54: ALLOWABLE INTEREST AND FINANCE CHARGES FOR MVVNL FOR FY 2015-16 (RS. CRORE).....	123





*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 4-55: ALLOWABLE INTEREST AND FINANCE CHARGES FOR PUVNL FOR FY 2015-16 (RS. CRORE) .....	124
TABLE 4-56: ALLOWABLE INTEREST AND FINANCE CHARGES FOR PuVVNL FOR FY 2015-16 (RS. CRORE) .....	124
TABLE 4-57: ALLOWABLE INTEREST AND FINANCE CHARGES FOR KESCO FOR FY 2015-16 (RS. CRORE) .....	124
TABLE 4-58: DEPRECIATION EXPENSES FOR DVVNL FOR FY 2015-16 (RS. CRORE) .....	127
TABLE 4-59: DEPRECIATION EXPENSES FOR MVVNL FOR FY 2015-16 (RS. CRORE) .....	127
TABLE 4-60: DEPRECIATION EXPENSES FOR PUVNL FOR FY 2015-16 (RS. CRORE).....	128
TABLE 4-61: DEPRECIATION EXPENSES FOR PuVVNL FOR FY 2015-16 (RS. CRORE).....	128
TABLE 4-62: DEPRECIATION EXPENSES FOR KESCO FOR FY 2015-16 (RS. CRORE).....	128
TABLE 4-63: BAD AND DOUBTFUL DEBTS POLICY STATUS AS SUBMITTED BY LICENSEES.....	130
TABLE 4-64: PROVISION FOR BAD AND DOUBTFUL DEBT FOR DVVNL FOR FY 2015-16 (RS. CRORE).....	132
TABLE 4-65: PROVISION FOR BAD AND DOUBTFUL DEBT FOR MVVNL FOR FY 2015-16 (RS. CRORE).....	132
TABLE 4-66: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PUVNL FOR FY 2015-16 (RS. CRORE) .....	132
TABLE 4-67: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PuVVNL FOR FY 2015-16 (RS. CRORE) .....	133
TABLE 4-68: PROVISION FOR BAD AND DOUBTFUL DEBT FOR KESCO FOR FY 2015-16 (RS. CRORE) .....	133
TABLE 4-69: COMPUTATION OF SUBSIDY REQUIREMENT FOR DVVNL FY 2015-16 (RS. CRORE).....	138
TABLE 4-70: COMPUTATION OF SUBSIDY REQUIREMENT FOR MVVNL FY 2015-16 (RS. CRORE).....	138
TABLE 4-71: COMPUTATION OF SUBSIDY REQUIREMENT FOR PUVNL FY 2015-16 (RS. CRORE) .....	139
TABLE 4-72: COMPUTATION OF SUBSIDY REQUIREMENT FOR PuVVNL FY 2015-16 (RS. CRORE) .....	139
TABLE 4-73: REVENUE FOR DVVNL FOR FY 2015-16 (RS. CRORE).....	141
TABLE 4-74: REVENUE FOR MVVNL FOR FY 2015-16 (RS. CRORE).....	141
TABLE 4-75: REVENUE FOR PUVNL FOR FY 2015-16 (RS. CRORE) .....	141
TABLE 4-76: REVENUE FOR PuVVNL FOR FY 2015-16 (RS. CRORE) .....	142
TABLE 4-77: REVENUE FOR KESCO FOR FY 2015-16 (RS. CRORE) .....	142
TABLE 4-78: ARR, REVENUE AND GAP SUMMARY FOR DVVNL OR FY 2015-16 (RS. CRORE) .....	142
TABLE 4-79: ARR, REVENUE AND GAP SUMMARY FOR MVVNL FOR FY 2015-16 (RS. CRORE).....	143
TABLE 4-80: ARR, REVENUE AND GAP SUMMARY FOR PUVNL FOR FY 2015-16 (RS. CRORE).....	144
TABLE 4-81: ARR, REVENUE AND GAP SUMMARY FOR PuVVNL FOR FY 2015-16 (RS. CRORE).....	145
TABLE 4-82: ARR, REVENUE AND GAP SUMMARY FOR KESCO FOR FY 2015-16 (RS. CRORE).....	146
TABLE 4-83: ARR, REVENUE AND GAP SUMMARY FOR ALL 5 DISCOMS FOR FY 2015-16 (RS. CRORE).....	147
TABLE 5-1: BULK SUPPLY TARIFF AS COMPUTED BY THE STATE DISCOMS FOR FY 2016-17 .....	150
TABLE 5-2: POWER PURCHASE COST AS COMPUTED BY STATE DISCOMS FOR FY 2016-17: .....	151
TABLE 5-3: ACTUAL DISTRIBUTION LOSSES FOR FY 2016-17 AS PER STATE DISCOMS .....	151







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 5-4: EFFICIENCY GAIN & PROFIT CONTRIBUTION TO CONTINGENCY RESERVE FOR FY 2016-17 AS PER STATE DISCOMs .....	151
TABLE 5-5: UPPCL O&M EXPENSES FOR FY 2015-16 AS PER STATE DISCOMs (RS. CRORE) .....	152
TABLE 5-6: ACTUAL DISTRIBUTION LOSSES FOR FY 2016-17 AS PER STATE DISCOMs .....	152
TABLE 5-7: APPROVED EFFICIENCY GAINS FOR FY 2016-17 .....	154
TABLE 5-8: COMPUTATION OF INTER-STATE TRANSMISSION LOSS AS SUBMITTED UPPTCL FOR FY 2016-17	156
TABLE 5-9: ENERGY BALANCE AND BULK SUPPLY TARIFF APPROVED FOR FY 2016-17 .....	157
TABLE 5-10: ALLOWABLE POWER PURCHASE COST FOR FY 2016-17 .....	158
TABLE 5-11: ALLOWABLE INTRA STATE TRANSMISSION CHARGES FOR FY 2016-17 .....	159
TABLE 5-12: ESCALATION INDEX FOR FY 2016-17 .....	161
TABLE 5-13: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR DVVNL FY 2016-17 (RS. CRORE) .....	162
TABLE 5-14: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR MVVNL FY 2016-17 (RS. CRORE) .....	162
TABLE 5-15: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR PVVNL FY 2016-17 (RS. CRORE) .....	163
TABLE 5-16: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR PuVNL FY 2016-17 (RS. CRORE) .....	163
TABLE 5-17: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR KESCO FY 2016-17 (RS. CRORE) .....	164
TABLE 5-18: SCHEMES AS ALLOWED BY THE COMMISSION FOR FY 2016-17 (RS. CRORE) .....	166
TABLE 5-19: SCHEMES AS APPROVED BY THE COMMISSION FOR DVVNL FOR FY 2016-17 (RS. CRORE) .....	166
TABLE 5-20: SCHEMES AS APPROVED BY THE COMMISSION FOR MVVNL FOR FY 2016-17 (RS. CRORE) .....	166
TABLE 5-21: SCHEMES AS APPROVED BY THE COMMISSION FOR PVVNL FOR FY 2016-17 (RS. CRORE) .....	167
TABLE 5-22: SCHEMES AS APPROVED BY THE COMMISSION FOR PuVNL FOR FY 2016-17 (RS. CRORE) .....	167
TABLE 5-23: CAPITAL INVESTMENTS IN FY 2016-17 OF DVVNL (RS. CRORE) .....	168
TABLE 5-24: CAPITAL INVESTMENTS IN FY 2016-17 OF MVVNL (RS. CRORE) .....	168
TABLE 5-25: CAPITAL INVESTMENTS IN FY 2016-17 OF PVVNL (RS. CRORE) .....	169
TABLE 5-26: CAPITAL INVESTMENTS IN FY 2016-17 OF PuVNL (RS. CRORE) .....	169
TABLE 5-27: CAPITAL INVESTMENTS IN FY 2016-17 OF KESCO (RS. CRORE) .....	169
TABLE 5-28: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 FOR DVVNL (RS. CRORE) .....	170
TABLE 5-29: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 FOR MVVNL (RS. CRORE) .....	170
TABLE 5-30: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 FOR PVVNL (RS. CRORE) .....	171
TABLE 5-31: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 FOR PuVNL (RS. CRORE) .....	171

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*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 5-32: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 FOR KESCO (RS. CRORE) ..... 171

TABLE 5-33: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR DVVNL FOR FY 2016-17 (RS. CRORE)..... 172

TABLE 5-34: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR MVVNL FOR FY 2016-17 (RS. CRORE)..... 172

TABLE 5-35: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR PVVNL FOR FY 2016-17 (RS. CRORE)..... 173

TABLE 5-36: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR PuVNL FOR FY 2016-17 (RS. CRORE)..... 173

TABLE 5-37: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR KESCO FOR FY 2016-17 (RS. CRORE)..... 173

TABLE 5-38: INTEREST ON LONG TERM LOAN FOR DVVNL FOR FY 2016-17 (RS. CRORE) ..... 175

TABLE 5-39: INTEREST ON LONG TERM LOAN FOR MVVNL FOR FY 2016-17 (RS. CRORE) ..... 175

TABLE 5-40: INTEREST ON LONG TERM LOAN FOR PVVNL FOR FY 2016-17 (RS. CRORE)..... 176

TABLE 5-41: INTEREST ON LONG TERM LOAN FOR PuVNL FOR FY 2016-17 (RS. CRORE)..... 176

TABLE 5-42: INTEREST ON LONG TERM LOAN FOR KESCO FOR FY 2016-17 (RS. CRORE)..... 176

TABLE 5-43: ALLOWABLE FINANCE CHARGES FOR DVVNL FOR FY 2016-17 (RS. CRORE)..... 178

TABLE 5-44: ALLOWABLE FINANCE CHARGES FOR MVVNL FOR FY 2016-17 (RS. CRORE)..... 178

TABLE 5-45: ALLOWABLE FINANCE CHARGES FOR PVVNL FOR FY 2016-17 (RS. CRORE) ..... 179

TABLE 5-46: ALLOWABLE FINANCE CHARGES FOR PuVNL FOR FY 2016-17 (RS. CRORE) ..... 179

TABLE 5-47: ALLOWABLE FINANCE CHARGES FOR KESCO FOR FY 2016-17 (RS. CRORE) ..... 179

TABLE 5-48: INTEREST ON WORKING CAPITAL FOR DVVNL FOR FY 2016-17 (RS. CRORE) ..... 181

TABLE 5-49: INTEREST ON WORKING CAPITAL FOR MVVNL FOR FY 2016-17 (RS. CRORE) ..... 181

TABLE 5-50: INTEREST ON WORKING CAPITAL FOR PVVNL FOR FY 2016-17 (RS. CRORE)..... 182

TABLE 5-51: INTEREST ON WORKING CAPITAL FOR PuVNL FOR FY 2016-17 (RS. CRORE)..... 182

TABLE 5-52: INTEREST ON WORKING CAPITAL FOR KESCO FOR FY 2016-17 (RS. CRORE)..... 183

TABLE 5-53: ALLOWABLE INTEREST AND FINANCE CHARGES FOR DVVNL FOR FY 2016-17 (RS. CRORE)..... 183

TABLE 5-54: ALLOWABLE INTEREST AND FINANCE CHARGES FOR MVVNL FOR FY 2016-17 (RS. CRORE)..... 184

TABLE 5-55: ALLOWABLE INTEREST AND FINANCE CHARGES FOR PVVNL FOR FY 2016-17 (RS. CRORE) ..... 184

TABLE 5-56: ALLOWABLE INTEREST AND FINANCE CHARGES FOR PuVNL FOR FY 2016-17 (RS. CRORE) ..... 184

TABLE 5-57: ALLOWABLE INTEREST AND FINANCE CHARGES FOR KESCO FOR FY 2016-17 (RS. CRORE) ..... 185

TABLE 5-58: DEPRECIATION EXPENSES FOR DVVNL FOR FY 2016-17 (RS. CRORE) ..... 187

TABLE 5-59: DEPRECIATION EXPENSES FOR MVVNL FOR FY 2016-17 (RS. CRORE) ..... 188

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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 5-60: DEPRECIATION EXPENSES FOR PVVNL FOR FY 2016-17 (RS. CRORE).....	188
TABLE 5-61: DEPRECIATION EXPENSES FOR PuVVNL FOR FY 2016-17 (RS. CRORE).....	188
TABLE 5-62: DEPRECIATION EXPENSES FOR KESCO FOR FY 2016-17 (RS. CRORE).....	189
TABLE 5-63: PROVISION FOR BAD AND DOUBTFUL DEBT FOR DVVNL FOR FY 2016-17 (RS. CRORE).....	191
TABLE 5-64: PROVISION FOR BAD AND DOUBTFUL DEBT FOR MVVNL FOR FY 2016-17 (RS. CRORE).....	191
TABLE 5-65: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PVVNL FOR FY 2016-17 (RS. CRORE) .....	192
TABLE 5-66: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PuVVNL FOR FY 2016-17 (RS. CRORE) .....	192
TABLE 5-67: PROVISION FOR BAD AND DOUBTFUL DEBT FOR KESCO FOR FY 2016-17 (RS. CRORE) .....	192
TABLE 5-68: COMPUTATION OF SUBSIDY REQUIREMENT FOR DVVNL FY 2016-17 (RS. CRORE).....	197
TABLE 5-69: COMPUTATION OF SUBSIDY REQUIREMENT FOR MVVNL FY 2016-17 (RS. CRORE).....	198
TABLE 5-70: COMPUTATION OF SUBSIDY REQUIREMENT FOR PVVNL FY 2016-17 (RS. CRORE) .....	198
TABLE 5-71: COMPUTATION OF SUBSIDY REQUIREMENT FOR PuVVNL FY 2016-17 (RS. CRORE) .....	198
TABLE 5-72: REVENUE FOR DVVNL FOR FY 2016-17 (RS. CRORE).....	199
TABLE 5-73: REVENUE FOR MVVNL FOR FY 2016-17 (RS. CRORE).....	200
TABLE 5-74: REVENUE FOR PVVNL FOR FY 2016-17 (RS. CRORE).....	200
TABLE 5-75: REVENUE FOR PuVVNL FOR FY 2016-17 (RS. CRORE) .....	200
TABLE 5-76: REVENUE FOR KESCO FOR FY 2016-17 (RS. CRORE) .....	200
TABLE 5-77: ARR, REVENUE AND GAP SUMMARY FOR DVVNL OR FY 2016-17 (RS. CRORE) .....	201
TABLE 5-78: ARR, REVENUE AND GAP SUMMARY FOR MVVNL FOR FY 2016-17 (RS. CRORE).....	202
TABLE 5-79: ARR, REVENUE AND GAP SUMMARY FOR PVVNL FOR FY 2016-17 (RS. CRORE).....	203
TABLE 5-80: ARR, REVENUE AND GAP SUMMARY FOR PuVVNL FOR FY 2016-17 (RS. CRORE).....	204
TABLE 5-81: ARR, REVENUE AND GAP SUMMARY FOR KESCO FOR FY 2016-17 (RS. CRORE).....	205
TABLE 5-82: ARR, REVENUE AND GAP SUMMARY FOR ALL 5 DISCOMS FOR FY 2016-17 (RS. CRORE).....	206
TABLE 6-1 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF DVVNL FOR FY 2017-18	210
TABLE 6-2 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF MVVNL FOR FY 2017-18	210
TABLE 6-3 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF PVVNL FOR FY 2017-18	211
TABLE 6-4 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF PuVVNL FOR FY 2017-18	212
TABLE 6-5 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF KESCO FOR FY 2017-18	212
TABLE 6-6 CONSOLIDATED CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) FOR FY 2017-18.....	213
TABLE 6-7 CATEGORY WISE SALES OF DVVNL FOR FY 2017-18 (MU) .....	214





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 6-8 CATEGORY WISE SALES OF MVVNL FOR FY 2017-18 (MU) .....	214
TABLE 6-9 CATEGORY WISE SALES OF PVVNL FOR FY 2017-18 (MU).....	215
TABLE 6-10 CATEGORY WISE SALES OF PuVVNL FOR FY 2017-18 (MU).....	216
TABLE 6-11 CATEGORY WISE SALES OF KESCO FOR FY 2017-18 (MU).....	216
TABLE 6-12 CONSOLIDATED CATEGORY WISE SALES FOR FY 2017-18 (MU).....	217
TABLE 6-13 DISTRIBUTION LOSS FOR FY 2017-18 .....	219
TABLE 6-14 POWER PURCHASE COST FOR FY 2017-18.....	222
TABLE 6-15 PGCIL CHARGES FOR FY 2017-18 .....	225
TABLE 6-16 ENERGY BALANCE FOR FY 2017-18 APPROVED BY THE COMMISSION (MYT ORDER DATED 30.11.2017).....	226
TABLE 6-17 ENERGY BALANCE FOR FY 2017-18 AS SUBMITTED BY THE STATE DISCOMS.....	227
TABLE 6-18 BULK SUPPLY RATE FOR FY 2017-18.....	227
TABLE 6-19 POWER PROCUREMENT COST FOR DVVNL FOR FY 2017-18.....	228
TABLE 6-20 POWER PROCUREMENT COST FOR MVVNL FOR FY 2017-18 .....	228
TABLE 6-21 POWER PROCUREMENT COST FOR PVVNL FOR FY 2017-18 .....	229
TABLE 6-22 POWER PROCUREMENT COST FOR PuVVNL FOR FY 2017-18 .....	229
TABLE 6-23 POWER PROCUREMENT COST FOR KESCO FOR FY 2017-18 .....	229
TABLE 6-24 APPROVED TRANSMISSION CHARGES FOR FY 2017-18 (IN TO DATED 30.11.2017).....	229
TABLE 6-25 TRANSMISSION CHARGES FOR FY 2017-18 AS SUBMITTED BY THE STATE DISCOMS .....	230
TABLE 6-26 EMPLOYEE EXPENSES FOR DVVNL IN FY 2017-18 (RS. CRORE) .....	231
TABLE 6-27: EMPLOYEE EXPENSES FOR MVVNL IN FY 2017-18 (RS. CRORE).....	231
TABLE 6-28: EMPLOYEE EXPENSES FOR PVVNL IN FY 2017-18 (RS. CRORE) .....	231
TABLE 6-29: EMPLOYEE EXPENSES FOR PuVVNL IN FY 2017-18 (RS. CRORE) .....	231
TABLE 6-30: EMPLOYEE EXPENSES FOR KESCO IN FY 2017-18 (RS. CRORE) .....	232
TABLE 6-31: CONSOLIDATED EMPLOYEE EXPENSES IN FY 2017-18 (RS. CRORE) .....	232
TABLE 6-32: A&G EXPENSES FOR DVVNL IN FY 2017-18 (RS. CRORE) .....	233
TABLE 6-33: A&G EXPENSES FOR MVVNL IN FY 2017-18 (RS. CRORE) .....	233
TABLE 6-34: A&G EXPENSES FOR PVVNL IN FY 2017-18 (RS. CRORE).....	234
TABLE 6-35: A&G EXPENSES FOR PuVVNL IN FY 2017-18 (RS. CRORE).....	234
TABLE 6-36: A&G EXPENSES FOR KESCO IN FY 2017-18 (RS. CRORE) .....	234
TABLE 6-37: CONSOLIDATED A&G EXPENSES IN FY 2017-18 (RS. CRORE).....	235
TABLE 6-38: R&M EXPENSES FOR DVVNL IN FY 2017-18 (RS. CRORE).....	235

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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 6-39: R&M EXPENSES FOR MVVNL IN FY 2017-18 (RS. CRORE).....	236
TABLE 6-40: R&M EXPENSES FOR PVVNL IN FY 2017-18 (RS. CRORE) .....	236
TABLE 6-41: R&M EXPENSES FOR PuVNL IN FY 2017-18 (RS. CRORE) .....	236
TABLE 6-42: R&M EXPENSES FOR KESCO IN FY 2017-18 (RS. CRORE) .....	236
TABLE 6-43: CONSOLIDATED R&M EXPENSES IN FY 2017-18 (RS. CRORE) .....	237
TABLE 6-44: O&M EXPENSES FOR DVVNL IN FY 2017-18 (RS. CRORE) .....	237
TABLE 6-45: O&M EXPENSES FOR MVVNL IN FY 2017-18 (RS. CRORE) .....	238
TABLE 6-46: O&M EXPENSES FOR PVVNL IN FY 2017-18 (RS. CRORE).....	238
TABLE 6-47: O&M EXPENSES FOR PuVNL IN FY 2017-18 (RS. CRORE).....	238
TABLE 6-48: O&M EXPENSES FOR KESCO IN FY 2017-18 (RS. CRORE).....	239
TABLE 6-49: CAPITALISATION AND WIP FOR DVVNL IN FY 2017-18 (RS. CRORE).....	241
TABLE 6-50: CAPITAL INVESTMENT FOR MVVNL IN FY 2017-18 (RS. CRORE) .....	241
TABLE 6-51: CAPITAL INVESTMENT FOR PVVNL IN FY 2017-18 (RS. CRORE) .....	241
TABLE 6-52: CAPITAL INVESTMENT FOR PuVNL IN FY 2017-18 (RS. CRORE) .....	242
TABLE 6-53: CAPITAL INVESTMENT FOR KESCO IN FY 2017-18 (RS. CRORE) .....	242
TABLE 6-54: FINANCING OF CAPITAL INVESTMENT FOR DVVNL FOR FY 2017-18 (RS. CRORE).....	243
TABLE 6-55: FINANCING OF CAPITAL INVESTMENT FOR MVVNL FOR FY 2017-18 (RS. CRORE).....	243
TABLE 6-56: FINANCING OF CAPITAL INVESTMENT FOR PVVNL FOR FY 2017-18 (RS. CRORE) .....	243
TABLE 6-57: FINANCING OF CAPITAL INVESTMENT FOR PuVNL FOR FY 2017-18 (RS. CRORE) .....	244
TABLE 6-58: FINANCING OF CAPITAL INVESTMENT FOR KESCO FOR FY 2017-18 (RS. CRORE) .....	244
TABLE 6-59: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY DVVNL (RS. CRORE).....	245
TABLE 6-60: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY MVVNL (RS. CRORE).....	245
TABLE 6-61: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY PVVNL (RS. CRORE).....	246
TABLE 6-62: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY PuVNL (RS. CRORE).....	246
TABLE 6-63: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY KESCO (RS. CRORE).....	247
TABLE 6-64: GROSS ALLOWABLE DEPRECIATION FOR DVVNL FOR FY 2017-18 (RS. CRORE) .....	248
TABLE 6-65: GROSS ALLOWABLE DEPRECIATION FOR MVVNL FOR FY 2017-18 (RS. CRORE) .....	248
TABLE 6-66: GROSS ALLOWABLE DEPRECIATION FOR PVVNL FOR FY 2017-18 (RS. CRORE) .....	249
TABLE 6-67: GROSS ALLOWABLE DEPRECIATION FOR PuVNL FOR FY 2017-18 (RS. CRORE) .....	249

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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 6-68: GROSS ALLOWABLE DEPRECIATION FOR KESCO FOR FY 2017-18 (RS. CRORE).....	249
TABLE 6-69: INTEREST ON LONG TERM LOANS FOR DVVNL FOR FY 2017-18 (RS. CRORE).....	250
TABLE 6-70: INTEREST ON LONG TERM LOANS FOR MVVNL FOR FY 2017-18 (RS. CRORE).....	250
TABLE 6-71: INTEREST ON LONG TERM LOANS FOR PVVNL FOR FY 2017-18 (RS. CRORE).....	251
TABLE 6-72: INTEREST ON LONG TERM LOANS FOR PuVNL FOR FY 2017-18 (RS. CRORE).....	251
TABLE 6-73: INTEREST ON LONG TERM LOANS FOR KESCO FOR FY 2017-18 (RS. CRORE).....	251
TABLE 6-74: INTEREST ON WORKING CAPITAL FOR DVVNL FOR FY 2017-18 (RS. CRORE).....	252
TABLE 6-75: INTEREST ON WORKING CAPITAL FOR MVVNL FOR FY 2017-18 (RS. CRORE).....	253
TABLE 6-76: INTEREST ON WORKING CAPITAL FOR PVVNL FOR FY 2017-18 (RS. CRORE).....	253
TABLE 6-77: INTEREST ON WORKING CAPITAL FOR PuVNL FOR FY 2017-18 (RS. CRORE).....	253
TABLE 6-78: INTEREST ON WORKING CAPITAL FOR KESCO FOR FY 2017-18 (RS. CRORE).....	254
TABLE 6-79: INTEREST ON SECURITY DEPOSITS FOR DVVNL FOR FY 2017-18 (RS. CRORE).....	255
TABLE 6-80: INTEREST ON SECURITY DEPOSITS FOR MVVNL FOR FY 2017-18 (RS. CRORE).....	255
TABLE 6-81: INTEREST ON SECURITY DEPOSITS FOR PVVNL FOR FY 2017-18 (RS. CRORE).....	255
TABLE 6-82: INTEREST ON SECURITY DEPOSITS FOR PuVNL FOR FY 2017-18 (RS. CRORE).....	256
TABLE 6-83: INTEREST ON SECURITY DEPOSITS FOR KESCO FOR FY 2017-18 (RS. CRORE).....	256
TABLE 6-84: INTEREST CHARGES FOR DVVNL FOR FY 2017-18 (RS. CRORE).....	257
TABLE 6-85: INTEREST CHARGES FOR MVVNL FOR FY 2017-18 (RS. CRORE).....	257
TABLE 6-86: INTEREST CHARGES FOR PVVNL FOR FY 2017-18 (RS. CRORE).....	257
TABLE 6-87: INTEREST CHARGES FOR PuVNL FOR FY 2017-18 (RS. CRORE).....	258
TABLE 6-88: INTEREST CHARGES FOR KESCO FOR FY 2017-18 (RS. CRORE).....	258
TABLE 6-89: PROVISION FOR DOUBTFUL DEBTS FOR FY 2017-18 (IN Rs Cr).....	260
TABLE 6-90: RETURN OF EQUITY FOR DVVNL FOR FY 2017-18 (RS. CRORE).....	261
TABLE 6-91: RETURN OF EQUITY FOR MVVNL FOR FY 2017-18 (RS. CRORE).....	261
TABLE 6-92: RETURN OF EQUITY FOR PVVNL FOR FY 2017-18 (RS. CRORE).....	262
TABLE 6-93: RETURN OF EQUITY FOR PuVNL FOR FY 2017-18 (RS. CRORE).....	262
TABLE 6-94: RETURN OF EQUITY FOR KESCO FOR FY 2017-18 (RS. CRORE).....	262
TABLE 6-95: NON-TARIFF INCOME FOR FY 2017-18 (RS. CRORE).....	263
TABLE 6-96: DETAILS OF GoUP SUBSIDY FOR FY 2017-18 (RS. CRORE).....	264
TABLE 6-97: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR DVVNL (RS. CRORE).....	264
TABLE 6-98: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR MVVNL (RS. CRORE).....	265





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 6-99: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR PUVNL (RS. CRORE) .....	266
TABLE 6-100: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR PuVVNL (RS. CRORE) .....	266
TABLE 6-101: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR KESCO (RS. CRORE) .....	267
TABLE 6-102: CONSOLIDATED REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 (RS. CRORE).....	268
TABLE 6-103: ARR SUMMARY FOR FY 2017-18 FOR DVVNL (RS. CRORE) .....	268
TABLE 6-104: ARR SUMMARY FOR FY 2017-18 FOR MVVNL (RS. CRORE) .....	269
TABLE 6-105: ARR SUMMARY FOR FY 2017-18 FOR PUVNL (RS. CRORE) .....	270
TABLE 6-106: ARR SUMMARY FOR FY 2017-18 FOR PuVVNL (RS. CRORE).....	271
TABLE 6-107: ARR SUMMARY FOR FY 2017-18 FOR KESCO (RS. CRORE).....	272
TABLE 6-108: ARR SUMMARY FOR FY 2017-18 FOR CONSOLIDATED (5 DISCOMs) (RS. CRORE).....	273
TABLE 7-1: DVVNL CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-19 .....	276
TABLE 7-2: MVVNL CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-19 .....	277
TABLE 7-3: PUVNL CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-19 .....	278
TABLE 7-4: PuVVNL CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-19 .....	278
TABLE 7-5: KESCO CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-19.....	279
TABLE 7-6: DISCOM WISE METERING PLAN .....	281
TABLE 7-7: DVVNL CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19 .....	282
TABLE 7-8: MVVNL CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19.....	283
TABLE 7-9: PUVNL CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19 .....	283
TABLE 7-10: PuVVNL CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19 ....	284
TABLE 7-11: KESCO CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19 .....	285
TABLE 7-12: CONSOLIDATED CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19.....	285
TABLE 7-13: DISTRIBUTION LOSSES (%) FOR FY 2018-19 .....	286
TABLE 7-14: ENERGY BALANCE FOR FY 2018-19 AS CLAIMED BY DISTRIBUTION LICENSEE.....	287
TABLE 7-15: APPROVED ENERGY BALANCE FOR FY 2018-19.....	287
TABLE 7-16: ASSUMPTIONS FOR POWER PURCHASE FROM UPRVNL AS CONSIDERED BY THE DISTRIBUTION LICENSEES .....	294
TABLE 7-17: ASSUMPTIONS FOR POWER PURCHASE FROM UPJVN AS CONSIDERED BY THE DISTRIBUTION LICENSEES .....	294

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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 7-18: DETAILS OF POWER PURCHASE COST FROM UPRVUNL STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES.....	294
TABLE 7-19: DETAILS OF POWER PURCHASE COST FROM UPJVNL STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES.....	295
TABLE 7-20: ASSUMPTIONS FOR POWER PURCHASE FROM UPRVUNL AS CONSIDERED BY THE COMMISSION .....	295
TABLE 7-21: ASSUMPTIONS FOR POWER PURCHASE FROM UPJVNL AS CONSIDERED BY THE COMMISSION .....	296
TABLE 7-22: APPROVED COST OF POWER PURCHASE FROM UPRVUNL STATIONS FOR FY 2018-19.....	300
TABLE 7-23: APPROVED COST OF POWER PURCHASE FROM UPJVNL STATIONS FOR FY 2018-19.....	301
TABLE 7-24: ASSUMPTIONS FOR POWER PURCHASE FROM NTPC STATIONS AS CONSIDERED BY THE DISTRIBUTION LICENSEES FOR FY 2018-19 .....	302
TABLE 7-25: ASSUMPTIONS FOR POWER PURCHASE FROM NHPC STATIONS AS CONSIDERED BY THE DISTRIBUTION LICENSEES.....	302
TABLE 7-26: ASSUMPTIONS FOR POWER PURCHASE FROM NPCIL STATIONS AS CONSIDERED BY THE DISTRIBUTION LICENSEES.....	302
TABLE 7-27: DETAILS OF POWER PURCHASE COST FROM NTPC STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES.....	303
TABLE 7-28: DETAILS OF POWER PURCHASE COST FROM NHPC STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES.....	304
TABLE 7-29: DETAILS OF POWER PURCHASE COST FROM NPCIL STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES.....	304
TABLE 7-30: ASSUMPTIONS OF POWER PURCHASE FROM NTPC AS CONSIDERED BY THE COMMISSION ...	305
TABLE 7-31: ASSUMPTIONS OF POWER PURCHASE NHPC STATIONS AS APPROVED BY THE COMMISSION	305
TABLE 7-32: ASSUMPTIONS FOR POWER PURCHASE FROM NPCIL STATIONS AS APPROVED BY THE COMMISSION .....	306
TABLE 7-33: DETAILS OF POWER PURCHASE COST FROM NTPC STATIONS FOR FY 2018-19 AS APPROVED BY THE COMMISSION .....	306
TABLE 7-34: DETAILS OF POWER PURCHASE COST FROM NHPC STATIONS FOR FY 2018-19 AS APPROVED BY THE COMMISSION .....	307
TABLE 7-35: DETAILS OF POWER PURCHASE COST FROM NPCIL STATIONS FOR FY 2018-19 AS APPROVED BY THE COMMISSION .....	307
TABLE 7-36: ASSUMPTIONS FOR POWER PURCHASE FROM IPPS / JVs AS CONSIDERED BY THE DISTRIBUTION LICENSEES .....	308
TABLE 7-37: DETAILS OF POWER PURCHASE COST FROM IPPS / JVs STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES.....	308

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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 7-38: ASSUMPTIONS FOR POWER PURCHASE FROM IPPs / JVs AS CONSIDERED BY THE COMMISSION .....	309
TABLE 7-39: APPROVED COST OF POWER PURCHASE FROM IPPs / JVs FOR FY 2018-19 .....	310
TABLE 7-40: POWER PURCHASE COST: STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19 .....	311
TABLE 7-41: APPROVED POWER PURCHASE COST: STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19 .....	312
TABLE 7-42: DETAILS OF POWER PURCHASE COST FROM IEX & PXIL / UI / BILATERAL AS SUBMITTED BY DISTRIBUTION LICENSEES.....	313
TABLE 7-43: APPROVED COST OF POWER PURCHASE FROM IEX & PXIL / UI / BILATERAL.....	313
TABLE 7-44: LIST OF NEW GENERATING STATIONS AS SUBMITTED BY LICENSEES.....	314
TABLE 7-45: SUMMARY OF POWER PURCHASE COST FOR FY 2018-19 AS SUBMITTED BY THE DISTRIBUTION LICENSEES FOR FY 2018-19.....	329
TABLE 7-46: SUMMARY OF APPROVED POWER PURCHASE COST FOR FY 2018-19 .....	332
TABLE 7-47: APPROVED MERIT ORDER DISPATCH FOR FY 2018-19.....	335
TABLE 7-48: APPROVED CONSOLIDATED BULK SUPPLY TARIFF .....	339
TABLE 7-49: POWER PROCUREMENT COST FOR DVVNL FOR FY 2018-19.....	339
TABLE 7-50: POWER PROCUREMENT COST FOR MVVNL FOR FY 2018-19.....	339
TABLE 7-51: POWER PROCUREMENT COST FOR PVVNL FOR FY 2018-19 .....	340
TABLE 7-52: POWER PROCUREMENT COST FOR PuVvNL FOR FY 2018-19 .....	340
TABLE 7-53: POWER PROCUREMENT COST FOR KESCO FOR FY 2018-19 .....	340
TABLE 7-54: INTRA STATE TRANSMISSION CHARGES FOR DVVNL FOR FY 2018-19.....	341
TABLE 7-55: INTRA STATE TRANSMISSION CHARGES FOR MVVNL FOR FY 2018-19.....	341
TABLE 7-56: INTRA STATE TRANSMISSION CHARGES FOR PVVNL FOR FY 2018-19 .....	341
TABLE 7-57: INTRA STATE TRANSMISSION CHARGES FOR PuVvNL FOR FY 2018-19 .....	341
TABLE 7-58: INTRA STATE TRANSMISSION CHARGES FOR KESCO FOR FY 2018-19 .....	342
TABLE 7-59: EMPLOYEE EXPENSES AS APPROVED BY THE COMMISSION FOR FY 2018-19.....	345
TABLE 7-60: R&M EXPENSES AS APPROVED BY THE COMMISSION FOR FY 2018-19 .....	347
TABLE 7-61: A&G EXPENSES AS APPROVED BY THE COMMISSION FOR FY 2018-19 .....	348
TABLE 7-62: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR FY 2018-19 (RS. CRORE) .....	350
TABLE 7-63: CAPITALISATION & WIP FOR DVVNL UP TO FY 2018-19 (RS. CRORE).....	354
TABLE 7-64: CAPITALISATION & WIP FOR MVVNL UP TO FY 2018-19 (RS. CRORE).....	355
TABLE 7-65: CAPITALISATION & WIP FOR PVVNL UP TO FY 2018-19 (RS. CRORE) .....	355
TABLE 7-66: CAPITALISATION & WIP FOR PuVvNL UP TO FY 2018-19 (RS. CRORE) .....	355





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 7-67: CAPITALISATION & WIP FOR KESCO UP TO FY 2018-19 (RS. CRORE).....	356
TABLE 7-68: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES FROM GoUP CONSIDERED FOR DVVNL FROM FY 2018-19 (RS. CRORE).....	357
TABLE 7-69: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES FROM GoUP CONSIDERED FOR MVVNL FROM FY 2018-19 (RS. CRORE).....	357
TABLE 7-70: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES FROM GoUP CONSIDERED FOR PVVNL FROM FY 2018-19 (RS. CRORE).....	357
TABLE 7-71: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES FROM GoUP CONSIDERED FOR PUVVNL FROM FY 2018-19 (RS. CRORE).....	358
TABLE 7-72: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES FROM GoUP CONSIDERED FOR KESCO FROM FY 2018-19 (RS. CRORE).....	358
TABLE 7-73: FINANCING OF THE CAPITAL INVESTMENTS FOR DVVNL FOR FY 2018-19 (RS. CRORE).....	358
TABLE 7-74: FINANCING OF THE CAPITAL INVESTMENTS FOR MVVNL FOR FY 2018-19 (RS. CRORE).....	358
TABLE 7-75: FINANCING OF THE CAPITAL INVESTMENTS FOR PVVNL FOR FY 2018-19 (RS. CRORE).....	359
TABLE 7-76: FINANCING OF THE CAPITAL INVESTMENTS FOR PUVVNL FOR FY 2018-19 (RS. CRORE).....	359
TABLE 7-77: FINANCING OF THE CAPITAL INVESTMENTS FOR KESCO FOR FY 2018-19 (RS. CRORE).....	359
TABLE 7-78: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 AS SUBMITTED BY DVVNL (RS. CRORE).....	361
TABLE 7-79: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 AS SUBMITTED BY MVVNL (RS. CRORE).....	362
TABLE 7-80: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 SUBMITTED BY PVVNL (RS. CRORE).....	362
TABLE 7-81: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 SUBMITTED BY PUVVNL (RS. CRORE).....	363
TABLE 7-82: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 SUBMITTED BY KESCO (RS. CRORE).....	363
TABLE 7-83: GROSS ALLOWABLE DEPRECIATION FOR DVVNL FOR FY 2018-19 (RS. CRORE).....	364
TABLE 7-84: GROSS ALLOWABLE DEPRECIATION FOR MVVNL FOR FY 2018-19.....	364
TABLE 7-85: GROSS ALLOWABLE DEPRECIATION FOR PVVNL FOR FY 2018-19.....	365
TABLE 7-86: GROSS ALLOWABLE DEPRECIATION FOR PUVVNL FOR FY 2018-19.....	365
TABLE 7-87: GROSS ALLOWABLE DEPRECIATION FOR KESCO FOR FY 2018-19.....	365
TABLE 7-88: INTEREST ON LONG TERM LOANS FOR DVVNL FOR FY 2018-19 (RS. CRORE).....	366
TABLE 7-89: INTEREST ON LONG TERM LOANS FOR MVVNL FOR FY 2018-19 (RS. CRORE).....	367
TABLE 7-90: INTEREST ON LONG TERM LOANS FOR PVVNL FOR FY 2018-19 (RS. CRORE).....	367
TABLE 7-91: INTEREST ON LONG TERM LOANS FOR PUVVNL FOR FY 2018-19 (RS. CRORE).....	368

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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 7-92: INTEREST ON LONG TERM LOANS FOR KESCO FOR FY 2018-19 (RS. CRORE) .....	368
TABLE 7-93: INTEREST COST ON WORKING CAPITAL LOANS FOR DVVNL FOR FY 2018-19 (RS. CRORE) .....	369
TABLE 7-94: INTEREST COST ON WORKING CAPITAL LOANS FOR MVVNL FOR FY 2018-19 (RS. CRORE) .....	369
TABLE 7-95: INTEREST COST ON WORKING CAPITAL LOANS FOR PVVNL FOR FY 2018-19 (RS. CRORE).....	370
TABLE 7-96: INTEREST COST ON WORKING CAPITAL LOANS FOR PuVvNL FOR FY 2018-19 (RS. CRORE).....	370
TABLE 7-97: INTEREST COST ON WORKING CAPITAL LOANS FOR KESCO FOR FY 2018-19 (RS. CRORE).....	371
TABLE 7-98: INTEREST ON SECURITY DEPOSITS FOR DVVNL FOR FY 2018-19 (RS. CRORE).....	372
TABLE 7-99: INTEREST ON SECURITY DEPOSITS FOR MVVNL FOR FY 2018-19 (RS. CRORE).....	372
TABLE 7-100: INTEREST ON SECURITY DEPOSITS FOR PVVNL FOR FY 2018-19 (RS. CRORE) .....	372
TABLE 7-101: INTEREST ON SECURITY DEPOSITS FOR PuVvNL FOR FY 2018-19 (RS. CRORE).....	373
TABLE 7-102: INTEREST ON SECURITY DEPOSITS FOR KESCO FOR FY 2018-19 (RS. CRORE).....	373
TABLE 7-103: INTEREST CHARGES FOR DVVNL FOR FY 2018-19 (RS. CRORE).....	373
TABLE 7-104: INTEREST CHARGES FOR MVVNL FOR FY 2018-19 (RS. CRORE).....	374
TABLE 7-105: INTEREST CHARGES FOR PVVNL FOR FY 2018-19 (RS. CRORE) .....	375
TABLE 7-106: INTEREST CHARGES FOR PuVvNL FOR FY 2018-19 (RS. CRORE) .....	375
TABLE 7-107: INTEREST CHARGES FOR KESCO FOR FY 2018-19 (RS. CRORE).....	375
TABLE 7-108: PROVISION FOR BAD AND DOUBTFUL DEBT FOR DVVNL FOR FY 2018-19 (RS. CRORE).....	377
TABLE 7-109: PROVISION FOR BAD AND DOUBTFUL DEBT FOR MVVNL FOR FY 2018-19 (RS. CRORE).....	378
TABLE 7-110: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PVVNL FOR FY 2018-19 (RS. CRORE) .....	378
TABLE 7-111: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PuVvNL FOR FY 2018-19 (RS. CRORE) .....	378
TABLE 7-112: PROVISION FOR BAD AND DOUBTFUL DEBT FOR KESCO FOR FY 2018-19 (RS. CRORE) .....	378
TABLE 7-113: NON-TARIFF INCOME FOR DVVNL FOR FY 2018-19 (RS. CRORE).....	379
TABLE 7-114: NON-TARIFF INCOME FOR MVVNL FOR FY 2018-19 (RS. CRORE).....	379
TABLE 7-115: NON-TARIFF INCOME FOR PVVNL FOR FY 2018-19 (RS. CRORE).....	379
TABLE 7-116: NON-TARIFF INCOME FOR PuVvNL FOR FY 2018-19 (RS. CRORE).....	380
TABLE 7-117: NON-TARIFF INCOME FOR KESCO FOR FY 2018-19 (RS. CRORE) .....	380
TABLE 7-118: OPENING EQUITY BASE FOR DVVNL AS APPROVED FOR FY 2018-19 (RS. CRORE) .....	382
TABLE 7-119: OPENING EQUITY BASE FOR MVVNL AS APPROVED FOR FY 2018-19 (RS. CRORE) .....	383
TABLE 7-120: OPENING EQUITY BASE FOR PVVNL AS APPROVED FOR FY 2018-19 (RS. CRORE).....	383
TABLE 7-121: OPENING EQUITY BASE FOR PuVvNL AS APPROVED FOR FY 2018-19 (RS. CRORE).....	383
TABLE 7-122: OPENING EQUITY BASE FOR KESCO AS APPROVED FOR FY 2018-19 (RS. CRORE) .....	383
TABLE 7-123: RETURN OF EQUITY FOR DVVNL FOR FY 2018-19 (RS. CRORE).....	385

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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 7-124: RETURN OF EQUITY FOR MVVNL FOR FY 2018-19 (RS. CRORE) .....	385
TABLE 7-125: RETURN OF EQUITY FOR PVVNL FOR FY 2018-19 (RS. CRORE) .....	385
TABLE 7-126: RETURN OF EQUITY FOR PuVVNL FOR FY 2018-19 (RS. CRORE).....	385
TABLE 7-127: RETURN OF EQUITY FOR KESCO FOR FY 2018-19 (RS. CRORE).....	386
TABLE 7-128: DETAILS OF GoUP SUBSIDY AS SUBMITTED BY THE LICENSEES (RS. CRORE) .....	388
TABLE 7-129: APPROVED TARIFF REVENUE FOR DVVNL (RS. CRORE) .....	391
TABLE 7-130: APPROVED TARIFF REVENUE FOR MVVNL (RS. CRORE).....	391
TABLE 7-131: APPROVED TARIFF REVENUE FOR PVVNL (RS. CRORE).....	392
TABLE 7-132: APPROVED TARIFF REVENUE FOR PuVVNL (RS. CRORE).....	392
TABLE 7-133: APPROVED TARIFF REVENUE FOR KESCO (RS. CRORE).....	393
TABLE 7-134: ARR, REVENUE AND GAP SUMMARY FOR DVVNL FOR FY 2018-19 (RS. CRORE) .....	393
TABLE 7-135: ARR, REVENUE AND GAP SUMMARY FOR MVVNL FOR FY 2018-19 (RS. CRORE).....	395
TABLE 7-136: ARR, REVENUE AND GAP SUMMARY FOR PVVNL FY 2018-19 (RS. CRORE).....	396
TABLE 7-137: ARR, REVENUE AND GAP SUMMARY FOR PuVVNL FOR FY 2018-19 (RS. CRORE).....	397
TABLE 7-138: ARR, REVENUE AND GAP SUMMARY FOR KESCO FOR FY 2018-19 (RS. CRORE).....	398
TABLE 7-139: CONSOLIDATED ARR, REVENUE AND GAP SUMMARY FOR ALL DISCOMS (ALL 5) FOR FY 2018-19 (RS. CRORE) .....	399
TABLE 7-1: WHEELING & RETAIL SUPPLY ARR FOR FY 2017-18 (RS. CRORE) .....	404
TABLE 7-2: WHEELING & RETAIL SUPPLY ARR FOR FY 2018-19 (RS. CRORE) .....	404
TABLE 7-3: WHEELING & RETAIL SUPPLY ARR FOR FY 2019-20 (RS. CRORE) .....	405
TABLE 7-4: WHEELING CHARGES FOR FY 2017-18 .....	406
TABLE 7-5: WHEELING CHARGES FOR FY 2018-19 .....	406
TABLE 7-6: WHEELING CHARGES FOR FY 2019-20 .....	406
TABLE 7-7: APPROVED VOLTAGE-WISE WHEELING CHARGES FOR FY 2017-18.....	407
TABLE 7-8: APPROVED VOLTAGE-WISE WHEELING CHARGES FOR FY 2018-19.....	407
TABLE 7-9: APPROVED VOLTAGE-WISE WHEELING CHARGES FOR FY 2019-20.....	407
TABLE 7-10: COST OF SUPPLY APPROVED BY THE COMMISSION FOR FY 2017-18.....	410
TABLE 7-11: COST OF SUPPLY APPROVED BY THE COMMISSION FOR FY 2018-19.....	410
TABLE 7-12: COST OF SUPPLY APPROVED BY THE COMMISSION FOR FY 2019-20.....	410
TABLE 7-13: CROSS SUBSIDY SURCHARGE APPROVED BY THE COMMISSION FOR FY 2017-18 .....	410
TABLE 7-14: CROSS SUBSIDY SURCHARGE APPROVED BY THE COMMISSION FOR FY 2018-19 .....	411
TABLE 7-15: CROSS SUBSIDY SURCHARGE APPROVED BY THE COMMISSION FOR FY 2019-20 .....	411





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 10-1: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR DVVNL (RS. CRORE).....	426
TABLE 10-2: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR MVVNL (RS. CRORE).....	426
TABLE 10-3: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR PVVNL (RS. CRORE).....	427
TABLE 10-4: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR PuVNL (RS. CRORE).....	427
TABLE 10-5: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR KESCO (RS. CRORE) .....	428
TABLE 10-6: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 CONSOLIDATED (RS. CRORE).....	428
TABLE 10-7: ESTIMATION OF ARR GAP/SURPLUS FOR DVVNL FOR FY 2015-16 TO FY 2018-19 (RS. CRORE)	431
TABLE 10-8: ESTIMATION OF ARR GAP/SURPLUS FOR MVVNL FOR FY 2015-16 TO FY 2018-19 (RS. CRORE) .....	432
TABLE 10-9: ESTIMATION OF ARR GAP/SURPLUS FOR PVVNL FOR FY 2015-16 TO FY 2018-19 (RS. CRORE)	432
TABLE 10-10: ESTIMATION OF ARR GAP/SURPLUS FOR PuVNL FOR FY 2015-16 TO FY 2018-19 (RS. CRORE) .....	432
TABLE 10-11: ESTIMATION OF ARR GAP/SURPLUS FOR KESCO FOR FY 2015-16 TO FY 2018-19 (RS. CRORE) .....	432
TABLE 10-12: ESTIMATION OF ARR GAP/SURPLUS CONSOLIDATED FOR FY 2015-16 TO FY 2018-19 (RS. CRORE).....	433
TABLE 10-13: REVENUE REALIZED AS % OF ACOS.....	433
TABLE 11-1: STATUS OF COMPLAINE OF DIRECTIVES OF TARIFF ORDER FOR FY 2016-17 DATED AUGUST 1, 2016.....	439
TABLE 11-2: STATUS OF COMPLAINE OF DIRECTIVES OF TARIFF ORDER FOR FY 2017-18 DATED NOVEMBER 30, 2017 .....	443
TABLE 11-3: DIRECTIVES ISSUED UNDER PRESENT TARIFF ORDER.....	450

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*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*

**Before**

**UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**

Suo - Moto Case No. 15SM of 2018

**IN THE MATTER OF:**

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

**And**

**IN THE MATTER OF:**

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)

**Before**

**UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**

**ORDER**

The Commission initiated Suo Moto proceedings on Annual Performance Review (APR) for FY 2017-18 And Aggregate Revenue Requirement (ARR) For FY 2018-19 And True Up of ARR For FY 2015-16 & FY 2016-17 for State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL, KESCO) 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 powers 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 January <sup>22<sup>nd</sup></sup>, 2019. The Licensee, in accordance with Regulation 13.3 of the Uttar Pradesh Electricity Regulatory Commission

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*Signature*

*Signature*



*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*

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(Multi Year Distribution Tariff) Regulations, 2014, shall publish within three days, the Tariff approved herein by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the area of supply and shall put up the approved tariff / rate schedule on its internet website and make available for sale, a booklet both in English and Hindi containing such approved tariff / rate schedule, as the case may be, to any person upon payment of reasonable reproduction charges.

The tariff so published shall be in force after seven days from the date of such publication of the tariffs and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.

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## 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 licence 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

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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 with the Distribution MYT Regulations, 2014.

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## 2. PROCEDURAL HISTORY

### 2.1 BUSINESS PLAN, MULTI YEAR ARR & TARIFF AND TRUE UP PETITION BY THE LICENSEES

2.1.1 The Commission, vide its Order dated November 30, 2017, approved the Aggregate Revenue Requirement (ARR) and Distribution Tariff for MYT Control period (FY 2017-18, FY 2018-19 and FY 2019-20) for State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL and KESCO). In the said Order, the Commission also approved the true up for FY 2014-15.

### 2.2 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

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

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

2.2.3 UPPCL submitted the Tariff formats for True up of tariff for FY 2015-16 and FY 2016-17, Annual Performance Review of FY 2017-18 and ARR for FY 2018-19 along with the Capex plan and Bulk Supply Tariff on October 29, 2018.

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

### 2.3 PRELIMINARY SCRUTINY OF THE FILINGS

2.3.1 A preliminary analysis of the data submitted by the UPPCL was conducted by the Commission, wherein some discrepancies in data for True up of FY 2015-16 and FY 2016-17, APR of FY 2017-18 and ARR of FY 2018-19 was observed.

2.3.2 The Commission thereby communicated with the Licensees through a series of emails and letters with regard to the deficiencies in their filings. In this regard, first Deficiency e-mail was sent by the Commission dated November 05, 2018, wherein the UPPCL was directed to submit the following:

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- Revenue subsidy details and breakup and Signed Balance sheet copies of MVVNL for FY 2015-16 and & FY 2016-17 with Audited accounts of UPPCL for FY 2015-16 and FY 2016-17.
- Revised formats for FY 2017-18.

2.3.3 The Commission also directed the UPPCL to rectify the following discrepancies related to FY 2018-19:

- Energy requirement and sales considered for FY 2018-19 in power purchase model is not matching with sales considered in BST calculation for FY 2018-19.
- To submit the details of power purchase cost along with assumptions for consideration of power purchase cost.
- To submit the actual energy bills for FY 2018-19 (April, May & June).
- UPPCL to submit the basis for considering short-term power purchase rate for FY 2018-19 as Rs. 4.02 per unit.
- To submit the subsidy details sub-category wise for FY 2018-19. (LMV-1 & LMV-6).
- To submit the basis for considering the target numbers during FY 2018-19 under "Saubhagya Scheme" for all DISCOMs.

2.3.4 The Commission also observed that there is a mismatch in transmission charges as per audited accounts of UPPTCL and that totalled in the audited accounts of Distribution Licensees for FY 2015-16 and FY 2016-17. In this regard, the Commission directed the UPPCL vide email dated November 14, 2018 to submit reconciliation for the same along with the DISCOM-wise capex and capitalisation break-up for R-APRDP (Part-A) and R-APRDP (Part-B) separately for FY 2015-16 and FY 2016-17. The Licensees submitted their replies vide letter dated November 30, 2018.

2.3.5 The Commission also directed UPPCL by e-mail dated November 16, 2018 to submit the Clarification regarding category-wise Cross Subsidy Surcharge (CSS), revised Power Purchase sheet for 2018-19, revised Consolidated ARR sheet, revised BST sheet for all Discoms (FY 2018-19) and Consolidated Revenue Sheet for all the DISCOMs. The Licensees submitted their replies vide November 19, 2018.

2.3.6 The Commission in an e-mail dated November 26, 2018 directed the UPPCL to submit the Fixed Assets Register (FAR) hard copy for PuVVNL for FY 2015-16 and

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FY 2016-17 and soft copy for all DISCOMs. The Licensees submitted their replies vide December 24, 2018.

- 2.3.7 The Commission observed that there is some variation in Non-Tariff Income, Interest to Consumers, Bank Charges, and Contribution to Contingency Reserve, and sought clarifications through e-mail dated November 28, 2018. The Licensees submitted their replies vide email dated December 24, 2018.
- 2.3.8 The Commission directed the UPPCL to submit the GFA related details of PuVVNL and DVVNL (Assets not pertaining to DISCOM (transferred to UPPTCL)) and details regarding Interest of GPF in MVVNL in an e-mail dated December 05, 2018. The Licensees submitted their replies vide email dated December 24, 2018.
- 2.3.9 Further, the Commission sent a reminder email dated December 21, 2018 regarding all the pending details to be submitted by UPPCL on urgent basis.

## 2.4 ADMITTANCE OF THE TRUE-UP, APR AND ARR / TARIFF FILINGS

- 2.4.1 The Commission, vide its Admittance Order dated November 13, 2018, directed the Licensees to publish, within 3 days from the date of issue of that Order, the Public Notice detailing the summary and highlights of the True Up for FY 2015-16 and FY 2016-17, APR for FY 2017-18 and ARR for FY 2018-19 along with its website address in at least two daily newspapers (Two English and Two Hindi) for two successive days inviting views / comments / suggestions / objections / representations within 15 days from the date of publication of the Public of all the stakeholders and public at large. The Commission also directed the Licensees to upload the response to the deficiency notes, benchmark reports all other related documents of the Suo Moto proceedings on its website.

## 2.5 PUBLICITY OF THE LICENSEES FILINGS

- 2.5.1 The Public Notice detailing the salient features of the Filings were published by the Licensees in daily newspapers as detailed below, inviting objections from the public at large and all stakeholders. This information appeared in daily newspapers as detailed below, inviting objections from the public at large and all stakeholders:

- Times of India (English) : November 15, 2018
- Hindustan (Hindi) : November 15, 2018
- Hindustan Times (English) : November 15, 2018
- Amar Ujala (Hindi) : November 15, 2018

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*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*

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- Pioneer (English) : November 16, 2018
- Amar Ujala (Hindi) : November 16, 2018
- Dainik Jagaran (Hindi) : November 16, 2018
- Times of India (English) : November 16, 2018

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### 3. PUBLIC HEARING PROCESS

#### 3.1 OBJECTIVE:

- 3.1.1 The Commission, 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. The process gains significant importance in a "cost plus regime", where the entire cost allowed to the Licensee gets transferred to the consumer. The consumers therefore have a locus-standi to comment on the True-up and ARR & Tariff Filings filed by the Licensees.
- 3.1.2 The comments of the consumers play a key 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 2018-19. 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 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 3-1: SCHEDULE OF PUBLIC HEARING AT VARIOUS LOCATIONS OF THE STATE

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





- 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 on the True-up / APR / ARR / Tariff submissions received from the public were forwarded to the Licensees for their comments / response. The Commission considers these submissions of the consumers and the response of the Licensees before it embarks upon the exercise of determining the final True-up / APR / ARR / Tariff.
- 3.2.4 Besides this, the Commission, while disposing the True-up / APR / ARR / Tariff filed by the State Discoms, 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 who provided useful feedback on various issues and the Commission appreciates their participation in the entire process.
- 3.2.6 The Commission has also taken into consideration the following petitions: -
- Petition No. 1295 / 2018, (i.e. Review Petition against the MYT Order dated November 30, 2017, for Multi Year ARR / Tariff for FY 2017-18 to FY 2019-20 and True Up for FY 2014-15
  - Petition No. 1322 of 2018 filed by UPPCL in the matter of "Seeking amendments in UPERC MYT Distribution Tariff Regulations, 2014"
  - Suo Moto Proceedings on allocation of PPA among DISCOMs in UP
  - Petition No. 13 SM/ 2018, in the matter of Suo moto proceedings on the matter of actual power purchase cost being lower than approved in the case of UPRVUNL
  - Petition No. 1323 / 2018, in the matter of seeking recall of the order dated November 30, 2017
  - Petition No. 1290 / 2018, in the matter of inclusion of additional provision related to "Single Rabi Crop" consumers in Bundelkhand Area in LMV-5 (Rural) Tariff Category Rate Schedule in Order dated April 12, 2018.
  - Petition No. 1366 / 2018 in matter of approval of 5% rebate on timely payment of monthly bills by PTW (Rural) category agricultural

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electricity consumers under LMV-5 (Rural Schedule) in Order dated December 13, 2018.

- h) Petition No. 1372 / 2018, in the matter of proposed change in applicability of rate schedule for “goshals-cow shed” and math / rooms built at religious places in Order dated December 13, 2018

### **3.3 VIEWS / COMMENTS / SUGGESTIONS / OBJECTIONS / REPRESENTATIONS ON TRUE-UP, APR AND ARR / TARIFF FILINGS**

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. Avadhesh Kumar Verma, Chairman, Uttar Pradesh Rajya Vidyut Upbhoktha Parishad (UPRVUP)
- Mr. Rama Shanker Awasthi, Lucknow

3.3.2 The Commission has attempted to capture the summary of comments / suggestions / observations in this section. However, in case any comment / suggestion / observation is not specifically elaborated, it does not mean that the same has not been considered. The Commission has considered all the issues raised by the stakeholders and Licensees response on these issues while carrying out the detailed analysis of the True Up for FY 2015-16 and FY 2016-17, APR for FY 2017-18 and Tariff for FY 2018-19.

3.3.3 The list of the consumers, who have submitted their views / comments / suggestions / objections / representations, is appended to this Order. The major issues raised therein, the replies given by the Licensees and the views of the Commission have been summarised as detailed below:

### **3.4 ARR of FY 2018-19**

#### **A. Comments/Suggestions of the Public:**

3.4.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhoktha Parishad, submitted that the ARR for FY 2018-19 is around Rs. 75,610 Crore, while the total power purchase is estimated to be approximately 1,30,724 MU. The total cost of power purchase is likely to be around Rs. 53,473 Crore and the gap in the FY 2018-19 will be approximately Rs. 7,770 Crore. It is for the first time that the political subsidy coming up is close to about Rs. 8,900 Crore.

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3.4.2 He submitted that the all these estimated figures are completely different from the data approved in the last MYT Tariff Order and UPPCL is trying to get Tariff hike this year.

**B. Licensees' response:**

3.4.3 The Licensee submitted that the revised ARR for FY 2018-19 has been projected based on regulatory norms prescribed in UPERC MYT Distribution Tariff Regulations, 2014.

**C. Commission's view:**

3.4.4 The Commission has taken note of the objections/ suggestions made by the stakeholders in this regard. The Commission has analysed all the elements of ARR in relevant sections of the Order.

**3.5 DELAYED TRUE- UP AND FUEL SURCHARGE FILING BY DISCOMS**

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

3.5.1 Mr. Prateek Aggarwal of CEEW submitted that the truing up exercise in UP is often taken up after a gap of 1.5 to 2.5 years, due to delayed filings by Discoms. The time lag in recovery of the variation between projected and actual power purchase cost adversely affects the cash flow of Discoms and is an additional burden on them. This results in borrowing to manage working capital requirements. The impact of this delay in turn is passed on to the consumers in the form of carrying cost. This amount (usually in hundreds of crores) is being paid by the consumers (incorporated in the Tariff) from the date of truing-up.

3.5.2 He further provided the timelines for true up done of the State Discoms from FY 2000-01 onwards as shown below:

**Table: Timeline / Delays in True up filing**

Financial Year (s)	Trued – Up Date	Delays in Truing up
FY 2000-01 to FY 2007-08	May 21, 2013	Ranging from 5 to 12 years.
FY 2008-09 to FY 2011-12	October 1, 2014	Ranging from 2 to 4 years.
FY 2012-13	June 18, 2015	2 years
FY 2013-14	August 1, 2016	2 years
FY 2014-15	November 30, 2017	2 years

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3.5.3 He further submitted that Discoms had not been able to file FPPCA as per the prescribed timelines. This has resulted in accumulation of carrying cost, to be paid by consumers. He further provided the timelines of filing of FPPCA for FY 2016-17 (quarter wise), FY 2017-18 & FY 2018-19 (till 2<sup>nd</sup> Quarter) and the actual filing by the Discoms as shown below:

**TABLE: TIMELINES FOR FILING OF FPPCA FOR EACH QUARTER OF FY 2016-17, FY 2017-18 & FY 2018-19 (TILL 2<sup>ND</sup> QUARTER OF FY 2018-19)**

FY	Quarters (Q) FY 2016-17	Timeline for Filing	Applicability of FPPCA	Actual Filing	Remarks
FY 2016-17	Q1 (April' 2016 to June' 2016)	Before September 2016	October'2016	September 29, 2016	UPPCL / State Discoms failed to file filed FPPCA for 1st and 2nd quarters as per the specified timelines.
	Q2 (July's2016 to September '2016)	Before December 2016	January'2017	January 21, 2017	
	Q3 (October' 2016 to December' 2016)	Before March' 2017	April'2017	August 18, 2017	UPPCL / State Discoms again failed to file filed FPPCA for 3rd and 4th quarters as per the specified timelines.
	Q4 (January' 2017 to March' 2017)	Before June' 2017	July'2017		
FY 2017-18	Q1 (April' 2017 to June' 2017)	Before September' 2017	-	No Filing as per the specified timeline	-
	Q2 (July '2017 to September '2017)	Before December' 2017	-		-
	Q3 (October' 2017 to December' 2017)	Before March' 2018	-		-
	Q4 (January' 2018 to March' 2018)	Before June' 2018	-		-
FY 2018-19	Q1 (April' 2018 to June' 2018) ^	Before September' 2018	-		-
	Q2 (July '2018 to September '2018) ^	Before December' 2018	-		-

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- 3.5.4 He further requested to the Commission that Discoms should be held accountable for delayed filings and the Commission may consider disallowing the amount due to untimely filing and losses on this account shall be managed by Discoms via improvement in operational & financial parameters. Alternatively, costs claimed under fuel surcharge should not be subject to carrying costs unless delay is due to exigent circumstances / delay in action by the SERC.
- 3.5.5 He further requested that there is a need for public participation to ensure vigilance in passing the costs incurred by Discoms and recovery of fuel surcharge.

**B. Licensees' response:**

- 3.5.6 The Licensee submitted that True up of FY 2017-18 will be submitted shortly to the Commission.

**C. Commission's view:**

- 3.5.7 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and the Commission agrees that that there has been delay in submission of True-up Filings and FPPCA filings by the Licensees. The Commission has been directing the Licensees to file the True-Up Filings and FPPCA in timely manner.
- 3.5.8 The Commission has initiated separate proceedings in this matter. 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 and the matter is yet to be decided. This issue is further discussed in the relevant chapter of this Order.
- 3.5.9 The Commission once again directs the Licensees to file the True-Up Filings and FPPCA in timely manner.

**3.6 AUDITED ACCOUNTS**

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

- 3.6.1 Shri Avadesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that UPPCL offered the unaudited data and manipulate it in their own way which is completely wrong. He submitted that all these estimated figures are completely different from the approved data in the last MYT Tariff

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Order dated November 30, 2017. As per MYT Distribution Tariff Regulations, 2014 the companies have been given two fiscal year exemption for presenting the audited figures. Further, he requested to the Commission for social audit of such financial years.

**B. Licensees' response:**

- 3.6.2 The Licensee submitted that all the accounts of the licensees are audited by CAG and put before public account committee of Govt. of Uttar Pradesh. So, it is erroneous to say that account is not audited. Further, it is submitted that the Commission admit the petition of the licensee after prudence check. Licensees submitted that there is no provision of social audit in the MYT Distribution Tariff Regulations, 2014.

**C. Commission's view:**

- 3.6.3 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard.
- 3.6.4 The Licensees have submitted the audited accounts for FY 2015-16 and FY 2016-17 and provisional accounts for FY 2017-18. The Filings of the Licensees were admitted only after the receipt of the above documents and the same is as per the provisions of the UPERC Distribution Tariff Regulation 2006, Distribution MYT Tariff Regulations, 2014 and in line with the Hon'ble APTEL order in the Appeal no. 121 of 2010 dated October 21, 2011.

**3.7 DISTRIBUTION CAPACITY**

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

- 3.7.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that Discoms are not in a condition to supply 16 hours electricity to the consumers of the state.
- 3.7.2 He further submitted that, in Power for All scheme Power Corporation has acknowledged that the total capacity of the distribution transformers at 33 KV level in the entire state is around 44,677 MVA. In kW, it will be around 37.9 million kW. On the other hand, the number of total electricity subscribers in the state till September, 2018 is about 2.21 Crore and the total connected load is approximately 54.5 million kW, which means there is a difference of around 20 million kW. Also, there is 25% power theft equivalent to around 10 million





kW on this system. In this way, there is miss match in the system and there is a need of renovation.

- 3.7.3 He also submitted that the Distribution capacity is very low and so the state power companies must first increase their load to strengthen their system and then should talk about providing 18 – 24 hours power supply to consumers.

**B. Licensees' response:**

- 3.7.4 The Licensee submitted that it has been extensively working on strengthening its Transmission and Distribution system in order to cater the power demand with projected increase in supply hours to all sections of the society. It is to be submitted that the present infrastructure met the peak demand above 20,000 MW during summer season 2018.

**C. Commission's view:**

- 3.7.5 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard. The Commission would like to clarify that the distribution infrastructure needs to be developed to meet the peak demand and not the connected load.

**3.8 NON- COMPLIANCE OF COMMISSION'S SUO- MOTO ORDER DATED NOVEMBER 30, 2018**

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

- 3.8.1 Shri R S Awasthi submitted that MVVNL did not upload their submission/filings on their website which is a non- compliance of the Commission's Suo- Moto Order. MD, MVVNL also accepted in the Public Hearing dated December 14, 2018 at Lucknow that data was not uploaded and the same will be uploaded soon on the website.

- 3.8.2 He requested the Commission to take suitable action in this regard.

**B. Licensees' response:**

- 3.8.3 The Licensee submitted that it has uploaded their submission / filings on UPPCL website.

**C. Commission's view:**

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3.8.4 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard. The Commission directs UPPCL for timely uploading of all the required details on their website in future.

### 3.9 INTRA- STATE TRANSMISSION LOSSES

#### A. Comments / Suggestions of the Public:

3.9.1 Shri R S Awasthi submitted that there has been mis accounting of interstate losses in determination of total power purchase. Due to this mis accounting the impact is of Rs 500 Cr/annum in FY 2017-18 to FY 2019-20.

3.9.2 He further submitted that on the basis of actual interstate transmission losses, the power purchase by UPPCL must be accounted on only interstate sources/generators controlled by RLDC, and not on the total generation.

3.9.3 He requested the Commission to undertake a detailed scrutiny of the current practise and should ask UPPCL/Discoms to submit the actual inter losses data (in MU & in % terms) from FY 2012-13 to FY 2016-17 as per the format shown in the table below:

S. No	Financial Year	Total Quantum from Generators	Total Quantum from Interstate sources/Generators	Total Quantum from Intrastate sources/Generators	Inter State losses (MU)	Inter State losses (%)
1	FY 2012-13					
2	FY 2013-14					
3	FY 2014-15					
4	FY 2015-16					
5	FY 2016-17					

3.9.4 He further requested the Commission to direct UPPCL/ Discoms to submit the actual PGCIL Bills from FY 2012-13 to FY 2016-17 and to submit the MRI report of all the data interface points. He also stated that the Commission should take Suo- Moto cognizance of the matter and Order for a Forensic audit in the accounting of interstate transmission losses on the total power procurement.

3.9.5 Shri R S Awasthi submitted that there has been a drastic increase in the interstate losses from FY 2013-14 onwards i.e. 3.97% for FY 2013-14 while the Commission approved 1.17% in truing up of FY 2012-13.

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- 3.9.6 He further submitted that there appears to be some data error, which needs to be validated based on actual transfer of energy at inter-intrastate interface points.
- 3.9.7 Mr. Prateek Aggarwal of CEEW also requested the Commission to analyse the current practice of levying interstate transmission losses on the total energy requirement and may direct Discoms to submit their responses in this matter.

**B. Licensees' response:**

- 3.9.8 The Licensee submitted that the assumption in calculating interstate losses is hypothetical, therefore, the comment of Sri Awasthi is incorrect.
- 3.9.9 The licensee submitted that it has already provided clarification on drastic increase in the interstate losses from FY 2013-14 onwards to Commission in the data gaps raised by Commission.

**C. Commission's view:**

- 3.9.10 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard. The Commission directs the UPPCL to submit the details of losses as per required format from the next tariff filing.
- 3.9.11 The Commission observed that the submissions made by the Licensees as per the prescribed format includes total energy purchased and retail sales as mentioned in the balance sheet. Considering the distribution losses and intra state transmission losses as approved by the Commission in the Tariff Order, energy level at state transmission periphery is calculated. Accordingly, inter-state transmission losses are estimated taking into consideration the energy at state transmission periphery and the total energy purchased. The inter-state transmission losses are arrived at 2.60% as shown in table below:

**TABLE: COMPUTATION OF ENERGY BALANCE FOR FY 2015-16 AS PER METHODOLOGY ADOPTED IN EARLIER TARIFF ORDERS**

Particulars	Formulae	Computation
Retail Sales (Audited)	A	68886.26
Distribution Losses (%)	B	21.67%
Energy at Discom Periphery for Retail Sales (Audited)	$C=(A/(1-B))$	87942.58
Intra-State Transmission Losses	D	3.59%
Energy Available at State periphery for Transmission	$(E=C/(1-D))$	91217.28
Interstate Transmission Loss	F	2.60%
Power Input (Audited)	$(G=E/(1-F))$	93652.24







3.9.12 The Commission vide e-mail dated 26.12.2018 had directed the State Discoms to submit the energy balance segregating the energy received (MU) from Central and state generating stations for the period FY 2015-16 to FY 2018-19. In response to the same, the Licensees have submitted the energy balance data in the prescribed templates as shown in the Tables below:

**ENERGY BALANCE FOR FY 2015-16**

S. No	Description	Unit	Value
I	Energy Purchase from Stations connected to Inter State Network		
a	Total Energy Purchase	MU	56642*
b	Inter State Transmission Losses	MU	2434
c	Energy Received at UPPTCL Periphery (a-b)	MU	54207
II	Energy Purchase form Stations connected to UPPTCL	MU	37010
III	Total Energy Purchase (Inter+Intra) (I+II)	MU	93652
IV	Intra State Transmission Losses		
a	Percentage	%	3.59%
b	Quantum	MU	3,275
V	Energy at Discom Periphery (III-lvb-lb)	MU	87,943
VI	Overall Distribution Losses		
a	Percentage	%	21.67%
b	Quantum	MU	19,056
VII	Total Energy Sales (V-Vib)	MU	68,886

\*Energy Purchased from stations connected to inter-State network (PGCIL System) includes stations of NTPC, NHPC, NPCIL, THDC, SJVNL, IPP's (Sri Nagar HEP, Sasan, MB Power, KSK Mahanadi, TRN Energy, Teesta III, Karcham, Vishnu Prayag, Lanco, APCPL, RKM Power), Other sources (GMR, Prayagraj power, IEX/Bilateral, through exchange, JSW PTC, other Traders.

**ENERGY BALANCE FOR FY 2016-17**

S. No	Description	Unit	Value
I	Energy Purchase from Stations connected to Inter State Network		
a	Total Energy Purchase	MU	62631*
b	Inter State Transmission Losses	MU	3971
c	Energy Received at UPPTCL Periphery(a-b)	MU	58661

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*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*

S. No	Description	Unit	Value
II	Energy Purchase form Stations connected to UPPTCL	MU	44864
III	Total Energy Purchase (Inter+Intra) (I+II)	MU	107495
IV	Intra State Transmission Losses		
a	Percentage	%	3.55%
b	Quantum	MU	3,675
V	Energy at Discom Periphery (III-IVb-Ib)	MU	99,849
VI	Overall Distribution Losses		
a	Percentage	%	21.60%
b	Quantum	MU	21,564
VII	Total Energy Sales (V-Vib)	MU	78,285

*\*Energy Purchased from stations connected to inter-State network (PGCIL System) includes stations of NTPC, NHPC, NPCIL, THDC, SJVNL, IPP's (Sri Nagar HEP, Sason, MB Power, KSK Mahanadi, TRN Energy, Teesta III, Karcham, Vishnu Prayag, Lanco, APCPL, RKM Power), Other sources (GMR, Prayagraj power, IEX/Bilateral, through exchange, JSW PTC, other Traders)*

**ENERGY BALANCE FOR FY 2017-18**

S. No	Description	Unit	Value
I	Energy Purchase from Stations connected to Inter State Network		
A	Total Energy Purchase	MU	69109*
B	Inter State Transmission Losses	MU	4119
C	Energy Received at UPPTCL Periphery(a-b)	MU	116182
II	Energy Purchase form Stations connected to UPPTCL	MU	51192
III	Total Energy Purchase (Inter+Intra) (i+II)	MU	120301
IV	Intra State Transmission Losses		
A	Percentage	%	3.60%
B	Quantum	MU	4,183
V	Energy at Discom Periphery (III-Ivb-Ib)	MU	1,12,000
VI	Overall Distribution Losses		
A	Percentage	%	21.33%
B	Quantum	MU	23,889
VII	Total Energy Sales (V-Vib)	MU	88,110

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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

\*Energy Purchased from stations connected to inter-State network (PGCIL System) includes stations of NTPC, NHPC, NPCIL, THDC, SJVNL, IPP's (Sri Nagar HEP, Sasan, MB Power, KSK Mahanadi, TRN Energy, Teesta III, Karcham, Vishnu Prayag, Lanco, APCPL, RKM Power), Other sources (GMR, Prayagraj power, IEX/Bilateral, through exchange, JSW PTC, other Traders)

ENERGY BALANCE FOR FY 2018-19

Sl. No	Description	Unit	Value
I	Energy Purchase from Stations connected to Inter State Network	MU	
a	Total Energy Purchase	MU	43583*
b	Inter State Transmission Losses	MU	1843
c	Energy Received at UPPTCL Periphery(a-b)	MU	41740
II	Energy Purchase form Stations connected to UPPTCL	MU	87141
III	Total Energy Purchase (Inter+Intra) (I+II)	MU	130724
IV	Intra State Transmission Losses		
a	Percentage	%	3.79%
b	Quantum	MU	4,885
V	Energy at Discom Periphery (III-lvb-lb)	MU	1,23,996
VI	Overall Distribution Losses		
a	Percentage	%	15.89%
b	Quantum	MU	19,703
VII	Total Energy Sales (V-Vib)	MU	1,04,293

\*Energy Purchased from stations connected to inter-State network (PGCIL System) includes stations of NTPC, NHPC, NPCIL, THDC, SJVNL, IPP's (Sri Nagar HEP, Sasan, MB Power, KSK Mahanadi, TRN Energy, Teesta III, Karcham, Vishnu Prayag, Lanco, APCPL, RKM Power), Other sources (GMR, Prayagraj power, IEX/Bilateral, through exchange, JSW PTC, other Traders)

3.9.13 Based on the submissions of the Licensees, the energy balance has been reworked by applying inter-state and intrastate losses to Central generating stations and only intra-state losses on state generating stations separately. For demonstration purpose, the working is shown for FY 2015-16.

RE-COMPUTED ENERGY BALANCE

Particulars	Formulae	Computation
Retail Sales (Audited) (MU)	(A)	68886.26
Distribution Losses (%)	(B)	21.67%
Energy at Discom Periphery for Retail Sales (Audited)(MU)	(C=A/(1-B))	87942.58
Energy from SGS (MU)	D	37010.00
Energy from CGS(MU)	E	56642.00
Intra-State Transmission Loss (%)	F	3.59%

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Particulars	Formulae	Computation
Energy Available after intra-state losses (MU)	$(G=D/(1-F))$	87942.31
Energy Available after inter-state losses (MU)	H	54207.00
Interstate Transmission Loss (%)	$(J=(E-H)/E)$	4.30%

3.9.14 From Table 1 above, it can be seen that, if the inter-state losses are applied on the entire energy quantum i.e. on both central and state generating station the same works out as 2.60%. However, computation of the inter-state losses by segregating energy purchased from central and state generating stations works out out as 4.3%. Since the energy purchased and retail sales figures are obtained from balance sheet, the inter-state losses on the total energy shown are only for representation purpose.

### 3.10 REGULATORY SURCHARGE/ASSET

#### A. Comments/Suggestions of the Public:

- 3.10.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that in FY 2017-18 UPERC had increased the rates of rural electrified consumers around 67% - 150% for farmers, around 50% and around 15% for general power consumers tariff, against the increase of about 15%. The Public opinion reconsideration related to public importance filed under Section 94F of Electricity Act, 2003 by State Electricity Consumers Council in UP sought by the Power Corporation from the Commission. Consequently, UPPCL filed its response and was heard by the Commission and the matter is still under consideration. The Petition No. 1295 of 2018 filed on May 16, 2018 will fully disclose this matter. Unless the final decision on this petition is made, the Commission is requested to eliminate 4.28% regulatory surcharge being levied from consumers.
- 3.10.2 Shri R S Awasthi submitted that the Licensee have not been able to submit the actual amount of Regulatory surcharge that is billed/ levied and collected from the consumers, since its inception.
- 3.10.3 He further submitted that levy of Regulatory Surcharge is onetime affair and as per directions/Orders from APTEL, the same can be allowed to be amortized only for 3 years. However, the same has been continued since FY 2013-14 till now.
- 3.10.4 He further submitted that the Regulations 35 (b) of the UPERC MYT (Distribution) Tariff Regulations, 2014 provides that amortization schedule corresponding to the Regulatory asset shall be prepared and put in effect along

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- with creation of it. However, no amortization schedule is in place. He requested the Commission that such schedule shall be prepared and amortization of Regulatory asset shall be done accordingly.
- 3.10.5 Shri R S Awasthi submitted that Discoms in their filing for the Suo- Moto proceedings submitted consolidated revenue gaps amount to Rs 74,111 Cr from FY 2000-01 to FY 2018-19, including carrying cost of Rs 24,514 Cr. However, no regulatory surcharge recovery has been done/shown by Discoms, which is strictly a non- compliance of the Commission's Order.
- 3.10.6 He requested the Commission that reconciliation of Regulatory asset and Regulatory surcharge should be done.
- 3.10.7 He further submitted that considering the revenue from Sale of Electricity for each Discoms and the Regulatory surcharge recovered from such sale, the recovered surcharge is not able to serve the carrying cost that is imposed on Discoms.
- 3.10.8 He requested the Commission that an improvement plan (reduction in power purchase cost, improvement in AT&C losses, optimised O&M expense, among others) needs to be checked out to enable the amortisation of the Regulatory Asset in a time bound manner.
- 3.10.9 Shri P. K . Maskara, of Mahabir Jute Mills submitted that in the Tariff Order dated May 31, 2013, the loss of Discom as converted into Regulatory assets was Rs 900 Crores on that date. In last 6 years they have recovered huge amount, which may have crossed the figure of regulatory assets, so they are not giving the actual data of recovery. He further, requested to stop the collection of RSC till actual data is not provided.
- 3.10.10 Shri Vishnu Prasad Ajitsaria of Chamber of Industries, Gorakhpur submitted the same comment as shown above. He also requested that the amount collected more than Rs 900 Crore should be returned back to the consumers.
- 3.10.11 Mr. Prateek Aggarwal submitted that the state Discoms in their filing for the Suo – Moto proceedings submitted that at the consolidated level (for 5 Discoms namely DVVNL, PVVNL, MVVNL, PuVVNL and KESCO) from FY 2000-01 to FY 2018-19 (considering trued up revenue gaps for the trued-up years (from FY 2000-01 to FY 2014-15) and provisional revenue gaps for the non -trued up years (from FY 2015-16 to FY 2018-19)), the revenue gaps amount to Rs.74,111 Crore, including carrying cost of Rs. 24,514 Crore. The total recovery of Regulatory Assets till date is unclear due to incomplete submissions made by





State Discoms. Hence, there is no clarity on the amount recovered under regulatory surcharge heads.

- 3.10.12 He further submitted that however, considering the revenues from sale of electricity for each Discoms and the regulatory surcharge recovered from such sales, the recovered surcharge is not even able to serve the carrying cost that it imposes, let alone addressing the issue of the principal regulatory assets.
- 3.10.13 Therefore, he requested to the Commission that Discoms must be mandated to submit the actual detail of Regulatory Surcharge amount being billed and collection across various categories and sub – categories, from the date of inception.
- 3.10.14 Further, an improvement plan (reduction in power purchase cost, improvement in AT & C losses, optimised O & M expenses, among others) needs to be chalked out enable the amortisation of the regulatory asset in a time bound manner. It is equally important for the state government to take on the necessary responsibility in liquidating the regulatory asset by identifying those phases when interventions on part of the state government, prevented a suitable raise in tariffs, as needed for the commercial operation of the Discom.

**B. Licensees' response:**

- 3.10.15 The Licensee submitted that the requirement of Regulatory surcharges is established with the amount of consolidated revenue gap already submitted to the Commission and rate of regulatory surcharge should be as per amortization schedule to be declared by the Commission. This revenue gap is based on true-up till FY 2016-17 as per audited account, for FY 2017-18 based on provisional accounts and for FY2018-19 on the basis of revised estimate. In this calculation recovery through regulatory surcharge has also been clarified.
- 3.10.16 The Licensee submitted that the it has already provided clarification on regulatory surcharge recovery to Commission in the data gaps raised by Commission. The licensee requested the Commission to declare the amortization schedule. The Licensee further, submitted that the necessary information has already been provided to the Commission on Regulatory Assets.

**C. Commission's view:**





- 3.10.17 The Commission has taken note of the objections/suggestions made by the stakeholders and comments of the licensee in this regard. The Commission has dealt the issue in relevant chapter of this Order.
- 3.10.18 It is clarified that the recovery of Regulatory Surcharge allowed is towards the unrecovered gap allowed based on truing up carried out after prudence check and not towards the entire losses of the Distribution Licensees.
- 3.10.19 The matter of accounting of Regulatory surcharge is of great concern and accordingly, the **Licensees must submit details regarding Regulatory Surcharge collected from the consumers, deemed and due.** The Commission has also discussed this issue in detail subsequently in this Order.

### 3.11 TARIFF OF UNMETERED RURAL CONSUMERS

#### A. Comments/Suggestions of the Public:

- 3.11.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upphokta Parishad, submitted that in Tariff Order of FY 2017-18 issued by the Commission, it has been instructed that the Rural unmetered electricity consumers, who were paying Rs. 300 per kW per month till March, 2018 will pay Rs. 400 per kW per month from April 01, 2018. He also submitted that the rates of rural consumers have increased so much that they are helpless in paying the same. In such a situation there should be a widespread decrease required in rates.
- 3.11.2 Shri Manveer Tewatia, Farmer Leader, submitted that there has been an increase in electricity rates at the rate of 188% in 2011 and 122% in 2017. Also, there has been an increase in the fixed charges at the rate of 233% in 2014 and 60% in 2018. Similarly, there has been an increase in the energy charges at the rate of 120% in 2014 and at an average rate of 95.45% in 2018.
- 3.11.3 He requested the Commission that for Farmers, labours and people doing Micro business, electricity rates should be minimum and 2010 should be considered as base year for fixing the tariff.
- 3.11.4 Further, he requested that since, farmers do not have a source for monthly income, they should be billed for electricity only at the time of their crop harvesting when they have source of income.

#### B. Licensees' response:

- 3.11.5 The Licensee submitted that the treatment of Revenue gap has already been submitted to the Commission and published in newspapers also.

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- 3.11.6 The Licensee in reply to Shri Manveer Tewatia submitted that ARR is prepared as per regulatory norms and there is a standard practice of billing cycle which is being followed. The Licensee further, submitted that the efforts are being made to provide proper services related to electricity supply to rural consumers.

**C. Commission's view:**

- 3.11.7 The Commission has taken note of the objections/suggestions made by the stakeholders and comments of the licensee in this regard. The Commission has dealt the issues in relevant chapter of this Order.

**3.12 TARIFF DETERMINATION**

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

- 3.12.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that many legal facts were presented by the Consumer Council to eliminate the fixed charge of urban domestic household consumers for a very long time, but the Commission has not decided for the same yet. At present, the consideration for eliminating the fixed consumer charges of urban domestic household consumers can be considered.
- 3.12.2 Shri R S Awasthi submitted that as per the provisions of the MYT Distribution Tariff Regulations 2014, the Commission has the mandate to notify two tariff schedules, one with subsidy and the other without subsidy. The Commission in all its Tariff Orders have approved the ABR as x % of ACoS (where x is generally in the range of 80-88%) which means that only 80-88% of the recovery of ACoS is allowed by the Commission through ABR.
- 3.12.3 He further submitted that the Commission was required to determine the Tariff on full cost basis, in accordance with the provisions of EA, 2003 and MYT Distribution Tariff Regulations, 2014.
- 3.12.4 He requested the Commission that the unrecovered amounts (ABR) due to non-determination of Tariff on full cost basis for all the years, shall be treated as revenue realised and shall be recovered from the Govt of UP in the form of subsidy and should not be passed on to the consumers.
- 3.12.5 Mr. Prateek Aggarwal of CEEW submitted that the Discoms in their Multi Year Tariff Petition for FY 2017-18 to FY 2019-20 have submitted the projected hours of supply for a three-year period. Accordingly, the Commission has decided the Tariff for all categories of consumer.







- 3.12.6 He further submitted that For FY 2018-19, in rural areas it was projected 18 hrs of supply for April – Sept’ 2018 period and 24 hrs for Oct – March 2019 period and 24 hrs for Mahanagar, District & Commissionerary the projected supply hours for FY 2018-19 has been shown below:

**TABLE: PROJECTED SUPPLY HOURS FOR FY 2018-19**

Description	2018-19	
	Apr-Sep’18	Oct – Mar’19
Mahanagar	24:00	24:00
District	24:00	24:00
Commissionary	24:00	24:00
Rural	18:00	24:00
Bundelkhand	20:00	24:00

Source: UPERC Tariff Order dated November 30, 2017, p.139

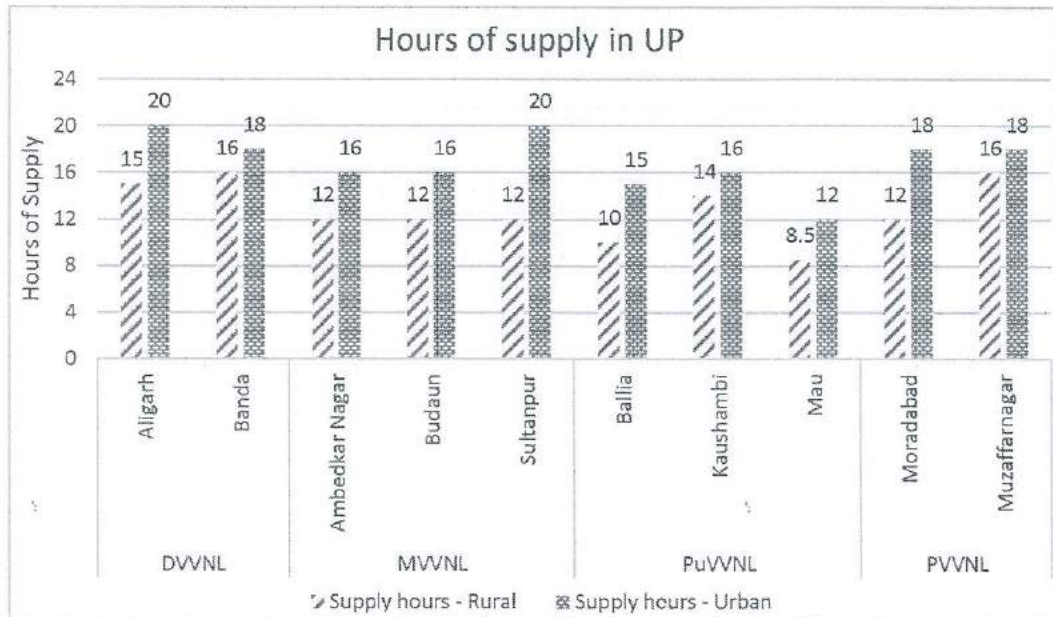
- 3.12.7 He further submitted that CEEW has completed a survey on perception of electricity theft and, socio-economic drivers of consumer compliance in the power sector. The survey was conducted in the month of April to June’ 2018 across 10 districts of UP (namely Aligarh, Banda, Ambedkar Nagar, Budaun, Sultanpur, Ballia, Kaushambi, Mau, Moradabad and Muzaffarnagar).
- 3.12.8 The survey highlights that the supply situation in both rural and urban areas has improved when compared to the findings of a CEEW survey done in 2015<sup>1</sup>, also significant improvement is driven primarily by the governments ambition to provide 24x7 electricity for all. However, the median hours of supply experienced in urban households is 17 hours and the median hours of supply experienced in rural households in the state is 12 hours. Figure below shows the supply hours across 10 districts and Discoms.

<sup>1</sup> [https://www.ceew.in/sites/default/files/CEEW\\_ACCESS\\_Report\\_29Sep15.pdf](https://www.ceew.in/sites/default/files/CEEW_ACCESS_Report_29Sep15.pdf), p 32-34





GRAPH: SUPPLY HOURS ACROSS 10 DISTRICT AND DISCOMS



Source: CEEW analysis

3.12.9 He further submitted that based on the survey findings, for the period Apr – Jun’ 2018, the median rural and urban supply hours were 12 hours and 17 hours respectively, however the projected hours of supply in the MYT Tariff Order (dated November 30, 2017) were 18 hours and 24 hours for rural and urban respectively in the same period. Further, for the period from Oct – Mar’ 2019, 24 hrs of supply have been projected across all areas, however the actual supply schedule as provided by UP SLDC talks of 18 hours supply for rural areas<sup>2</sup> and less than 24 hours for other areas<sup>3</sup>.

3.12.10 He requested that the Commission may ask the Discoms, the reason for such huge variation in the supply hours and also appropriate action may be taken against the Discoms due to non-compliance of Commission’s Order. The Commission should take cognizance of the supply hours while reviewing/allowing the power purchase cost of the Discoms for FY 2017-18 (under APR) and FY 2018-19.

**B. Licensees’ response:**

3.12.11 The Licensee submitted that Fixed charges are part of tariff structure approved by Hon’ble Commission on the basis of various regulations. Further it is

<sup>2</sup> <http://www.upsldc.org/documents/20182/31002/RI+Schedule+w.e.f.+16-12-18+to+22-12-18.jpg>

<sup>3</sup> <http://www.upsldc.org/documents/20182/0/Supply+Hrs.for+Nov-16/26fb8393-22b0-415d-9b5e-180f0e98579d>

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submitted that fix charge component of generating station tariff is approved by the Commission and same is billed to distribution licensee.

- 3.12.12 The Licensee further submitted that it agreed to the submission of stakeholder made as per the regulation. ACOS & ABR gap is due to untreated revenue gap left by Commission in the Tariff Orders.

**C. Commission's view:**

- 3.12.13 The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee in this regard. The Commission has observed that the Licensee has not given any comment on hours of supply.
- 3.12.14 UPPCL in presentation given to the Commission on July 09, 2018 submitted that the hours of supply in rural areas has been increased to 17.39 hours, in Tehsil towns to 19.51 hours and in urban areas to 23.01 hours.
- 3.12.15 The Commission has also directed the Licensee in this regard to submit the details of no. of hours of supply in Directives chapter of this Order. The details of all the aspects related to Tariff design have been covered subsequently in Chapter of Tariff Philosophy and Rate Schedule provided in this Order.

**3.13 AT&C losses**

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

- 3.13.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that the Tariff of Rural consumers, farmers and domestic urban consumers of the state increased by maximum 150 %, 50% and 15% respectively.
- 3.13.2 He further submitted that the State Electricity Council was formed in 1959, whose total loss reached to Rs 10,000 Crores in the year 2000. The government dissolved the State Electricity Board and split it into several companies. But in UDAY Scheme, the Discoms have admitted that their total losses are approximately Rs 70,738 Crores and in Power for All Scheme the Discoms accepted that the in FY 2015-16 the total loss was approximately Rs 72,770 Crores. At present the figure for losses is around Rs 75,000 Crore.
- 3.13.3 He further submitted that on March 14, 2013 FRP (financial restructuring scheme) scheme was launched by UPPCL and it was approved by the Cabinet of UP. At present the Discoms are making claims for improvement but their losses

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are constantly increasing and the people of the state are suffering because of that.

- 3.13.4 On the basis of following data, the Consumer Council requested the Commission that the main reason for the loss of power companies is their inability and so the inefficiency of the power companies should not fall on the consumers.

Year	Total losses of power companies in different years (In crores)
2000-01	Rs 77 Crore
2005-06	Rs 5,439 Crore
2007-08	Rs 13,162 Crore
2009-10	Rs 20,104 Crore
2010-11	Rs 24,025 Crore
In January, 2016	Rs 70,738 Crore (according to the Rise Agreement)
2015-16	Rs 72,770 Crore (as per Power for All)
At present	Rs 85,000 Crore

- 3.13.5 Mr. Prateek Aggarwal submitted that the AT & C losses have eroded the financial sustainability of the Distribution Utilities and also has major ramifications for retail tariffs. He further submitted the Status of AT & C loss, Billing & Collection Efficiency across 24 Towns in Uttar Pradesh (six towns in each of the four Discoms i.e. PUVNL, DVVNL, MVVNL & PuVVNL) and also bifurcated them into good<sup>4</sup> and bad performing towns as shown in the table below:

TABLE: STATUS OF AT & C LOSS ACROSS VARIOUS URBAN TOWNS

Discoms	Town Name	AT & C Losses	Billing Efficiency	Collection Efficiency	
PUVNL (HQ - Meerut)	Good	Noida	11.79%	97.42%	90.55%
		Ghaziabad	15.13%	92.45%	91.81%
		Meerut	20.25%	90.57%	88.05%
	Bad	Saharanpur	39.30%	84.18%	72.10%
		Kandhla	45.24%	85.87%	63.77%
		Hasanpur	48.73%	78.08%	65.66%
DVVNL (HQ - Agra)	Good	Mathura	25.70%	74.55%	99.65%
		Jhansi	27.26%	77.90%	93.37%

<sup>4</sup> Good and Bad has been defined based on the level of AT & C losses closest or far from 15% target. Also, the performance of MVVNL Discom has improved significantly, even in poor column the losses are close to 18% - 23% as compared to other Discoms.

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Discoms	Town Name	AT & C Losses	Billing Efficiency	Collection Efficiency	
	Aligarh	27.79%	76.78%	94.05%	
	Poor	Etawaha	62.07%	53.06%	71.48%
		Kannauj	67.49%	44.18%	73.57%
		Ganj Dundawara	71.02%	37.01%	78.30%
MVVNL (HQ Lucknow)	Good	Lucknow	13.51%	99.14%	87.24%
		Bdauun	15.53%	97.60%	86.55%
		Lakhimpur	16.09%	93.28%	89.95%
	Poor	Shahjahanpur	18.02%	92.78%	88.36%
		Paliya Kalan	20.33%	94.33%	84.46%
		Tilhar	23.78%	91.33%	83.46%
PuVVNL (HQ Varanasi)	Good	Varanasi	30.89%	81.60%	84.70%
		Deoria	33.30%	88.83%	75.09%
		Jaunpur	34.32%	75.16%	87.38%
	Poor	Gorakhpur	36.52%	78.11%	81.27%
		Bela Pratapgarh	58.35%	67.00%	62.16%
		Mubarakpur	60.59%	64.38%	61.21%

Source: National Power Portal

- 3.13.6 He further submitted that the above Table shows that Discom operations pertaining to metering, billing and collection are not uniform across their service area. Equally, this also suggests widespread non-compliance on part of consumers.
- 3.13.7 He further submitted a comparison of AT&C losses of UP with seven other states, which shows that UP has one of the highest AT&C in comparison to other states (except West Bengal) and all India average. As of September 2018, the AT & C losses for UP were 30.07 % as compared to the National average of 20.41%.

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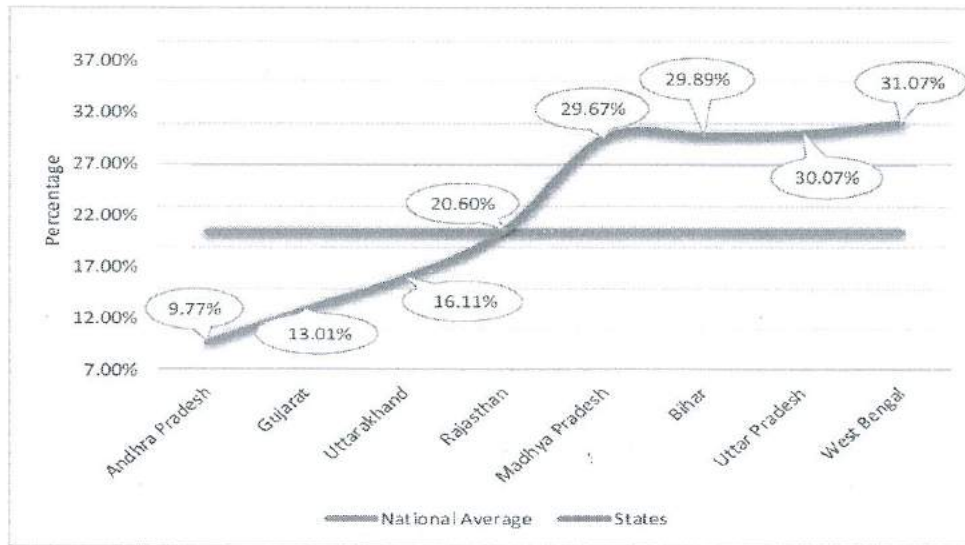


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**GRAPH: COMPARISON OF AT & C LOSSES – UP VS. OTHER STATES VS. NATIONAL AVERAGE (AS ON SEPT'2018)**



Source: Government of India, URJA Portal

- 3.13.8 He further submitted that the above graph shows that AT&C losses even in a state with difficult terrain (hilly areas) like Uttarakhand are about half of the losses observed in Uttar Pradesh. States like Gujarat, MP and AP that are comparable to UP in terms of population, area, etc. have lower AT & C losses than UP. Such high level of losses completely erodes the competitiveness of the Discoms and the state economy.
- 3.13.9 He further submitted that CEEW has completed a survey on perception of electricity theft and, socio-economic drivers of consumer compliance in the power sector. The survey was conducted in the month of April to June'2018 across 10 districts (namely Aligarh, Banda, Ambedkar Nagar, Badauun, Sultanpur, Ballia, Kaushambi, Mau, Moradabad and Muzaffarnagar).
- 3.13.10 He further submitted that based on the survey findings, only 54% of the consumers are metered, billed and pay their bills. This figure for rural consumers, drops to 19% if we consider the share of households that are metered, billed frequently and pay their bills in full. Also, this is in line with the most recent Letter from UPPCL<sup>5</sup> which suggests that only 20% of the overall rural consumer base has paid up its entire dues for the first 6 months of this financial year, by the end of October, 2018. So, he requested the Commission

<sup>5</sup> Letter No. 829 dated October 31, 2018





that it shall ask the State Discoms to submit their AT&C loss data for FY 2016-17 & 2017-18 vis a vis their UDAY Targets.

- 3.13.11 Shri R S Awasthi submitted that the Discoms DVVNL, PVVNL, and KESCO in their True- Up for FY 2015-16 and FY 2016-17 and APR for FY 2017-18 have claimed distribution losses higher than the actual losses. The difference in actual and claimed distribution losses will result in the increased Power purchase quantum (MU) and power purchase cost (Rs Cr). Consideration of actual losses, will also result in reduction in the overall Regulatory Asset position.
- 3.13.12 He further submitted that the Discoms DVVNL, PVVNL and KESCO have claimed efficiency gains on account of actual distribution losses being lower than normative losses. Whether the figures submitted by the Discoms are reliable or not, as during the tariff filing it pertains that the Discoms have projected higher loss figure and later on in the truing up process, the distribution losses claimed are lesser than the approved one, thereby efficiency gains are claimed.
- 3.13.13 He requested the Commission to scrutinize the true-up and APR filing of distribution loss, sales, power purchase, etc. and then accordingly allow the efficiency gains.
- 3.13.14 Shri Virendra Nath Gupta, Secretary General, Associate Chamber of Commerce and Industry of UP submitted that AT&C and T&D losses are putting heavy tariff burden to the consumers. It gives direct impact on the availability of power supply.
- 3.13.15 He submitted that the line loss data needs to scrutiny by Independent Agency appointed by UPERC before its acceptance. He also suggested that the Licensee should implement ABC, strengthening and repair and maintenance of Distribution network etc.

**B. Licensees' response:**

- 3.13.16 The Licensee submitted that they have already submitted to the Commission the consolidated revenue gap 2000-01 to 2018-19 which is Rs 74111 Crore that explains the requirement of regulatory surcharge.
- 3.13.17 The Licensee also submitted that claimed T&D losses are in the normative level i.e. as approved by the Commission. Further, Licensees are doing their best to reduce the line losses and the same can be verified from the previous year's line losses, the benefit of the same is to be pass to the consumer through tariff.

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**C. Commission's view:**

- 3.13.18 The Commission recognizes the fact that the Licensees have 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 Licensees 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.
- 3.13.19 In this regard, the Commission directs the Licensees to conduct the base line loss estimation studies for assessment of technical and commercial losses. The Commission stresses that the Distribution Licensees may act speedily upon the directives and report the status on a quarterly basis to the Commission as losses play a very crucial role in the entire process. Further, the Commission for trueing up of ARR for FY 2015-16 and FY 2016-17, APR for FY 2017-18 and determination of Tariff for FY 2018-19 has considered the normative distribution loss as discussed subsequently in the Order.

**3.14 DISTRIBUTION LOSSES**

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

1. Shri R S Awasthi submitted that the Discoms DVVNL, PVVNL, and KESCO in their True- Up for FY 2015-16 and FY 2016-17 and APR for FY 2017-18 have claimed distribution losses higher than the actual losses as shown below in the Table. The difference in actual and claimed distribution losses will result in the increased Power purchase quantum (MU) and power purchase cost (Rs Cr). Consideration of actual losses, will also result in reduction in the overall Regulatory Asset position.

**Table: Distribution losses for DVVNL, PVVNL and KESCO**

S.N	Filing	Particulars	DVVNL			PVVNL			KESCO		
			Approved in TO	Actual as per Filings	Claimed	Approved in TO	Actual as per Filings	Claimed	Approved in TO	Actual as per Filings	Claimed
1	True-Up Filing	FY 2015-16	29.00%	24.45%	29.00%	19.52%	18.65%	19.52%	23.50%	18.34%	23.50%
2		FY 2016-17	23.82%	24.43%	23.82%	20.20%	18.57%	20.20%	22.51%	16.26%	22.51%
3	APR Filing	FY 2017-18	20.07%	18.55%	20.07%	18.18%	17.43%	18.18%	15.28%	13.78%	15.28%







- 3.14.1 He further submitted that the Discoms DVVNL, PVVNL and KESCO have claimed efficiency gains on account of actual distribution losses being lower than normative losses. Whether the figures submitted by the Discoms are reliable or not, as during the tariff filing it pertains that the Discoms have projected higher loss figure and later on in the truing up process, the distribution losses claimed are lesser than the approved one, thereby efficiency gains are claimed.
- 3.14.2 He requested the Commission to scrutinize the true- up & APR filing of distribution loss, sales, power purchase, etc. and then accordingly allow the efficiency gains.
- 3.14.3 Mr. Prateek Aggarwal submitted that Licensees namely DVVNL, PVVNL and KESCO in their True up for FY 2015-16 & FY 2016-17 and APR for FY 2017-18 have claimed Distribution Losses higher than the actual losses.
- 3.14.4 He further submitted that the difference in actual and claimed distribution losses will result in the increased Power purchase quantum (MUs) and power purchase cost (RS. CRORE) at the UPPCL/Discoms level or vice versa, lesser availability of energy available for Sales (MUs), correspondingly lesser Revenues (RS. CRORE).
- 3.14.5 He requested that the Commission may scrutinize the true-up & APR filing of distribution loss, sales, power purchase, etc. based on the actual numbers, which are less/may come less than the claimed for the respective Discoms.

**B. Licensees' response:**

- 3.14.6 The Licensee submitted that submission has been made as per regulations and pass through to the consumer will be decided by Commission in the tariff Order.

**C. Commission's view:**

- 3.14.7 The Commission has taken note of the objections/suggestions made by the stakeholders and comments of the Licensee in this regard. The Commission has dealt the issue in relevant chapter of this Order.

**3.15 O&M EXPENSES**

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

- 3.15.1 Shri R S Awasthi submitted that the Discoms in their True- Up for FY 2015-16 and FY 2016-17, APR for FY 2017-18 have claimed Rs 255.55 Cr, Rs 202.13 Cr and Rs 202.13 Cr respectively towards O&M expenses of UPPCL. The

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Act/various Regulations does not have any provision where the holding/parent company, other than the Licensee can claim expenses under any head.

- 3.15.2 He requested the Commission to disallow such expenses as UPPCL/Discoms have no rationale to claim the same.

**B. Licensees' response:**

- 3.15.3 The Licensee submitted that UPPCL performs different works on behalf of Discom, therefore, these expenses should be allowed.

**C. Commission's view:**

- 3.15.4 The Commission has taken note of the objections/suggestions made by the stakeholders and the comment of the Licensee in this regard. The Commission has dealt the issue in relevant chapter of this Order.

**3.16 BAD & DOUBTFUL DEBTS**

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

- 3.16.1 Shri R S Awasthi submitted that the Discoms in their True- Up for FY 2015-16 and FY 2016-17, APR for FY 2017-18 and revised ARR for FY 2018-19 have claimed Bad and Doubtful debts. Regulations 4.4 of the Distribution Tariff Regulations, 2006 provides for expenses under Bad and Doubtful Debts to the extent of 2% of the revenue receivables. However, the Discoms have to actually identify and write-off the Bad debts as per a transparent policy approved by the Commission.
- 3.16.2 He further submitted that from FY 2015-16 to FY 2017-18, there was no approved Bad and Doubtful Debt policy in existence for the State Discoms. He requested the Commission to not allow any claim towards Bad & Doubtful debt (burden amounting to Rs 1858.98 Cr for 3 years form FY 2015-16 to FY 2017-18).
- 3.16.3 He further submitted that the Commission vide its Letter dated March 21, 2018 had approved the Bad and Doubtful Debts policy for the State Discoms and so, the Commission may scrutinize the claim for FY 2018-19 accordingly.
- 3.16.4 Mr. Prateek Aggarwal submitted that the Licensees in their True up submission for FY 2015-16 and FY 2016-17, APR for FY 2017-18 and Revised ARR for FY 2018-19 have claimed Bad & Doubtful Debts.

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TABLE: BAD & DOUBTFUL DEBTS CLAIMED FROM FY 2015-16 TO FY 2017-18

S. No	Financial Year	Claimed Bad & Doubtful Debts (RS. CRORE)
1	FY 2015-16	565.11
2	FY 2016-17	580.54
3	FY 2017-18	713.33
4	<b>Total</b>	<b>1858.98</b>

3.16.5 He further submitted that from FY 2015-16 to FY 2017-18, there was no approved Bad & Doubtful policy in existence for the State Discoms. So, he requested to the Commission that claim towards Bad & Doubtful debt (burden amounting to Rs. 1858.98 crore for 3 years) shall not be allowed to be passed on to the consumers. He also requested the Commission to scrutinise the claim for FY 2018-19 accordingly.

**B. Licensees' response:**

3.16.6 The Licensee submitted that Commission's direction is being followed by the licensees and actual amount will reflect in true up.

**C. Commission's view:**

3.16.7 The Commission has taken note of the objections/suggestions made by the stakeholders and the comment of the Licensee in this regard. The Commission has dealt the issue in relevant chapter of this Order.

**3.17 SUBSIDY**

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

3.17.1 Shri R S Awasthi submitted that the Discoms in their present filings have submitted huge gaps in the actual and approved subsidy to be provided by the Govt. of UP.

3.17.2 He requested the Commission that subsidy amount pertaining to the subsidized category (Rural domestic and agriculture) shall be fully realized from the Govt. of UP and no burden shall be passed on to the other consumers.

3.17.3 Shri R S Awasthi submitted that as per the provisions provided in the UPERC MYT Distribution Tariff Regulations, 2014 and Electricity Act, 2003 the

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Commission has the mandate to notify two tariff schedules, one with subsidy and the other without subsidy i.e. on full costs basis.

- 3.17.4 He further submitted that in the present scenario, the Govt. of Uttar Pradesh notifies the subsidy for Rural Domestic and Agriculture category of consumers. It is requested to the Commission that such transparent mechanism (same as in case of LPG subsidy) shall be in place where the transfer of Subsidy is directly passed on to the beneficiaries' consumers.
- 3.17.5 Shri Subhash Chand Chauhan submitted that they should be provided subsidy on the electricity rates and the electricity supply should be 24 × 7 so that there is less pollution by DG sets.
- 3.17.6 Shri Deepak Kariwala, power loom consumer, submitted that as per the Govt's and Commission's Order of 2006, Power loom consumers were provided rebate in their electricity Bills. They were only paying Fixed charges. However, as per the Govt's Order dated March 15, 2018 they were required to pay their full Bills. However, after their agitation and complaint against this Order, they were again paying their Fixed charges only since July. But now their current Bills also consist of balance amount of previous Bills. Hence, he requested that their Bills should be rectified since April, 2018 and only fixed charges should be billed to them.

**B. Licensees' response:**

- 3.17.7 The Licensee submitted that that during FY 2015-16 total approved subsidy was Rs 5,913 Cr. against which Rs 5,440 Cr. has been received while during FY 2016-17 total approved subsidy was Rs 5,441 Cr. against which Rs 5,981 Cr. has been received. The low subsidy received during FY16 is due to less received subsidy of PVVNL which was Rs 775 Cr against approved subsidy of Rs 1,749 Cr.
- 3.17.8 The Licensee submitted that DBT of subsidy is the prerogative of the Commission, therefore, the Commission may take the appropriate view.
- 3.17.9 The Licensee further, submitted that efforts are being made to provide proper services related to electricity supply to the consumers.
- 3.17.10 The Licensee in reply to the comment of Shri Deepak Kariwala submitted providing subsidy to any category is not under the purview of the Discoms.

**C. Commission's view:**

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3.17.11 The Commission has taken note of the objections/suggestions made by the stakeholders and also comment of the Licensee in this regard. The details of GoUP subsidy considered are discussed in detail in subsequent sections of this Order. The Commission in its Order while carrying out the truing up works out the Additional subsidy to be provided by State Government considering the approved tariff rates and subsidy provided by the Government. Further, providing subsidy to any category of consumers is within the purview of the Government.

### 3.18 POWER PURCHASE

#### A. Comments/Suggestions of the Public:

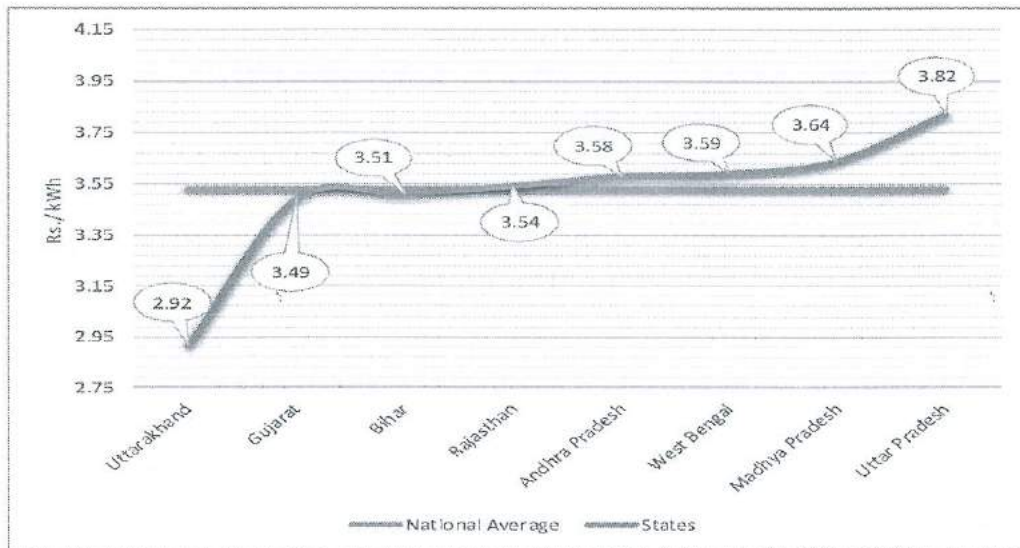
- 3.18.1 Shri R S Awasthi submitted that the Discoms in regard to power purchase cost for FY 2015-16 and FY 2016-17 have not submitted the Station wise actual details for fixed cost and variable cost paid to each generating Station. Also, the actual PLF details Vs NAPA for each generating were not submitted.
- 3.18.2 He requested the Commission that the Licensee must be directed to submit the requisite data as the same is also not available in the Public domain.
- 3.18.3 Shri Rajpal Singh, vide E-mail dated December 10, 2018, submitted that the electricity is available at the rate of Rs.1.31/unit in the market, but the Discoms procure electricity at the rate of 7.93/unit. He requested the Commission to prevent the companies from doing so.
- 3.18.4 He further stated that when the power generation corporation of the state has accepted that the cost of production of electricity is less than 54 paisa/unit then at least this benefit should be passed on to the consumers.
- 3.18.5 Shri Virendra Nath Gupta, Secretary General, Associate Chamber of Commerce and Industry of UP submitted that UPPCL during the presentation before the Commission on July 09, 2018 stated that there has been decrease in the power purchase cost as compared to the approved cost by the Commission in MYT Tariff Order dated November 30, 2017. Hence, he submitted that the details for the same should be submitted and the benefit should be passed on to the consumers.
- 3.18.6 Prateek Aggarwal of CEEW submitted that Power purchase costs is the largest element (approx. 75 to 80%) to the cost of supply for the Discoms and have a significant impact on the tariff. It is therefore necessary to weed out inefficiencies in the procurement process to address the issue of revenue gap





for the Discoms. He provided a comparison of APPC of different states as shown below in the Graph.

**GRAPH: COMPARISON OF APPC – UP VS. OTHER STATES VS. NATIONAL AVERAGE FY 2017-18**



Source: CERC Order dated April 11, 2018 in Petition No. 4 / SM / 2018.

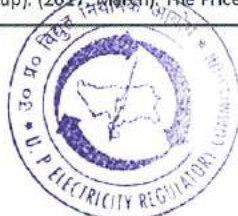
- 3.18.7 He further submitted that UP has one of the highest APPC in comparison to other States and all India average. In FY 2017-18, the APPC for Uttar Pradesh was Rs. 3.82 / kWh which was 8.22% (Rs. 0.29 / kWh) higher than the national average of Rs. 3.53 / kWh.
- 3.18.8 He further submitted that in Uttar Pradesh, like in a few other states in the northern region, there is a significant difference between the summer and winter load. The summer load goes up to 19000 MW<sup>6</sup>, whereas in winters it is only around 14500 MW<sup>7</sup>. Given that Discoms are meeting their 95% power requirement through long term PPA, they have to bear the fixed charges for winter months (3 – 5 months), without requisitioning some of the generators. The backdown of capacity in states is anywhere in the range of 15% to 30% of the contracted capacity<sup>8</sup>.

<sup>6</sup> <https://www.rediff.com/money/report/as-temperature-soars-power-demand-across-india-hits-record-high/20180525.htm>

<sup>7</sup> CEA's Load Generation Balance Report FY 2018-19, Annex – IV (A) (2/14)

<sup>8</sup> Prayas (Energy Group). (2017, March). The Price of Plenty: Insights from 'surplus' power in Indian States, p.1.

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**B. Licensees' response:**

- 3.18.9 The Licensee submitted that UPPCL in its submission against power purchase has submitted MIS (power purchase cost station wise) for FY16 & FY17 that has actual fixed charges, variable charge PLF & NAPAF.
- 3.18.10 The Licensee submitted that most of the power purchase is being done under long term PPA from generators which have been duly approved by the Commission. The short-term power purchase is being done under competitive bidding route after due approval of the Commission. The power from exchanges is being procured to ensure that the scheduled roster is maintained and the consumers are provided quality power. The Licensee's in recent few months have taken some crucial decisions including surrendering costly power plants, keeping costly power plants of the State Generating Company UPRVUNL under reserve and providing support for generators in the State in obtaining cheaper coal linkages to ensure reduction in power purchase cost. The Licensee further commit to take additional and crucial measures in order to reduce their power purchase cost in order to provide cheaper power to the State Consumers.
- 3.18.11 The Licensee also submitted that details have already been submitted to the Commission and efforts are being made to reduce the power purchase cost.

**C. Commission's view:**

- 3.18.12 The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee. The Commission carries out the prudence check of submissions made by Licensee in this regard.
- 3.18.13 As regards to high power purchase cost, the Commission has taken the matter and directed the Licensees to furnish source wise actual power purchase and due diligence has been followed for allowing price variation to the generator on account of escalation in the cost of fuel to which the Licensee has made partial submission. The methodology adopted by the Commission for approving the power purchase cost is discussed in relevant chapters of this Order.

**3.19 ELECTRICITY DUTY**

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

- 3.19.1 Shri Avadhesh Verma submitted that Discoms have been charging 20% of the electricity duty instead 5% from 60 lakh rural unmetered domestic power consumers in the state since for 5 years. When the Consumer Council took up





this matter in front of the Commission and the Energy Minister, then the process was stopped and also the order for returning of approximately Rs. 523 Crore was issued. But till now this money has not been returned to the consumers.

- 3.19.2 Shri Mahesh Meghani, Chairman of Traders Association, submitted that apart from paying Fixed charges and Energy charges, the consumer has also to pay Electricity Duty and Regulatory Surcharge, which is wrong.
- 3.19.3 Shri Virendra Nath Gupta, Secretary General, Associate Chamber of Commerce and Industry of UP submitted that with total revenue requirement of approximately Rs 60,000 Crore by all Discoms, the share of Electricity Duty (ED) would be approximately Rs 4185 Crores. A roadmap is required to define productive use of recovered ED in the best interest of consumers. Alternatively, the old model of collection ED at Rs 0.09 per unit may be fixed.
- 3.19.4 Shri Vipin Kumar Malhan, President, Noida Entrepreneurs Association, Sector - 6 Noida submitted that electricity duty is also charged on Minimum charges, which is unfair. The Duty should be charged only on the used electricity.

**B. Licensees' response:**

- 3.19.5 The Licensee submitted that the adjustment of ED amount in the Bills of the consumers has already been started.
- 3.19.6 The Licensee further submitted that Electricity duty been collected on behalf of State Government as the same is notified by state government.
- 3.19.7 The Licensee in reply to Shri Vipin Kumar Malhan, submitted that it is bound to collect Electricity duty as per the Government Order.

**C. Commission's view:**

- 3.19.8 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard. Matters related to electricity duty relate to GoUP and the stakeholders requiring any such clarifications may approach the GoUP.

**3.20 IT AND BILLING EXPENDITURE**

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

- 3.20.1 Shri R S Awasthi submitted that since FY 2002-03, more than Rs 5000 Cr have been spent by the Discoms under IT and Billing head and presently, HCL is

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handling the Billing software of UPPCL. However, after spending thousands of Crores, even the arrear figures across categories are still not clear.

- 3.20.2 He further, submitted that Billing software is not able to give the head wise details (Total Regulatory Surcharge, Total fixed charges, Total variable charges, Total late payment surcharge, among others) of the revenue collected.
- 3.20.3 He requested the Commission that UPPCL/Discoms/HCL must be asked to submit an affidavit that their Billing data is correct. Also, reconciliation of revenue gaps shall be done again to arrive at an agreeable figure of Regulatory Asset.
- 3.20.4 He further, submitted that Billing Software of HCL is not working properly and Sua- Moto proceedings in this matter are also underway in the Commission. He requested the Commission that accountability of UPPCL/Discoms/HCL must be set in the proceedings.

**B. Licensees' response:**

- 3.20.5 The Licensee submitted that details have been asked from concerned Unit and it will take some time. The Commission is requested to allow some more time.

**C. Commission's view:**

- 3.20.6 The Commission has taken note of the objections / suggestions made by the stakeholders and the comment of the Licensee in this regard. **The Commission directs the Licensee to verify that the Billing software of HCL is working properly and submit the report to the Commission in three months from the date of this Order.**

**3.21 REVENUE REALIZATION**

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

- 3.21.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that in UP the gross revenue recovery efficiency was 87%, while the revenue recovery efficiency of outstanding government debts was just 51% till September, 2017.
- 3.21.2 He further submitted that the total outstanding amount of Rs 8,853 Crore on the state government departments on March 31, 2017 has now gone up to Rs 10,756 Crore by the end of March 2018. However, under the UDAY Scheme, the Central Government is constantly issuing orders to all the power companies in

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the country to reduce government dues. He also provided the details of outstanding balance as depicted below:

State	State arrears as on March 31, 2017 by Govt. Dept.
Uttar Pradesh	Rs. 8,853 Crores (Rs 10,756 crores in March, 2018)
Telangana	Rs. 355 Crores
Maharashtra	Rs. 3,364 Crores
Andhra Pradesh	Rs. 2,828 Crores
Kerala	Rs. 2,609 Crores
Jammu Kashmir	Rs. 1,868 Crores
Karnataka	Rs. 1,880 Crores
Bihar	Rs. 610 Crores

- 3.21.3 Shri Rajpal Singh, vide e-mail dated December 10, 2018, submitted that putting thousands crores of rupees of the government departments on the common consumers is totally unfair and should not be allowed.
- 3.21.4 Shri Virendra Nath Gupta, Secretary General, Associate Chamber of Commerce and Industry of UP submitted that if sincere efforts are made to recover, even part of these dues, passing on the burden to honest power consumers may be avoided.
- 3.21.5 He further submitted that with massive efforts in improvement in ABR resulting in higher revenue streams for the Discoms as compared to the one assessed in MYT Tariff Order dated November 30, 2017. He therefore, requested to pass on the benefits to the consumers.

**B. Licensees' response:**

- 3.21.6 The Licensee submitted that it also disconnects the connection of government departments but any inconvenience to general public is also taken into consideration while deciding on the disconnection of the same.
- 3.21.7 The Licensee submitted that dues of Government department do not have any impact on the tariff of the consumers. Efforts are being made to realize pending dues.

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3.21.8 In response to the query of Shri Virendra Nath Gupta, the Licensee submitted that the Commission will determine the tariff based on the True-up for FY 2015-16 & FY 2016-17 which is as per submitted audited accounts and as per regulation and the revenue collected from consumer will be pass on to the consumer through tariff.

**C. Commission's view:**

3.21.9 The Commission has taken note of the objections / suggestions made by the stakeholders in this regard. The Commission would like to clarify that the tariff is determined as well as truing up is done considering the revenue billed and not the revenue collected.

**3.22 CAPITAL WORKS**

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

3.22.1 Shri Rajpal Singh, vide e-mail dated December 10, 2018, submitted that it is being observed that in order to reduce AT&C losses across State, huge capital expenditure is being done by the Discoms to replace ASCR conductors with AB cables /underground cabling. However, the situation of AT&C losses has not been significantly improved.

3.22.2 He requested the Commission that Discoms must be directed to submit the data for the lines where ASCR conductors are being replaced by AB cables, along with the % reduction achieved in AT&C losses. Also, if the desired reduction in AT&C losses are not achieved, then the purpose of capex shall be explained.

3.22.3 Shri Subhash Chand Chauhan submitted that the Licensee is charging exorbitantly for reworks and for space lying idle in rural areas.

3.22.4 Shri Subhechhu submitted that for works like changing old cable and electricity poles a committee should be formed so that the consumers do not need to visit the department frequently.

3.22.5 Shri Vipin Kumar Malhan, President, Noida Entrepreneurs Association, Sector - 6 Noida requested that damaged cables and old electricity poles should be replaced at the earliest to have uninterrupted power supply and to avoid the use of DG Set which will also keep the environment clean.

**B. Licensees' response:**

3.22.6 The Licensee submitted that the Commission is requested to allow some more time to complete all the required works.

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- 3.22.7 The Licensee submitted that required action is being taken as per the site requirements.
- 3.22.8 The Licensee further submitted that there is a large distribution network under each Discom and suitable action is being taken after receiving any complaints. The Licensee further requested that the consumer may file their complaint through helpline/online portal.
- 3.22.9 The Licensee further in reply of Shri Vipin Kumar Malhan, submitted that old wires and poles are being changed after assessment.

**C. Commission's view:**

- 3.22.10 The Commission has taken note of the objections / suggestions made by the stakeholders and the comment of the Licensee in this regard. The Licensees must expedite the work of increasing the capacity of various sub-stations and power distribution network, distribution lines and network have to be ungrounded in theft prone areas and electrical infrastructure must be improved to avoid electrical accidents in accordance with the Capital Investment Plan so that above issues are resolved at the earliest. Further, the Licensees should replace all the damaged works at the earliest.

**3.23 SECURITY DEPOSIT**

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

- 3.23.1 Shri R S Awasthi submitted that as per the provisions under the Electricity Act, 2003:

Quote

*Section 47 of the Electricity Act, 2003 provides that a distribution licensee may require any person, who requires a supply of electricity in pursuance of section 43, to give him reasonable security, as may be determined by regulations, for payment to him all the amount which may become due to him-*

- (a) *In respect of the electricity supplied to such persons; or*  
(b) *Where, any electric line or electrical plant or electric meter is to be provided for supplying electricity to person, in respect of the provision of such line or plant or meter.*

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*(4) The distribution licensee shall pay interest equivalent to the bank rate or more, as may be specified by the concerned State Commission, on the security referred to in sub-section (1) and refund such security on the request of the person who gave such security.*

Unquote

- 3.23.2 Further the provisions in UP Electricity Supply Code, 2005 also provides that interest on security deposit shall be given to the consumers at the bank rate as specified by the RBI on yearly basis. The interest amounts are allowed as expenditure during the ARR/ True up filings.
- 3.23.3 Further, the Commission has constituted the Investigating Authority U/s 128 of the Electricity ACT, 2003 regarding non-payment of interest on security deposit by the Discoms to the consumers and in this matter, the Investigating Authority has submitted its report to the Commission, wherein it was observed that there is non-compliance on part of the Discoms.
- 3.23.4 Mr. R. S. Awasthi, further submitted that all the Discoms in True up for FY 2015-16 & FY 2016-17, APR for FY 2017-18 and revised APR for FY 2018-19 have claimed interest on Security Deposit. The Commission is well aware the interest on security deposit is being claimed as expenditure by the Licensee, however the same is not being passed on to the consumer. After repeated Order from the Commission, the Licensees have failed in their duty of giving interest on security deposit.
- 3.23.5 In view of the above non-compliance by the Discoms, he requested the Commission that it may consider disallowing the security deposit amounts that has not been passed on to the consumers and the same shall be allowed only after it has been passed on to all consumers.

**B. Licensees' response:**

- 3.23.6 The Licensee submitted that the issue is under consideration of Commission on the Petition filed by Shri Rama Shanker Awasthi.

**C. Commission's view:**

- 3.23.7 The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee. The Commission has dealt the issue in relevant chapter of this Order.

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- 3.23.8 The provisions related to security deposit and the interest payable on the same are amply clear and are dealt with in detail in the Electricity Supply Code, 2005 and its amendments. It needs to be followed in the same spirit by both, the Licensees as well as the consumers.
- 3.23.9 The Commission in its earlier Orders has directed the Licensees on the above matter and it once again directs the Licensees to pay the applicable interest on security deposit as per the Electricity Supply Code, 2005 and its amendments and Orders of the Commission. Licensees are directed to ensure the timely payment of the interest on security deposit to the consumers.

### 3.24 TARIFF HIKE

#### A. Comments/Suggestions of the Public:

- 3.24.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that UPPCL is trying to impose Regulatory surcharge on the consumers which is completely wrong. He further submitted that on one side Power Corporation claims that it has established the record of improvement and on another side, it talks about tariff hike.
- 3.24.2 Shri R S Awasthi submitted that the MYT Regulations, 2014 framed by the Commission mandates the Licensee to file the Revised ARR for FY 2018-19 by November, 2017. However, the Licensees despite repeated Orders by the Commission did not made the filings in the specified timelines. The Licensees may be of the view that have sufficient financial resources and sufficient Tariff to manage their operations for FY 2018-19. This clearly indicates that the Licensee does not require any Tariff hike for FY 2018-19
- 3.24.3 He requested to the Commission that while doing the Truing up for FY 2018-19, the excess cost should be disallowed due to non-filing of revised ARR by the Licensees. And also, close scrutiny of all expenditures shall be done while allowing the Tariff for FY 2018-19. The Commission may consider FY 2018-19 as Non- Tariff / Zero Tariff hike year.

#### B. Licensees' response:

- 3.24.4 The Licensee submitted that the Commission in its admittance order dated November 12, 2018 directed UPPCL to publish cumulative revenue gap and its treatment in Hindi & English newspapers. The complete detail of Cumulative Revenue gap since FY 2000-01 to FY 2018-19 of Rs 74111 Cr with complete calculation has already been submitted to the Commission vide this office letter

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No: 804/RAU/APR dated December 07, 2018 and have been presented in public hearing before the Commission and also uploaded on their website.

- 3.24.5 The Licensee submitted that it has already informed to Commission that it does not have internal resources to meet revenue gap. Licensees have left decision of treatment of revenue gap on Commission.

**C. Commission's view:**

- 3.24.6 The Commission has taken note of the objections / suggestions made by the stakeholders and comment of the Licensee.
- 3.24.7 The details of all the aspects related to approval of ARR and Tariff design have been covered subsequently in Tariff Philosophy and Rate Schedule chapters of this Order.

**3.25 RETURN ON EQUITY (ROE)**

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

- 3.25.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that since the power companies are proven to be completely failed, the Commission should disallow on their claim of 16% Return on Equity.

**B. Licensees' response:**

- 3.25.2 The Licensee submitted that ROE is being approved as per provisions of MYT Distribution Tariff Regulations, 2014.

**C. Commission's view:**

- 3.25.3 The Commission has taken note of the objections / suggestions made by the stakeholders and comment of the Licensee. The Commission has dealt the issue in relevant chapter of this Order.

**3.26 GST FOR ELECTRICITY**

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

- 3.26.1 Shri Manveer Tewatia, Farmer Leader, submitted that electricity department should be kept under GST so as to protect consumers from different sort of taxes.





- 3.26.2 Shri Virendra Nath Gupta, Secretary General, Associate Chamber of Commerce and Industry of UP submitted that with the introduction of GST there will be a reduction of Equipment cost per unit of kW installation. Therefore, the increase in fixed cost should be rejected.

**B. Licensees' response:**

- 3.26.3 The Licensee submitted that Government's notification about taxes are being followed.
- 3.26.4 The Licensee further in response to the query of Shri Virendra Nath Gupta, submitted that the effect of GST is pass through in the tariff.

**C. Commission's view:**

- 3.26.5 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard.

**3.27 GENERATION COST**

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

- 3.27.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that UP State Electricity Consumers Council had submitted a public interest litigation under section 20 of UPERC MYT Distribution Tariff Regulations, 2014 to get the benefit of reduction in cost of state electricity generating stations by 54 paise per unit for the state electricity consumers. In that report it was submitted that the cost of production of electricity from the state's production houses has decreased by almost 54 paise per unit and the plant load factor (PLF) is increased to 73.32% for FY 2017-18 which was 68.42% for FY 2016-17 and it is now reached to a level of 84.8% for FY 2018-19. The generation cost was Rs. 3.99 per unit in FY 2016-17 that was decreased to Rs. 3.22 per unit in FY 2017-18 and Rs. 2.72 per unit in FY 2018-19. Thus, the generation cost has decreased by 54 paise per unit. The total power purchase cost for FY 2018-19 from the State generating stations approved by Commission is estimated to be 31,689 MU. In this way, the cost of power purchase will be reduced by Rs. 1,700 Crore. Under the provision of Electricity Act, 2003 this benefit should be given to the people of the state by reducing the electricity tariff.
- 3.27.2 He also submitted that In the FY 2016-17 in generation of one unit of electricity 1.93 ml of oil was spent, now it come down to a level of 0.568 ml of oil for per

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unit of electricity generation in the FY 2018-19. In similar way in generation of a unit electricity the coal consumption was Rs. 0.73 kg per unit now it came down to Rs. 0.662 kg per unit in the FY 2018-19 June 2018. Similarly, the Auxiliary Power Consumption, which was 9.26% in FY 2016-17, has now come down to the level of 8.08% in June 2018, which reflects a comprehensive improvement in itself. UPERC opined that this matter will be heard through the petition no. 1135M / 2018. In such a case, now the rates should be reduced when the hearing has been started.

**B. Licensees' response:**

- 3.27.3 The Licensee submitted that detailed explanation and report has already submitted to the Commission for consideration

**C. Commission's view:**

- 3.27.4 The Commission has taken note of the objections / suggestions made by the stakeholders in this regard. The Commission has dealt the issue in relevant chapter of this Order.

**3.28 MINIMUM CHARGES**

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

- 3.28.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, requested the Commission to terminate the minimum charge of commercial power consumers of LMV 2 which is very important.
- 3.28.2 Shri Sesh Narayan Trivedi, Merchant Chamber of Uttar Pradesh submitted that minimum charges to be paid by the consumers is fixed. In case the consumption exceeds the sanctioned load, then penalty charges are levied while in the event of less consumption than the sanctioned load, minimum charges to be paid by the Consumer remains the same. He requested the Commission that the charges should also decrease in the event of less consumption by the consumer.
- 3.28.3 Similarly, Shri Mahesh Meghani, Chairman of Traders Association, submitted that minimum charges should be as per the consumption of the consumer.

**B. Licensees' response:**

- 3.28.4 In respect to minimum charges, the Licensee clarifies 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

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Licensee has to incur some expenditure to keep supply always ready for the consumer to the extent of their contracted demand.

- 3.28.5 The Commission has already mentioned the minimum charges clarification in MYT Order dt. 30.11.2018. The same has been quoted below:

Quote

*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 then there will be increase in some other charges as the utility has to recover on its prudently incurred cost from consumer.*

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**C. Commission's view:**

- 3.28.6 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard.
- 3.28.7 The Commission would like to clarify that each Licensee has to plan and make arrangements of infrastructure for supply of power based on the overall contracted demand of the consumers. When the consumers exceed their contracted demand, it burdens the system ad a lot of efforts and resources go into managing it. Hence, to restrain the consumers from exceeding their contracted demand the penalty is imposed.

**3.29 ELECTRICAL ACCIDENTS**

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

- 3.29.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that people are dying in power-related accidents which is a very serious issue. In the past, as per the report of Power Accident for the FY 2016-17 which is sent to the Central Electricity Authority by Uttar Pradesh Electricity

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Directorate has disclosed that in Uttar Pradesh, till now, the death of people is maximum which has been increased to 958. This proves that about three people are dying due to the electrical accident every day. In order to curb the rising electric accidents, the State Electricity Consumers Council has raised this issue several times and Commission had given instructions to power companies.

- 3.29.2 He also submitted that in the state while hundreds of people are being dying in electrical accidents, the large number of animals are being killed and the crops of farmers are also destroying from time to time. The data released by the Directorate of Electrical Security is proving that 3,491 people died in the last 5 financial years, which is a matter of concern.

Year of electric disaster	Fatal electrical accident	No. of deceased persons
FY 2012-13	1048	570
FY 2013-14	1204	611
FY 2014-15	1185	629
FY 2015-16	1352	723
FY 2016-17	1824	958

- 3.29.3 In year 2015, on a public interest representation by the Consumer Council, the Commission had instructed the Chairman of the Power Corporation to curtail the issue of electrical accidents and asked to submit the report, however, even after that the companies are showing their disinterest towards the electrical accidents.

**B. Licensees' response:**

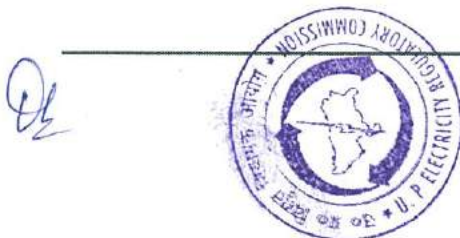
- 3.29.4 The Licensee submitted that the point is related to the complaints and the Licensee is trying to resolve the issue.

**C. Commission's view:**

- 3.29.5 The Commission has taken note of the objections / suggestions made by the stakeholders in this regard. The Commission is of the view that the Licensee should take adequate steps to minimise the accidents.

**3.30 GRADE OF UP DISCOMS**

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



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- 3.30.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upphokta Parishad, submitted that Ministry of Power, Gol, has released 6<sup>th</sup> Annual Rating of 41 Government In the standard of grading by the Gol, 28 numbers have been kept for AT&C losses, where 33 numbers have been kept for the financial parameters and similarly different numbers have also been kept for the other parameters. The total score is 100. Electricity Companies of the country, in which they have been given separate grades as shown below:

Numbers	Grade
80-100	A <sup>+</sup>
65-80	A
50-65	B <sup>+</sup>
35-50	B
20-35	C <sup>+</sup>
0-20	C

- 3.30.2 Grade and numbers of UP Discoms are as follows:

Numbers	Grade
PVVNL	C
MVVNL	C
PuVVNL	C
DVVNL	C
KESCO	C

- 3.30.3 There are power companies in the state of Gujarat and Uttarakhand which got the A<sup>+</sup> grade in the country. Further, he submitted that the most serious case is that the 8 companies in the country have got the worst grading, in which 4 companies are from UPPCL. Therefore, he requested the Commission to take strict action against Discoms while deciding their accountability.

**B. Licensees' response:**

- 3.30.4 The Licensee submitted that they are making all efforts for improvement in consumer services and the revenue requirement is approved by the Commission as per regulatory norms.

**C. Commission's view:**

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3.30.5 The Commission has taken note of the objections/ suggestions made by the stakeholders in this regard and is of the view that Discoms should make all efforts to improve the performance so that its rating gets improved.

### 3.31 NEW CONSUMER CATEGORY FOR POOR RURAL HOUSEHOLDS

#### A. Comments/Suggestions of the Public:

3.31.1 Shri Avadhesh Verma, Chairman of UP Rajya Vidyut Upbhokta Parishad, submitted that around Rs. 16,320 Crores of rupees are being spent in the entire state under the Saubhagya scheme by the Gol. In the rural areas on the occasion of Baba Saheb's Jayanti free electricity connections are being distributed under "Gram Swaraj Abhiyan" to the poor and dalit people. This step is admirable but now the biggest problem is these consumers have to pay the electricity bills. At present, under the Life Line category, the first slab of the domestic electricity consumers is applicable at Rs. 3 per unit and these poor consumers are not capable to pay at this rate. It is requested to the Commission to form a new category of affordable electricity rates for these consumers.

3.31.2 He also submitted that work is currently underway to prepare the same tariff structure in the whole country and a tariff simplification committee has also been created by UPPCL. In this case, if a new category can be formed for poor electrical consumers who are getting electricity connections free and their rates should not be more than Rs. 1 per unit or Rs. 1.50 per unit. It would be reasonable to restrict such consumers to 500 watt and provide cheap electricity to them. If the Commission allow the subsidy from government separately to provide electricity to these consumers then it will be more beneficial.

#### B. Licensees' response:

3.31.3 The Licensee submitted that the Commission has started Suo-Moto proceeding on determination of ARR FY 2018-19 / tariff and creation of any new sub-category is under the purview of the Commission.

#### C. Commission's view:

3.31.4 The Commission has taken note of the objections / suggestions made by the stakeholders in this regard. The details of all the aspects related to Tariff design have been covered subsequently in Chapter of Tariff Philosophy and Rate Schedule provided in this Order.

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### 3.32 PRE- PAID METERING

#### A. Comments/Suggestions of the Public:

- 3.32.1 Shri Virendra Nath Gupta, Secretary General, Associate Chamber of Commerce and Industry of UP submitted that as per the provision in Electricity Act, 2003, consumers opting for pre-paid meters are not required to pay any security deposit. But the progress of installation of Pre- paid meters is far below the desired level.
- 3.32.2 He submitted that the Discoms should promote the installation of Pre- paid meters.

#### B. Licensees' response:

- 3.32.3 The Licensee submitted that prepaid meters are being installed on the demand of the consumer.

#### C. Commission's view:

- 3.32.4 The Commission has taken note of the objections / suggestions made by the stakeholders in this regard. The Commission in its earlier Orders has repeatedly directed the Distribution Licensees regarding expedition of the process of introduction of Pre-paid meters.

### 3.33 SINGLE POINT CONNECTION

#### A. Comments/Suggestions of the Public:

- 3.33.1 Shri Pradeep Kumar Singh, submitted that the conversion of single point connection to multi-point connection if done at the expense of consumers then it will be a burden on them. Rather it should be done by the Licensee from their expenses.
- 3.33.2 Shri R.D Pal (Chairman), Home Buyer Association Lucknow submitted that all residents of an apartment should be provided electricity connections. In case of not providing connection by the Builder, the Licensee should give connection to the consumers.



Page 78



**B. Licensees' response:**

- 3.33.3 The Licensee in reply to the comment of Shri Pradeep Kumar Singh submitted that it is obligated to follow the regulations as notified by the Commission. The Licensee also submitted that the conversion of single point connection to multi-point connection will be done as per latest (Thirteenth) amendment to UPERC Supply Code notified by the Commission.
- 3.33.4 The Licensee in reply to the comment of Shri R.D Pal submitted that in multi-storeyed buildings, single point connection was provided as per the provisions of Tariff Order and Supply Code issued by the Commission. However, Commission in its latest amendment to supply code i.e. Electricity Supply Code (Thirteenth Amendment), 2018 dated August 10, 2018 has made provision for individual connections to be provided to the consumers when applied.

**C. Commission's view:**

- 3.33.5 The Commission has taken note of the objections / suggestions made by the stakeholders in this regard and the provisions of Supply Code as amended from time to time are applicable for providing connections.

**3.34 UDAY SCHEME**

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

- 3.34.1 Shri Virendra Nath Gupta, Secretary General, Associate Chamber of Commerce and Industry of UP submitted that financial gain arising out of the implementation of UDAY scheme may be transferred to the consumers.

**B. Licensees' response:**

- 3.34.2 The Licensee submitted that any benefit of UDAY scheme to be pass on to the consumer through tariff which would be notified by the Commission.

**C. Commission's view:**

- 3.34.3 The Commission has taken note of the objections / suggestions made by the stakeholders in this regard.

**3.35 TARIFF FOR LMV-10 CATEGORY AND 100% METERED SUPPLY**

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

- 3.35.1 Mr. Prateek Aggarwal of CEEW has submitted that the Commission vide Order dated June 18, 2015 made clear that from January 1, 2016 onwards, the Tariff

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similar to other Domestic category (LMV -1 category) will be applicable on the existing LMV – 10 consumers (at that time). The Commission’s Order has been reproduced below:

Quote

**RATE (B): (January 1, 2016 Onwards)**

*Tariff for consumers under this category shall be same as that of “other metered consumers” under LMV-1 category.*

*The Licensees are permitted to provide the “rebate” as it deems fit to the consumers eligible to get supply under this category. However, the Licensees shall have to bear the burden from its own resources, if it wants to provide the “rebate” to such consumers. The amount of “rebate” given, energy billed and amount billed must be clearly accounted by the Licensees and shall ensure appropriate modification in its billing software in this regard. The actual amount billed plus the rebate so recognized shall be considered as total revenue from this category while undertaking the trueing up of the relevant financial year.*

Unquote

- 3.35.2 However, Discoms filing for FY 2016-17 & MYT 1st control period<sup>9</sup> (FY 2017-18 to FY 2019-20) and submission by various consumers suggest that implementation of the Commission’s Order has not been done by State Discoms. Discoms still have largely un – metered LMV 10 consumers and are given supply at a concessional tariff, which ultimately impacts the other consumers.
- 3.35.3 He requested to the Commission that Discoms should be held accountable for non-implementation of Commission’s Order and also the impact / revenue burden shall be considered as deemed revenue from the date of non-implementation of Commission’s order and must be adjusted in the tariff filing for the ensuing year. Also, the Commission may ask the Discoms to submit the current status of metering of LMV -10 consumers and also submit the month-wise timeline for metering of such LMV -10 consumers, in accordance with the best practices adopted for regular metered consumers.

<sup>9</sup> UPERC’s MYT Tariff Order dated November 30, 2017, p.351-358







- 3.35.4 He further submitted that the State Discoms in an affidavit have submitted to the Commission that there are no urban un-metered consumers left in the system. However, based on our survey across 10 districts, the urban metering stands at 90%. It is requested to the Hon'ble Commission that may ask the Discoms to submit the current status of metering of urban consumers.
- 3.35.5 Shri Virendra Nath Gupta, Secretary General, Associate Chamber of Commerce and Industry of UP submitted that as per the Tariff Order dated June, 18 2015 for 2015-16, from January 2016, the Tariff for LMV-10 consumer shall be same as that of other metered consumer under LMV-1 category. But this has not been implemented yet.
- 3.35.6 He requested the Commission that Licensee may be asked to provide a time bound action plan for installation of Energy Meters.

**B. Licensees' response:**

- 3.35.7 The Licensee submitted that the Commission does not pass any liability of the LMV-10 category to other categories of consumers.

**C. Commission's view:**

- 3.35.8 The Commission has taken note of the objections / suggestions made by the stakeholders in this regard. The Commission has observed that for FY 2018-19 the Licensees have projected the revenue for LMV-10 category of consumers considering the rates of LMV-1 (Domestic metered consumers) category and the Commission has dealt with this issue as detailed in the Tariff Philosophy and Rate Schedule provided in relevant chapter of this Order. The Commission reiterates that 100% metering and billing is a must for all the Licensees and once again direct the Licensees that they must put sincere efforts to achieve the same at the earliest.

**3.36 MCG PROVISIONS FOR LMV – 6 & HV-2 CATEGORIES**

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

- 3.36.1 Shri R S Awasthi submitted that presently, the Govt. of Uttar Pradesh is very keen on industrialization in UP and introduction of some incentives could be positive step in this direction. Industries do not run their operations on full year basis due to reasons such as maintenance schedule, breakdowns, etc. and in such events, the provision of MCG is beneficial for the industries, because it





saves some cost on their part as compared to paying fixed charges on yearly basis.

- 3.36.2 He requested to the Commission that MCG provision shall be reintroduced for LMV-6 & HV-2 consumers. It is further requested that MCG provisions shall be considered on the total 'Rate', instead of allowing it only on the energy charge.

**B. Licensees' response:**

- 3.36.3 The Licensee submitted that financial impact of the request of stakeholder should be properly examined.

**C. Commission's view:**

- 3.36.4 The Commission has taken note of the objections / suggestions made by the stakeholders and comment of the Licensee in this regard. The Commission in this Order as discussed in later Chapters of the Order has not revised the tariff in this Order.

**3.37 OTHER ISSUES**

**BUNDELKHAND REGION/AREAS DECLARED EXTREMELY DRAUGHT / FLOOD AFFECTED**

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

- 3.37.1 Shri R S Awasthi submitted that it is requested to the Commission that the area declared as extremely draught / flood affected by GoUP, should be given discounted Tariff in the interest of general public.

**B. Licensees' response:**

- 3.37.2 The Licensee submitted that Under the present arrangement separate tariff for Bundelkhand region is not possible.

**3.38 VOLTAGE WISE COST OF SUPPLY**

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

- 3.38.1 Shri R S Awasthi submitted that the determination of voltage wise cost of supply will enable the Commission to evaluate cross subsidies prevalent at various voltages. The Commission would thus be guided by the voltage wise cost of supply in seeking to gradually reduce cross subsidies at various voltage levels.

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- 3.38.2 Also, in the absence of requisite data, the Hon'ble APTEL in many appeals has advised that the power purchase cost which is the major component of the Discom's costs can be apportioned to different voltage levels in proportion to the sales and losses at the respective voltage levels. As regards the other costs such as Return on Equity, Interest on Loan, Depreciation, Interest on Working Capital and O&M costs, these costs can be pooled and apportioned equitably, on pro-data basis to all voltage levels.
- 3.38.3 It is further submitted that States like Madhya Pradesh, Gujarat, Karnataka, Telegana, among others have adopted the Voltage wise cost of supply. It is requested to the Commission that necessary steps must be initiated in this regard.

**B. Licensees' response:**

- 3.38.4 The Licensee submitted that attempts are being made to comply with the guidelines in this regard.

**3.39 Provision of Interest on excess amount recovered by Discoms**

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

- 3.39.1 Shri R S Awasthi submitted that provision regarding Interest on excess amount recovered by the Discoms as provided in the Electricity Act, 2003 has been quoted below:

Quote

*Section 62. (Determination of Tariff): -- (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for –*

.....

*6) If any licensee or a generating company recovers a price or charge exceeding the tariff determined under this section, the excess amount shall be recoverable by the person who has paid such price or charge along with interest equivalent to the bank rate without prejudice to any other liability incurred by the Licensee.*

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**Provision made by the Commission in its Tariff Order dated August 01, 2016**

- 3.39.2 In accordance with the Regulation 6.5 of the UPERC Distribution Tariff Regulations, 2006, the Commission in its Tariff Order dated August 01, 2016 for FY 2016-17 has introduced the provision for Interest on dues payable to consumers by the Licensee, the relevant of same has been quoted below:

Quote

***Interest on Dues Payable to consumers by the Licensee***

*7.1.39 The Commission in this Order has introduced provision for interest on dues payable by the Licensee to the consumers, under which they will be entitled to get interest at the interest rate applicable for interest on security deposits on all the dues payable by Licensee which may raise out of rectification / adjustment / settlement of bill from the Licensee. The detail of this arrangement of interest on pending dues is provided in the rate schedule of this Order.*

Unquote

- 3.39.3 However, the above provision was removed in the MYT Tariff Order dated November 30, 2017 without any reasoning. It is requested to the Commission that the provision of interest on excess amount recovered by the Discoms shall be reintroduced.

***B. Licensees' response:***

- 3.39.4 The Licensee submitted that it is prerogative of the Commission, therefore, the Commission may take the appropriate view.

**3.40 Adjustment of Compounding Fees**

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

- 3.40.1 Shri R S Awasthi submitted to the Commission that in many cases, the Discoms book the consumers under theft and accordingly compounding fees shall be returned back, however in actual, such fee is not returned back to the consumer. Further, he requested to the Commission that directions shall be issued that such amount should be adjusted in the future bills of the consumers.

***B. Licensees' response:***



3.40.2 The Licensee submitted that if any guidelines regarding the same will be issued by Commission then Licensee will follow the same.

### 3.41 MRI REPORTS TO THE CONSUMERS

#### A. Comments/Suggestions of the Public:

3.41.1 Shri R S Awasthi submitted to the Commission that presently AMR based metering is done by the Discom, however, the reading slip and MRI report to large consumers are not being given to them, which is a strict non-compliance of the Commission's Order. It is requested that Discoms must be directed to comply as per the provisions.

#### B. Licensees' response:

3.41.2 The Licensee submitted that it is practice to provide MRI reports to the large consumers along with the bills.

### 3.42 DISTRIBUTION FRANCHISEE- M/S TORRENT POWER LIMITED (TPL)

#### A. Comments/Suggestions of the Public:

##### a. APPC vs. Input Rate for Distribution Franchisee

3.42.1 Shri R S Awasthi submitted that the Licensee DVVNL procures power at Average Power Procurement Cost (APPC) which has been in the range in the Rs. 3.06 – Rs. 4.01 / Unit for last 7-8 years. However, the Licensee DVVNL supplies power (approx. 200 MU average annually) to M/s Torrent Power Limited at input rate (as per the Distribution Franchisee Agreement) which has been in the range in the Rs. 1.80 – Rs. 2.42 / Unit for past 7-8 years resulting in a net loss of Rs. 1.26 – Rs. 185 / Unit, amounting to a loss of more than Rs. 300 Crore annually.

3.42.2 Further, M/s TPL has been in operation since 2010, therefore net losses amounting to Rs. 3,000 Crore has been incurred till date.

3.42.3 He requested to the Commission that the difference of the Rs. 3,000 Crore shall be considered as deemed revenue realised and shall be adjusted in the current year ARR.

##### b. Non-achievement of AT&C losses

3.42.4 Shri R S Awasthi submitted that as per the Distribution Franchisee Agreement the M/s TPL was supposed to bring down the AT&C losses to 15% by FY 2016-17. However, the same stood at 22.04 % as on August 2016 (as per Expert Committee report)





3.42.5 He requested to the Commission that what action / penalties has been taken against M/s TPL by DVNVL for Non-compliance of the term of the DFA.

**B. Licensees' response:**

3.42.6 The Licensee submitted that for both the points (a) & (b) Data is being collected from M/s TPL.

**3.43 FLAT RATE BILLING**

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

3.43.1 A lot of consumers from Ghaziabad district have requested the Commission that there should be flat rate Billing of Rs 200 per month in their village since they cannot afford to pay their Bills as per the existing meters. Further, they requested that the Billing cycle should be of 6 months

**B. Licensees' response:**

3.43.2 The Licensee submitted that under Suo-moto proceedings for FY 2018-19 no tariff has been proposed by the licensees and the treatment of revenue gap has been left to the decision of the Commission. The Licensee also submitted that there is a standard practice of billing cycle and it is being followed.

**3.44 AMENDMENT OF COST DATA BOOK**

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

3.44.1 Shri Gaurav Nanda, of Indian Energy Regulatory Services submitted that the UPERC Cost Data Book, 2016 is silent about the issue of "Timeline" within which the work has to be completed. He requested the Commission to look into the matter.

**B. Licensees' response:**

3.44.2 The Licensee submitted that the amendment of cost data book is under the prerogative of the Commission.

**3.45 REGULAR POSTS FOR METER READERS**

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





3.45.1 Shri Subhash Chand Chauhan submitted that there should be regular posts for Meter readers since, regular employees are more accountable than non-regular employees.

**B. Licensees' response:**

3.45.2 The Licensee submitted that smart meters and pre-paid meters are being installed in large numbers which will reduce the requirement of meter readers.

**3.46 Same Tariff for PTW consumers**

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

3.46.1 Shri Rajbir Singh, Bhartiya Kisaan Union, submitted that for metered PTW consumers, in rural areas the consumers are charged Rs 1.50/unit while in urban areas the tariff is Rs 5.50/unit which is totally unfair. He requested that UPPCL should charge same tariff for PTW under both rural/urban schedule.

**B. Licensees' response:**

3.46.2 The Licensee submitted that it has been collecting electricity charges as per the Rate Schedule approved by the Commission in its Tariff order. The Licensee submitted that restructuring may be made on the basis of recommendations of central govt. and under guidance of the Commission.

**3.47 TEMPORARY CONNECTION**

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

3.47.1 Shri Vipin Kumar Malhan, President, Noida Entrepreneurs Association, Sector -6 Noida submitted that if a consumer wants to do some civil work, then he/she should not be required for taking a temporary connection.

**B. Licensees' response:**

3.47.2 The Licensee submitted that temporary connections are given to the consumers as per the regulations notified by the Commission.

**3.48 STANDARDS OF PERFORMANCE**

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

3.48.1 Shri R.D Pal (Chairman), Home Buyer Association Lucknow submitted that every Discom and the Commission also, should publish Reliability Indices so that the consumers can be aware of the Discom's performance.

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3.48.2 He further submitted that the Discom should also follow the Model Rules framed by Supreme Court for the consumers.

**B. Licensees' response:**

3.48.3 The Licensee submitted that any inefficiency on the part of licensee is not passed on to the consumer by the Commission. Licensee will follow the commission's guidelines. The Licensee also submitted that stakeholders have not specified any order of Hon'ble Supreme Court regarding Model Rules to be followed by Discom.

**3.49 COMPLAINT REDRESSAL MECHANISM AND AWARENESS PROGRAMME**

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

3.49.1 Shri Abhishek Srivastava, Chairman, Consumer Guild submitted that complaint redressal mechanism for electricity issues should be stronger and still awareness generation among common consumers about Electricity Act, Electricity Ombudsman, CGRFs needed.

3.49.2 He further submitted that more outreach and awareness programs is needed from the Discoms so as to finally benefit the end consumers. Also, voluntary consumer organizations should be invited for awareness activities related to electricity issues.

**B. Licensees' response:**

3.49.3 The Licensee submitted that Discom is trying its best on complaint redressal mechanism for electricity dues so that complaints can be resolved in the minimum time period. Further, Discom is determined on awareness generation program among consumers.

3.49.4 The Licensee further submitted that they regularly made efforts on awareness of tollfree helpline and social media platforms for grievances among the consumers. However, it will assure that more effort is put on the same so that it finally benefits the end consumer.

3.49.5 The Licensee also submitted that it is determined on awareness generation program among consumers, however, it has noted down the suggestion of the consumer.

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**C. The Commission's view on all other issues:**

3.49.6 The Commission has taken note of the objections/ suggestions made by the stakeholders in this regard. The applicable Tariffs for all the consumer categories have been designed in accordance with the Electricity Act, 2003 and the Distribution MYT Tariff Regulations, 2014. The details of all the aspects related to Tariff design have been covered subsequently in Chapter of Tariff Philosophy and Rate Schedule provided in this Order. On other issues such as quality of supply and complaints redressal, the Discoms should strictly follow the Regulations issued by the Commission.



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

##### 4.1 INTRODUCTION

4.1.1 The State Discoms have sought the final truing up of expenditure and revenue for FY 2015-16 based on actual expenditure and revenue as per audited accounts. In this section, the Commission has analysed all the elements of actual revenue and expenses for FY 2015-16 and has undertaken the truing up of expenses and revenue after prudence check of the data made available by the Licensees.

##### 4.2 POWER PURCHASE EXPENSES

4.2.1 The Commission, in the Tariff Order for FY 2015-16, had approved the power purchase quantum of 1,04,891.80 MU and total power purchase expenses of Rs. 42,447.74 Crore at UPPCL level. The State Discoms, in their True-up formats, have submitted that the actual power purchase expenses for FY 2015-16 are Rs. 37,901.60 Crore towards power procurement of 93,651.57 MU at UPPCL level.

4.2.2 It is observed that the State Discoms have adopted the following philosophy for computing the allowable power purchase cost:

- The allowable power purchase input has been calculated by grossing up the actual energy received at the Discoms end by the approved / actual transmission losses, whichever is lower.
- The allowable power purchase cost has been computed by multiplying the revised bulk supply Tariff with allowable power purchase input to derive the allowable power purchase cost for truing up.

4.2.3 As per the above philosophy, the Bulk Supply Tariff as worked out by the State Discoms is shown in the Table below:

**Table 4-1: BULK SUPPLY TARIFF AS COMPUTED BY THE STATE DISCOMS FOR FY 2015-16**

Particulars	Unit	Claimed
Power Input	MU	93,651.57
Inter-State Transmission Loss	%	2.60
Input at Transco End	MU	91,217.28
Intra-State Transmission Loss	%	3.59
Energy available at Discom End	MU	87,942.58
Allowable Power Purchase Cost at Discom end (including PGCIL Charges and UPPCL O&M expenses)	Rs Crore	37,199.00
Power Purchase Cost per unit at Discom end (BST)	Rs/kWh	4.23





4.2.4 The State Discoms in their submissions have calculated the allowable power purchase input at Discom end by grossing up the actual energy sales by the approved distribution loss target or actual Distribution losses, whichever is lower. Thereafter, the allowable power purchase input has been multiplied by the Trued-Up Bulk Supply Tariff rate to derive the allowable power purchase cost for FY 2015-16 as shown in the Table below:

**Table 4-2: POWER PURCHASE COST AS COMPUTED BY STATE DISCOMS FOR FY 2015-16:**

Particulars	Sales (MU)	Distribution Losses Claimed (%)	Energy at Discom Periphery (MU)	Trued-up Bulk Supply Tariff (Rs./kWh)	Allowable Power Purchase Cost Payable to UPPCL on Truing -up (RS. CRORE)
DVVNL	15435.72	29.00%	21740.46	4.23	9196.04
MVVNL	12722.47	21.03%	16110.51	4.23	6814.62
PVVNL	21905.13	19.52%	27218.10	4.23	11513.14
PuVVNL	15887.69	20.93%	20093.19	4.23	8499.26
KESCO	2935.25	23.50%	3836.93	4.23	1622.99
<b>Total Power Purchase Cost eligible for Truing-up at Discom level</b>					<b>37646.04</b>

4.2.5 Further, with regard to distribution losses, the State Discoms have submitted the following actual distribution losses:

**Table 4-3: ACTUAL DISTRIBUTION LOSSES FOR FY 2015-16 AS PER STATE DISCOMS**

Name of Discoms	Energy at Discom Periphery (MUs)	Sales (MU)	Actual Distribution loss (%)
DVVNL	20431.73	15435.72	24.45%
MVVNL	16352.51	12722.47	22.20%
PVVNL	26926.17	21905.13	18.65%
PuVVNL	20637.79	15887.68	23.02%
KESCO	3594.37	2935.25	18.34%
<b>Consolidated (5 Discoms)</b>	<b>87942.58</b>	<b>68886.26</b>	<b>21.67%</b>

4.2.6 The Discoms where actual distribution losses are lower than target distribution losses have claimed efficiency gain and profit contribution to contingency reserve as shown under:





**Table 4-4: EFFICIENCY GAIN & PROFIT CONTRIBUTION TO CONTINGENCY RESERVE FOR FY 2015-16 AS PER STATE DISCOMs (RS. CRORE)**

Name of Discoms	Distribution Loss Targets (%)	Actual Distribution loss (%)	Efficiency gain	Profit Contribution to Contingency Reserve
DVVNL	29.00%	24.45%	276.80	138.40
PVVNL	19.52%	18.65%	61.74	30.87
KESCO	23.50%	18.34%	51.30	25.65

4.2.7 The State Discoms have also claimed Rs. 255.55 Crore towards allocation of O&M expenses of UPPCL as shown below:

**Table 4-5: UPPCL O&M EXPENSES FOR FY 2015-16 AS PER STATE DISCOMs (RS. CRORE)**

S. No	DISCOM	UPPCL O&M Expenses
1	DVVNL	59.37
2	MVVNL	47.52
3	PVVNL	78.25
4	PuVVNL	59.97
5	KESCO	10.44
6	Consolidated (5 Discoms)	255.55

4.2.8 The Commission has computed the BST based on the same philosophy as adopted in its Order dated November 30, 2017. The Commission has been considering Distribution losses as controllable parameter and there-upon the power purchase cost consequent to under-achievement of Distribution loss is disallowed. For truing up of ARR for FY 2015-16, the allowable power purchase quantum has been computed by grossing up the actual energy sales by the approved distribution loss target or actual loss level whichever is lower. The power purchase cost is then computed by considering the allowable power purchase thus derived and the Bulk Supply Tariff computed at Discoms periphery.

4.2.9 The Commission observes that the actual Distribution Losses for FY 2015-16 are higher for MVVNL and PuVVNL than the Distribution Loss targets approved by the Commission. However, for DVVNL, PVVNL and KESCO the Licensees have submitted lower actual losses as compared to the Distribution Loss targets approved by the Commission. The same is as depicted in the Table below:

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Table 4-6: ACTUAL DISTRIBUTION LOSSES FOR FY 2015-16 AS PER STATE DISCOMS

Name of Discoms	Distribution Loss Targets (%)	Actual Distribution loss (%)
DVVNL	29.00%	24.45%
MVVNL	21.03%	22.20%
PVVNL	19.52%	18.65%
PuVVNL	20.93%	23.02%
KESCO	23.50%	18.34%
Consolidated (5 Discoms)	22.67%	21.67%

- 4.2.10 Three State Discoms i.e. DVVNL, PVVNL and KESCO have submitted efficiency gains and profit sharing on account of better performance against the targets specified on the performance parameters, i.e. improved performance by way of reduction of distribution losses. Regulation 4.11 of the Distribution Tariff Regulation, 2006 specifies as shown under:

Quote

*2.4 Amendment of Tariffs*

.....

*3. Subject to other provisions of these regulations, the ARR determined by the commission for any financial year shall be trued up on the basis of actual financial and operational results. Any deficit or surplus arising out of such true up shall be adjusted while determining the tariff for the subsequent years.*

*Provided that the Commission may allow higher expenditure actually incurred by the licensee in any financial year on account of non-controllable factors i.e. factors beyond the control of licensee after due verification of such expenses and prudence check.*

*Provided further that the profit arising out of improvement in operational efficiency such as over achievement of loss reduction target, better collection efficiency, saving in O & M Expenditure etc. shall be shared between the distribution licensee and the consumers as specified in Para 4.11 of these regulations.*

.....

*4.11 Profit Sharing*



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1. The licensee will be allowed an approved return for the ensuing financial year.

2. However, if the licensee makes more profit than the approved return on account of improved performance by way of reduction of Distribution Losses, better collection efficiency etc., the Commission may treat the profit beyond the approved return in the following manner:

(i) Licensee shall be entitled to retain 50% of the additional profit earned on account of operational efficiencies

(ii) 25% shall be credited to the licensee's contingency reserve.

(iii) The remaining 25% shall be passed on to the consumers by way of reduction in ARR.

Unquote

4.2.11 Hence, in accordance to the Distribution Tariff Regulations, 2006, any gain or loss on account of the controllable parameters like improved performance by way of reduction of distribution losses, O&M expenses etc. is to be dealt with. Accordingly, the Commission has allowed the efficiency gain on account of improved distribution losses for DVVNL, PVVNL and KESCO as shown under:

Table 4-7: APPROVED EFFICIENCY GAINS FOR FY 2015-16

S. No	Efficiency Gains on account of improvement in Distribution Loss	DVVNL	PVVNL	KESCO
A	Distribution Loss (%)- Approved in T.O dated 18.05.2016	29.00%	19.52%	23.50%
B	Distribution Loss (%)- Audited	24.45%	18.65%	18.34%
C	Energy Input into Transmission- Distribution Interface (MU)-At Approved loss (%)	21740.46	27218.10	3836.93
D	Energy Input into Transmission- Distribution Interface (MU)-At Audited loss (%)	20431.73	26926.17	3594.37
E	Units Saved (MU) (E=D-C)	1308.72	291.94	242.55
F	Trued up Bulk Supply Tariff (Rs/kWh)	4.23	4.23	4.23
G	Gain (ExF/10) (RS. CRORE)	553.59	123.49	102.60
H	Profit Sharing (RS. CRORE): 50% To Licensee 25% In Contingency Reserve 25% Reduction in ARR  * As the Commission has disallowed the addition to Contingency Reserve, hence the total impact on the ARR will be 50% only.	276.80	61.74	51.30

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- 4.2.12 As regards profit sharing, the Commission vide email dated November 28, 2018, directed the State Discoms to submit the clarification regarding why this may not be disallowed, as the treatment of contingency reserve (25%) and consumer benefits by way of reduction in ARR (25%) has not been submitted. The Licensee has however, not submitted any clarification as to why this cost should not be disallowed.
- 4.2.13 Further, it is to be noted that, there is a substantial revenue gap between ARR and revenue, hence, any amounts allowed on account of contingency reserve will only go to enhance the already large gap and create extra burden on the consumers. Therefore, the Commission disallows the said amount.
- 4.2.14 As regards UPPCL O&M Expenses, the Commission has verified the amount of Rs. 255.55 Crore from the Audited Accounts of UPPCL for FY 2015-16. However, it is observed that the Commission in Tariff Orders dated October 1, 2014, had directed the State Discoms to manage the O&M Expenses incurred by UPPCL (for procuring the power) from the O&M Expenses allowed to them. The relevant extract of the Commission's Order dated October 1, 2014 in the matter of Determination of ARR and Tariff for FY 2015-16 and True up for FY 2012-13 of DVVNL has been quoted below:

Quote

*4.2.14 The Commission has verified the above amount from the Audited Accounts of UPPCL and has allowed such expenses based on actual for FY 2014-15. As the above expenses have been incurred by UPPCL, which is mostly for procuring the power for the Discoms, the above expenses for the purpose of Truing up has been considered as a part of Bulk Supply Tariff. It may further be noted that the procurement of power is the responsibility of the Distribution Licensee for which the Commission allows considerable amount of O&M Expenses and interest on working capital to the Licensee. The Commission has allowed such expenses for the past years, however, for future years, i.e., from FY 2014-15 onwards, the Licensee is directed to manage such O&M Expenses for procuring the power from the O&M Expenses allowed to it.*

Unquote

- 4.2.15 Thus, as regards UPPCL O&M Expenses, it is clear that the Commission had allowed such expenses in the previous orders giving clear directions that from

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FY 2014-15 onwards the Licensees should manage such O&M Expenses for procuring the power from the O&M Expenses allowed to them. Accordingly, the O&M expenses of Rs. 255.55 Crore claimed by the State Discoms towards allocation of O&M Expenses of UPPCL are not allowed. The Commission again reiterates that the procurement of power is the responsibility of the Distribution Licensees for which the Commission allows considerable amount of O&M Expenses and interest on working capital to the Licensees.

4.2.16 The Commission in its previous orders had stated as shown under:

Quote

4.2.13.....

.....It is noted that the Distribution Licensees book the cost of power purchase in their Audited Accounts as per the BST approved by the Commission, while UPPCL procure power at the actual rates from the Generating Companies. Further, the Licensees during Truing up of FY 2013-14 have claimed the power purchase cost higher than the cost incurred as per their audited accounts, which is due to the fact that the actual power purchase cost incurred by UPPCL while procuring power from the generating companies is more than the power purchase cost paid by the Licensees to UPPCL, which is as per the BST approved by the Commission. Thus, in order to have greater clarity the Commission directs the Licensees that, from truing up of FY 2014-15 and onwards it should clearly depict the total power purchase cost incurred at UPPCL level based on actual power purchase cost, total power purchase cost billed by the UPPCL to the Distribution Licensees and power cost payable to UPPCL in its true-up petitions for future years.

Unquote

4.2.17 Accordingly, the Commission has computed the BST based on the UPPCL Balance sheet for FY 2015-16. The Table below summarises the energy balance, power purchase quantum and cost submitted by the Licensees and as approved by the Commission at UPPCL level and the Bulk Supply Tariff for FY 2015-16:

Table 4-8: ENERGY BALANCE AND BULK SUPPLY TARIFF APPROVED FOR FY 2015-16

Particulars	Unit	Tariff Order	Claimed	Actual / Audited	Approved upon Truing up
Power Purchase by UPPCL at Generator Bus	MU	1,04,891.80	93,651.57	93,651.57	93,651.57

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*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	Unit	Tariff Order	Claimed	Actual / Audited	Approved upon Truing up
Inter-State Transmission Losses	MU	1,730.71	2,434.29	2,434.29	2,434.29
Inter-State Transmission Losses	%	1.65%	2.60%	2.60%	2.60%
Intra-State Transmission Losses	MU	3,702.69	3,274.70	3,274.70	3,274.70
Intra-State Transmission Losses	%	3.59%	3.59%	3.59%	3.59%
Energy available at Discom End	MU	99,458.40	87,942.58	87,942.58	87,942.58
Power Purchase Cost (including PGCIL charges) for UPPPCL	Rs. Crore	42,447.74	37199.00	37,199.80	37,199.80
Power Purchase Cost per unit at Generator Bus	Rs. /kWh	4.05	3.97	3.97	3.97
Allowable Power Purchase Cost at Discom end after transmission losses	Rs. Crore	42,447.74	37199.00	37,199.80	37199.80
<b>Power Purchase Cost per unit at Discom end (BST) after transmission losses</b>	<b>Rs./kWh</b>	<b>4.27</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>

4.2.18 It can be seen from the above that, power purchase approved by the Commission in Tariff Order for FY 2015-16 was Rs. 4.27 / kWh. The State Discoms have claimed the BST as Rs. 4.23 / kWh, which has been allowed by the Commission while carrying out the Truing up of FY 2015-16.

4.2.19 Accordingly, the Commission has approved and computed the allowable power purchase quantum by grossing up the actual energy sales by the approved Distribution loss target / Actual Loss Level (whichever is lower) for FY 2015-16. The power purchase cost is then computed by considering the allowable power purchase thus obtained and the BST computed at Discoms periphery in line with the approach followed by the Commission in its earlier Orders. The Table below provides the allowable power purchase cost for the Licensees for FY 2015-16:

**Table 4-9: ALLOWABLE POWER PURCHASE COST FOR FY 2015-16**

Particulars	Sales (MU)	Distribution Losses (%)	Allowable Power Purchase (MU)	Trued-up Bulk Supply Tariff (Rs./kWh)	Allowable Power Purchase Cost Payable to UPPPCL on Truing-up (RS. CRORE)
DVVNL	15,435.72	24.45%	20,431.73	4.23	8,919.44
MVVNL	12,722.47	21.03%	16,110.51	4.23	6,814.76
PVVNL	21,905.13	18.65%	26,926.17	4.23	11,451.40
PuVVNL	15,887.68	20.93%	20,093.19	4.23	8,499.60
KESCO	2,935.25	18.34%	3,594.37	4.23	1,571.72
<b>Total</b>	<b>68,886.26</b>	<b>20.96%</b>	<b>87,155.98</b>	<b>4.23</b>	<b>37,256.92</b>

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### 4.3 TRANSMISSION CHARGES

- 4.3.1 The State Discoms submitted that in the Tariff Order for FY 2015-16, the Commission had approved the Transmission Charges for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO as Rs. 520.87 Crore, Rs. 314.87 Crore, Rs. 520.87 Crore, Rs. 375.67 Crore, and Rs. 65.46 Crore, respectively. The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO submitted that as per the audited accounts, they have incurred Rs. 377.28 Crore, Rs. 302.35 Crore, Rs. 498.86 Crore, Rs. 380.77 Crore, and Rs. 66.52 Crore, respectively, towards transmission charges. The State Discoms have submitted that the allowable power purchase input for FY 2015-16 works out to 21,740.46 MU, 16,110.51 MU, 27,218.10 MU, 20,093.19 MU, and 3836.93 MU for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO, respectively, and therefore, for claiming the true-up transmission charges, the allowable power purchase input has been taken into consideration.
- 4.3.2 The Commission, however, observed that there was a mismatch in transmission charges in the audited accounts of State Discoms and UPPTCL, wherein, vide email dated November 14, 2018 the Commission directed the Licensees to submit a reconciliation for the same. Accordingly, it was verified that the State Discoms have considered the transmission charges equivalent to the rate submitted by UPPTCL in its true-up Petition for FY 2015-16. Thus, to derive the allowable transmission charges, allowable power purchase input has been multiplied by the true-up transmission tariff as approved by the Commission in its True-up Order for FY 2014-15.
- 4.3.3 However, it has been observed that the State Discoms, have considered higher actual / approved distribution losses to compute the energy wheeled, in their computation of transmission charges. The Commission has adjusted the distribution losses, considering the actual / approved distribution losses whichever is lower.
- 4.3.4 Accordingly, the Table below provides the allowable transmission charges for the State Discoms for FY 2015-16:





Table 4-10: ALLOWABLE INTRA STATE TRANSMISSION CHARGES FOR FY 2015-16

Particulars	Approved in Tariff Order			Claimed			Approved upon Truing Up		
	Units Wheeled (MU)	Transmission Charge (Rs/kWh)	Transmission Charges (RS. CRORE)	Units Wheeled (MU)	Transmission Charge (Rs/kWh)	Transmission Charges (RS. CRORE)	Units Wheeled (MU)	Trued Up Transmission Charge (Rs/kWh)	Transmission Charges (RS. CRORE)
DVVNL	25331.24	0.1732	520.87	21740.46	0.1735	377.28	20431.73	0.1735	354.57
MVVNL	18279.33	0.1723	314.87	16352.51	0.1849	302.35	16110.51	0.1849	297.88
PVVNL	30238.85	0.1723	520.87	26926.17	0.185	498.86	26926.17	0.1853	498.86
PuVVNL	21808.85	0.1723	375.67	20093.19	0.1895	380.77	20093.56	0.1895	380.78
KESCO	3800.13	0.1723	65.46	3594.47	0.1851	66.52	3594.37	0.1851	66.52
<b>Total</b>	<b>99,458.40</b>		<b>1,797.74</b>	<b>88,706.80</b>		<b>1,625.78</b>	<b>87,156.34</b>		<b>1,598.61</b>

#### 4.4 O&M EXPENSES

4.4.1 Operation and Maintenance (O&M) expenses comprise of employee related costs, A&G expenses and R&M expenditure.

4.4.2 The State Discoms' submissions on each of the heads of O&M expenditure for FY 2015-16, and the Commission's analysis on the truing up of the O&M expenditure heads have been discussed in the subsequent paragraphs.

4.4.3 Regulation 4.3 of Distribution Tariff Regulations, 2006 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 Regulations, 2006 are reproduced below:

Quote

#### 4.3 Operation & Maintenance Expenses (O&M):

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.....”[Emphasis added]**

Unquote

- 4.4.4 It has been observed that the Licensees have submitted the computations of O&M expenses considering the inflation rate for FY 2015-16 as 1.88% and for FY 2016-17 as 3.20% based on the new WPI values effective from May 12, 2017. However, the Commission has calculated the inflation index for FY 2015-16 based on the weighted average index of WPI and CPI, considering the earlier values of WPI and CPI, since the same had been used in the computation of O&M Expenses of the previous years as per earlier Tariff Orders. The Commission is of the view that consistency should be maintained in the remaining two years (i.e. FY 2015-16 and FY 2016-17) prior to the start of Control Period, wherein the Tariff is allowed in accordance with Distribution Tariff Regulations, 2006. The same approach has also been followed in Tariff Order dated November 30, 2017.
- 4.4.5 Accordingly, the Commission has considered the WPI and CPI 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 as shown in Table below:

**Table 4-11: ESCALATION INDEX FOR FY 2015-16**

Month	Wholesale Price Index				Consumer Price Index				Consolidated Index			
	FY 14	FY 15	FY 16	FY 17	FY 14	FY 15	FY 16	FY 17	FY 14	FY 15	FY 16	FY 17
April	171	181	176	178	226	242	256	271	193	205	208	215
May	171	182	178	180	228	244	258	275	194	207	210	218
June	173	183	179	183	231	246	261	277	196	208	212	221
July	176	185	178	184	235	252	263	280	199	212	212	223
August	179	186	177	183	237	253	264	278	202	213	212	221
September	181	185	177	183	238	253	266	277	204	212	212	221
October	181	184	177	184	241	253	269	278	205	211	214	221
November	182	181	178	184	243	253	270	277	206	210	215	221
December	180	179	177	183	239	253	269	275	203	208	214	220
January	179	177	175	185	237	254	269	274	202	208	213	221
February	180	176	174	186	238	253	267	274	203	207	211	221
March	180	176	175	185	239	254	268	275	204	207	212	221
<b>Average</b>	<b>178</b>	<b>181</b>	<b>177</b>	<b>183</b>	<b>236</b>	<b>251</b>	<b>265</b>	<b>276</b>	<b>201</b>	<b>209</b>	<b>212</b>	<b>220</b>

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Month	Wholesale Price Index				Consumer Price Index				Consolidated Index			
	FY 14	FY 15	FY 16	FY 17	FY 14	FY 15	FY 16	FY 17	FY 14	FY 15	FY 16	FY 17
Calculation of Inflation Index (CPI-40%, WPI-60%)												
Weighted Average of Inflation									7.69%	4.02%	1.41%	3.89%

4.4.6 The Commission had determined the trued-up O&M expenses of FY 2014-15, in the Order dated November 30, 2017. The approved O&M expenses for FY 2014-15 have been escalated using the inflation index of FY 2015-16 to derive the normative O&M Expenses for FY 2015-16. The Commission while computing the normative O&M Expenses in this Order has considered the escalation rates as shown in the above Table.

4.4.7 Further, in addition to the normative O&M expenses based on inflation, the Distribution Tariff Regulations, 2006 provide for incremental O&M expenses at 2.50% on addition to asset during the previous year. Regulation 4.3 (3) of the Distribution Tariff Regulations, 2006 specifies as follows:

Quote

**4.3 Operation & Maintenance Expenses (O&M):**

...

3) 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).

Unquote

4.4.8 It is observed that the actual audited O&M expenses of DVVNL, MVVNL, PVVNL and KESCO for FY 2015-16 are higher than the normative O&M expenses computed based on the above Regulations. Since, the Licensees have to restrict its O&M expenses within the normative level, the expenses beyond normative level have not been allowed by the Commission. The Commission has therefore, approved the normative O&M expenses for FY 2015-16 in case of DVVNL, MVVNL, PVVNL and KESCO. Further, in case of PuVVNL, it is observed that the actual audited O&M expenses are less than the normative O&M computed as per Regulations and the same has been claimed by the State Discoms. Since, the Licensees restricted their O&M expenses within the normative level, the Commission has therefore, approved the actual O&M expenses for FY 2015-16





in case of PuVVNL. Further, the Commission has allowed the efficiency gains to PuVVNL in accordance with the provision of Regulations. In PuVVNL, the Licensee has also claimed profit contribution to contingency reserve. The treatment of the same has been done as depicted in the paras above. The same is depicted as shown under:

**Table 4-12: APPROVED SHARING OF GAINS (PuVVNL) FOR FY 2015-16 (RS. CRORE)**

S. No	Sharing of Profit due to Efficiency Gains in O&M Expenses	FY 2015-16
A	Normative O&M Expenses	1041.24
B	Actual O&M Expenses	1025.68
C	Gain (A-B)	15.55
D	50% Sharing with Discom (50% of C) Profit Sharing (RS. CRORE): 50% To Licensee 25% In Contingency Reserve 25% Reduction in ARR  * As the Commission has disallowed the addition to Contingency Reserve, hence the total impact on the ARR will be 50% only.	7.78

4.4.1 The summary of O&M expenses approved in the Tariff Order, claimed by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and as approved by the Commission in this Order for truing up of ARR for FY 2015-16, is shown in the Table below. However, there is slight variation in the approved and claimed figures due to variation in escalation indices considered as depicted in the above paras.

**Table 4-13: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR DVVNL FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Normative	Claimed	Approved upon Truing up
Employee Expenses	406.16	391.56	393.55	395.36	395.35
Repair & Maintenance Expenses	231.97	441.54	235.73	236.76	235.73
Administrative and General Expenses	63.67	128.64	64.22	64.50	64.22
<b>Gross Operation and Maintenance Expenses</b>	<b>701.60</b>	<b>961.74</b>	<b>693.50</b>	<b>696.62</b>	<b>693.50</b>
Less: Capitalisation					
Employee Cost Capitalized	60.92	196.30	196.30	196.30	196.30
A&G Expenses Capitalized	9.55				

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*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	Tariff Order	Actual as per audited accounts	Normat ive	Claimed	Approved upon Truing up
<b>Total Capitalization</b>	70.47	196.30	196.30	196.30	196.30
<b>Net Operation and Maintenance Expenses</b>	631.34	765.44	497.21	500.32	497.21

**Table 4-14: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR MVVNL FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Normat ive	Claimed	Approved upon Truing up
Employee Expenses	533.84	496.68	512.66	515.02	512.66
Repair & Maintenance Expenses	173.65	299.67	173.33	173.33	173.33
Administrative and General Expenses	98.67	288.39	101.16	101.59	101.16
<b>Gross Operation and Maintenance Expenses</b>	806.16	1084.74	787.16	789.94	787.16
Less: Capitalisation					
Employee Cost Capitalized	80.08	236.74	236.74	236.74	236.74
A&G Expenses Capitalized	14.80				
<b>Total Capitalization</b>	94.87	236.74	236.74	236.74	236.74
<b>Net Operation and Maintenance Expenses</b>	711.29	848.00	550.41	553.20	550.41

**Table 4-15: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR PVVNL FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Normat ive	Claimed	Approved upon Truing up
Employee Expenses	470.43	469.47	448.90	450.96	448.90
Repair & Maintenance Expenses	199.66	401.88	200.48	201.37	200.48
Administrative and General Expenses	59.97	172.25	62.46	62.73	62.46
<b>Gross Operation and Maintenance Expenses</b>	730.06	1043.60	711.84	715.06	711.84
Less: Capitalisation					
Employee Cost Capitalized	70.56	201.90	201.90	201.90	201.90
A&G Expenses Capitalized	9.00				
<b>Total Capitalization</b>	79.56	201.90	201.90	201.90	201.90
<b>Net Operation and Maintenance Expenses</b>	650.50	841.69	509.93	513.15	509.93

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**Table 4-16: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR PuVVNL FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Normative	Claimed	Approved upon Truing up
Employee Expenses	531.68	533.00	772.28	772.28	533.00
Repair & Maintenance Expenses	331.70	372.37	204.45	204.45	372.37
Administrative and General Expenses	107.03	120.32	64.51	64.51	120.32
<b>Gross Operation and Maintenance Expenses</b>	<b>970.42</b>	<b>1025.68</b>	<b>1041.24</b>	<b>1041.24</b>	<b>1025.68</b>
Add: Efficiency Gain	-	-	-	(7.78)	7.78
<b>Gross O&amp;M Expenses after Sharing</b>	<b>970.42</b>	<b>1025.68</b>	<b>1041.24</b>	<b>1033.46</b>	<b>1033.46</b>
Less: Capitalisation					
Employee Cost Capitalized	79.75	379.96	379.96	379.96	379.96
A&G Expenses Capitalized	16.06	-	-	-	-
<b>Total Capitalization</b>	<b>95.81</b>	<b>379.96</b>	<b>379.96</b>	<b>379.96</b>	<b>379.96</b>
<b>Net Operation and Maintenance Expenses</b>	<b>874.61</b>	<b>645.73</b>	<b>661.28</b>	<b>653.50</b>	<b>653.50</b>

**Table 4-17: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR KESCO FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Normative	Claimed	Approved upon Truing up
Employee Expenses	142.24	111.07	131.51	132.12	131.51
Repair & Maintenance Expenses	56.54	53.11	54.19	54.44	54.19
Administrative and General Expenses	9.21	69.25	6.68	6.71	6.68
<b>Gross Operation and Maintenance Expenses</b>	<b>208.00</b>	<b>233.43</b>	<b>192.38</b>	<b>193.28</b>	<b>192.38</b>
Less: Capitalisation					
Employee Cost Capitalized	21.34	3.07	3.07	3.07	3.07
A&G Expenses Capitalized	1.38	-			
<b>Total Capitalization</b>	<b>22.72</b>	<b>3.07</b>	<b>3.07</b>	<b>3.07</b>	<b>3.07</b>
<b>Net Operation and Maintenance Expenses</b>	<b>185.28</b>	<b>230.35</b>	<b>189.31</b>	<b>190.20</b>	<b>189.31</b>

#### 4.5 FINANCING OF CAPITAL INVESTMENTS

4.5.1 The State Discoms submitted that the Commission in its previous Tariff and True-up Orders had considered a normative approach for financing the capital

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expenditure with a normative debt equity ratio of 70:30. Considering this approach, 70% of the capital expenditure undertaken in any year was financed through loan and balance 30% has been financed through equity contributions. The portion of capital expenditure financed through consumer contributions, capital subsidies and grants were separated and the depreciation and interest thereon were not charged to the consumers and beneficiaries. The amounts received as consumer contributions, capital subsidies and grants were traced from the audited accounts.

4.5.2 During the presentation on October 5, 2018, before the Commission, the Licensees stated that, the grant portion of the schemes availed has been converted to equity by Govt of UP, hence the same have not been reduced from the investments. The Commission vide letter dated October 5, 2018 directed the State Discoms i.e. DVVNL, MVVNL, PVVNL and PuVVNL to submit the amounts capitalised under schemes like Vyapar Vikas Nidhi, Dr Ram Manohar Lohiya Samagra Gram Vikas Yojna, DDUGVY, R-APDRP, IPDS and RGGVY. The Commission observes that the intent of the Govt of India is to provide relief to the consumers by providing the grant for the schemes. If the grant is also added in the investments and the same is added as 70:30 then the burden of the consumer by the way of depreciation and interest would increase year after year. The Commission is of the view that the capital grants provided by Gol for capital investments should be deducted from the value of total investments and only balance should be taken by financing in the ratio of 70:30. KESCO does not avail any such scheme. Accordingly, the Commission has reduced the grant amounts from the Central Govt. schemes like RGGVY, R-APDRP and IPDS for DVVNL, MVVNL, PVVNL and PuVVNL.

4.5.3 Further, it has been observed that certain Discoms like PuVVNL and DVVNL in their audited accounts have shown certain assets as "Assets not in possession of PuVVNL" and "Assets not pertaining to DVVNL". The Commission vide email dated December 5, 2018 had asked the Licensee to submit clarification with respect to these assets. In response the Licensee submitted that, these asset additions are on account of the payments made to UPPTCL for construction of bay capitalized during the year and amortization of the same has been made over the useful life of the assets. The amount received by UPPTCL from Discoms are shown as consumer contribution in its books of accounts and assets have been capitalized as created through deposit works being shown under Fixed Assets by UPPTCL. Thus, the same has been shown in the books of Discoms as assets capitalized and the amortization of the same has been considered in the

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books of Accounts. The Licensees requested to consider the same in the capitalized assets of the respective Discoms and allow depreciation and Return on Equity on the same, as the same are not claimed by UPPTCL.

- 4.5.4 The Commission has noted the submissions of the Licensees and allows the same in the capitalized assets of the respective Discoms since the same has not been claimed by UPPTCL. Accordingly, the methodology adopted by the Commission for allowing the capital investments funded from the schemes having grant are as shown under:

**Table 4-18: SCHEMES AS ALLOWED BY THE COMMISSION FOR FY 2015-16 (RS. CRORE)**

Schemes	Allowed	Deducted
RGVY 11th Plan	10%	90%
DDUGJY	40%	60%
RAPDRP	75%	25%
IPDS	40%	60%

**Table 4-19: SCHEMES AS APPROVED BY THE COMMISSION FOR DVVNL FOR FY 2015-16 (RS. CRORE)**

DVVNL	Claimed		Deductions towards Grant Component		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Other Schemes	1644.02	1659.71	-	-	1644.02	1659.71
RGVY 11th Plan	6.84	5.63	6.16	5.07	0.68	0.56
DDUGJY	-	-	-	-	-	-
RAPDRP	16.43	13.53	4.11	3.38	12.32	10.15
IPDS	-	-	-	-	-	-
<b>Total including Interest and employee capitalisation (A)</b>	<b>1667.29</b>	<b>1678.87</b>	<b>10.26</b>	<b>8.45</b>	<b>1657.02</b>	<b>1670.42</b>
Less: Employee Capitalisation (B)	196.30	-	-	-	196.30	-
Less: Interest Capitalization (C)	57.74	-	-	-	57.74	-
<b>Total (D= A-B-C)</b>	<b>1413.25</b>	<b>1678.87</b>	<b>10.26</b>	<b>8.45</b>	<b>1402.99</b>	<b>1670.42</b>

**Table 4-20: SCHEMES AS APPROVED BY THE COMMISSION FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

MVVNL	Claimed		Deductions towards Grant Component		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Other Schemes	1676.80	1226.62	-	-	1676.80	1226.62

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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

MVVNL	Claimed		Deductions towards Grant Component		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
RGVY 11th Plan	552.52	207.60	497.27	186.84	55.25	20.76
DDUGJY	-	-	-	-	-	-
RAPDRP	16.30	6.13	4.08	1.53	12.23	4.60
IPDS	-	-	0.00	0.00	-	-
<b>Total including Interest and employee capitalisation</b>	<b>2245.62</b>	<b>1440.35</b>	<b>501.34</b>	<b>188.37</b>	<b>1744.28</b>	<b>1251.98</b>
Less: Employee Capitalisation	236.74	-	-	-	236.74	-
Less: Interest Capitalization	38.19	-	-	-	38.19	-
<b>Total</b>	<b>1970.68</b>	<b>1440.35</b>	<b>501.34</b>	<b>188.37</b>	<b>1469.34</b>	<b>1251.98</b>

**Table 4-21: SCHEMES AS APPROVED BY THE COMMISSION FOR PVVNL FOR FY 2015-16 (RS. CRORE)**

PVVNL	Claimed		Deductions towards Grant Component		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Other Schemes	1814.85	1556.71	-	-	1814.85	1556.71
RGVY 11th Plan	21.24	22.71	19.12	20.44	2.12	2.27
DDUGJY	0.00	0.00	-	-	0.00	0.00
RAPDRP	375.49	385.32	93.87	96.33	281.62	288.99
IPDS	-	-	-	-	-	-
<b>Total including Interest and employee capitalisation</b>	<b>2211.58</b>	<b>1964.74</b>	<b>112.99</b>	<b>116.77</b>	<b>2098.59</b>	<b>1847.97</b>
Less: Employee Capitalisation	201.90	-	-	-	201.90	-
Less: Interest Capitalization	2.29	-	-	-	2.29	-
<b>Total</b>	<b>2007.39</b>	<b>1964.74</b>	<b>112.99</b>	<b>116.77</b>	<b>1894.39</b>	<b>1847.97</b>

**Table 4-22: SCHEMES AS APPROVED BY THE COMMISSION FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

PuVVNL	Claimed		Deductions towards Grant Component		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Other Schemes	3284.89	2420.88	-	-	3284.89	2420.88
RGVY 11th Plan	673.97	463.21	606.57	416.89	67.40	46.32
DDUGJY	17.64	12.12	10.58	7.27	7.06	4.85
RAPDRP	-	-	-	-	-	-
IPDS	34.42	23.66	20.65	14.20	13.77	9.46

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*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*

PuVVNL	Claimed		Deductions towards Grant Component		Allowed	
<b>Total including Interest and employee capitalisation</b>	<b>84.98</b>	<b>58.41</b>	-	-	<b>84.98</b>	<b>58.41</b>
Less: Employee Capitalisation	-	163.22	-	-	-	163.22
Less: Interest Capitalization	2808.61	1930.32	-	-	2808.61	1930.32
<b>Total</b>	<b>4010.92</b>	<b>2919.87</b>	<b>637.81</b>	<b>438.36</b>	<b>3373.11</b>	<b>2481.51</b>

4.5.5 For the above purpose, the Commission has derived the actual capital investments undertaken by the Licensees namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO in FY 2015-16, based on the audited accounts. It is observed that in DVVNL, the Licensee has wrongly considered the capitalisation as Rs. 1668.42 Crore instead of Rs. 1678.87 Crore, as depicted in the Audited accounts.

4.5.6 The details of approved capital investments for FY 2015-16 are as provided in the Table below:

**Table 4-23: CAPITAL INVESTMENTS IN FY 2015-16 of DVVNL (RS. CRORE)**

Particulars	Derivation	FY 2015-16			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1 <sup>st</sup> April	A	1274.97	297.22	297.22	297.22
Investments	B	1569.36	1413.25	1413.25	1413.25
Employee Expenses Capitalisation	C	60.92	196.30	196.30	196.30
A&G Expenses Capitalisation	D	9.55	-	-	-
Interest Capitalisation on Interest on long term loans	E	59.32	57.74	57.74	57.74
Total Investments	F= A+B+C+D+E	2974.13	1964.51	1964.51	1964.51
Transferred to GFA (Total Capitalisation)	G	1189.65	1678.87	1668.42	1678.87
Closing WIP	H= F-G	1784.48	285.64	296.09	285.64

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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 4-24: CAPITAL INVESTMENTS IN FY 2015-16 of MVVNL (RS. CRORE)**

Particulars	Derivation	FY 2015-16			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1st April	A	1869.76	596.59	596.59	596.59
Investments	B	1574.28	1970.67	1970.67	1970.67
Employee Expenses Capitalisation	C	80.08	236.74	236.74	236.74
A&G Expenses Capitalisation	D	14.80	-	-	-
Interest Capitalisation on Interest on long term loans	E	47.16	38.19	38.19	38.19
Total Investments	F= A+B+C+D+E	3586.08	2842.20	2842.20	2842.20
Transferred to GFA (Total Capitalisation)	G	1434.43	1440.34	1440.34	1440.34
Closing WIP	H= F-G	2151.65	1401.85	1401.85	1401.85

**Table 4-25: CAPITAL INVESTMENTS IN FY 2015-16 of PVVNL (RS. CRORE)**

Particulars	Derivation	FY 2015-16			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1st April	A	1156.14	284.34	284.34	284.34
Investments	B	1911.82	2007.39	2007.39	2007.39
Employee Expenses Capitalisation	C	70.56	201.90	201.90	201.90
A&G Expenses Capitalisation	D	9.00	-	-	-
Interest Capitalisation on Interest on long term loans	E	64.47	2.29	2.29	2.29
Total Investments	F= A+B+C+D+E	3211.99	2495.92	2495.92	2495.92
Transferred to GFA (Total Capitalisation)	G	1284.80	1964.74	1964.74	1964.74
Closing WIP	H= F-G	1927.19	531.18	531.18	531.18

**Table 4-26: CAPITAL INVESTMENTS IN FY 2015-16 of PuVVNL (RS. CRORE)**

Particulars	Derivation	FY 2015-16			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1st April	A	1151.54	163.22	163.22	163.22
Investments	B	1496.61	3588.25	3588.25	3588.25
Employee Expenses Capitalisation	C	79.75	379.96	379.96	379.96
A&G Expenses Capitalisation	D	16.06	-	-	-

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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 2015-16			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Interest Capitalisation on Interest on long term loans	E	72.59	42.71	42.71	42.71
Total Investments	F= A+B+C+D+E	2816.55	4174.14	4174.14	4174.14
Transferred to GFA (Total Capitalisation)	G	1126.62	2919.86	2919.86	2919.86
Closing WIP	H= F-G	1689.93	1254.27	1254.27	1254.27

Table 4-27: CAPITAL INVESTMENTS IN FY 2015-16 of KESCO (RS. CRORE)

Particulars	Derivation	FY 2015-16			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1st April	A	36.88	27.25	27.25	27.25
Investments	B	20.71	40.14	40.14	40.14
Employee Expenses Capitalisation	C	21.34	3.07	3.07	3.07
A&G Expenses Capitalisation	D	1.38	-	-	-
Interest Capitalisation on Interest on long term loans	E		-	-	-
Total Investments	F= A+B+C+D+E	80.31	70.47	70.47	70.47
Transferred to GFA (Total Capitalisation)	G	32.12	50.65	50.65	50.65
Closing WIP	H= F-G	48.18	19.82	19.82	19.82

4.5.7 The Consumer Contributions, capital grants and subsidies as submitted by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and as allowed by the Commission are shown in the Table below:

Table 4-28: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 for DVVNL (RS. CRORE)

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1255.67	1474.30	1474.30	1474.30

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*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	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Additions during the year	235.40	298.07	298.07	298.07
Less: Amortisation	67.73	39.16	39.16	39.16
Closing Balance	1423.34	1733.21	1733.21	1733.21

**Table 4-29: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 for MVVNL (RS. CRORE)**

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	993.71	1125.49	1125.49	1125.49
Additions during the year	236.15	256.15	256.15	256.15
Less: Amortisation	117.86	33.02	33.02	33.02
Closing Balance	1111.99	1348.62	1348.62	1348.62

**Table 4-30: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 for PVVNL (RS. CRORE)**

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1348.48	1523.08	1523.08	1523.08
Additions during the year	286.78	340.34	340.34	340.34
Less: Amortisation	235.15	89.30	89.30	89.30
Closing Balance	1400.11	1774.11	1774.11	1774.11

**Table 4-31: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 for PuVVNL (RS. CRORE)**

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1124.32	1244.28	1244.28	1244.28
Additions during the year	224.49	191.37	191.37	191.37
Less: Amortisation	202.06	81.07	81.07	81.07

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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	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Closing Balance	1146.75	1354.58	1354.58	1354.58

Table 4-32: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2015-16 for KESCO (RS. CRORE)

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	184.08	169.48	169.48	169.48
Additions during the year	3.11	11.60	11.60	11.60
Less: Amortisation	18.80	89.44	89.44	89.44
Closing Balance	168.39	91.63	91.63	91.63

- 4.5.8 From the above tables, it is seen that out of the total investments made in distribution segment in FY 2015-16, some has been through the consumer contributions, capital subsidies and grants received during the corresponding period and the balance have been funded through debt and equity. Considering a debt equity ratio of 70:30, 70% of the capital investment is approved to be funded through debt and balance 30% through equity.
- 4.5.9 The Commission has followed the same approach as in previous Orders and therefore, considered the funding of capital expenditure in the ratio of 70:30. Considering this approach, 70% of the capital expenditure undertaken in any year has been financed through loan and balance 30% has been financed through equity contributions.
- 4.5.10 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. The Commission has also verified the above amounts as per the audited accounts of the Licensees.
- 4.5.11 Thus, based on the above, the approved financing of the capital investment for the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO is depicted in the Table below:

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**Table 4-33: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR DVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	1569.36	1413.25	1413.25	1413.25
Less:					
Consumer Contribution	B	235.40	298.07	298.07	298.07
Grants		-	-	-	10.26
Investment funded by debt and equity	C=A-B	1333.95	1115.18	1115.18	1104.92
Debt Funded	70%	933.77	780.63	780.63	773.44
Equity Funded	30%	400.19	334.55	334.55	331.48

**Table 4-34: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	1574.28	1970.67	1970.67	1970.67
Less:					
Consumer Contribution	B	236.15	256.15	256.15	256.15
Grants		-	-	-	501.34
Investment funded by debt and equity	C=A-B	1338.14	1714.52	1714.52	1213.18
Debt Funded	70%	936.70	1200.16	1200.16	849.22
Equity Funded	30%	401.44	514.36	514.36	363.95

**Table 4-35: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR PVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	1911.82	2007.39	2007.39	2007.39
Less:					
Consumer Contribution	B	286.78	340.34	340.34	340.34
Grants		-	-	-	112.99
Investment funded by debt and equity	C=A-B	1625.05	1667.05	1667.05	1554.06
Debt Funded	70%	1137.53	1166.93	1166.93	1087.84



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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	FY 2015-16				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Equity Funded	30%	487.51	500.11	500.11	466.22

**Table 4-36: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	1496.61	3588.25	3588.25	3588.25
Less:					
Consumer Contribution	B	224.49	191.37	191.37	191.37
Grants		-	-	-	637.81
Investment funded by debt and equity	C=A-B	1272.12	3396.87	3396.87	2759.06
Debt Funded	70%	890.49	2377.81	2377.81	1931.34
Equity Funded	30%	381.64	1019.06	1019.06	827.72

**Table 4-37: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR KESCO FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	20.71	40.14	40.14	40.14
Less:					
Consumer Contribution	B	3.11	11.60	11.60	11.60
Grants		-	-	-	-
Investment funded by debt and equity	C=A-B	17.60	28.55	28.55	28.55
Debt Funded	70%	12.32	19.98	19.98	19.98
Equity Funded	30%	5.28	8.56	8.56	8.56

#### 4.6 INTEREST AND FINANCE CHARGES

##### Interest on Long Term Loans

4.6.1 The State Discoms' namely DVVNL, MVVNL, PVVNL and PuVVNL have submitted the net Interest on long term loan for FY 2015-16 as Rs. 204.63 Crore, Rs. 245.97

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Crore, Rs. 231.79 Crore and Rs. 304.60 Crore respectively, against the approved expenses of Rs. 265.76 Crore, Rs. 205.07 Crore, Rs. 280.31 Crore and Rs. 315.62 Crore respectively. The Licensees have capitalized interest as Rs. 57.74 Crore, Rs. 38.19 Crore, Rs. 2.29 Crore and Rs. 42.71 Crore respectively for FY 2015-16 against Rs. 61.12 Crore, Rs. 47.16 Crore, Rs. 64.47 Crore and Rs. 72.59 Crore respectively approved by the Commission in the Tariff Order.

- 4.6.2 Considering a debt equity ratio of 70:30, 70% of the capital investment is approved to be funded through debt and balance 30% through equity. Allowable depreciation for the year has been considered as normative loan repayment.
- 4.6.3 In line with the approach adopted by the Commission in its previous Orders, interest expenses have been considered as an uncontrollable cost as the interest rates are determined by various external factors and the actual loans taken are consequential to the capital expenditure undertaken by the licensees. The Commission has considered the closing loan balance of FY 2014-15 as the opening loan balance of FY 2015-16.
- 4.6.4 It was observed that in case of DVVNL, Licensee has wrongly deducted gross depreciation as normative repayment instead of net depreciation i.e. (Difference of Gross Depreciation and Consumer contribution). The same has been corrected.
- 4.6.5 Considering the above, the gross interest on long term loan for the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO has been worked out as shown in the Table below. The interest capitalisation has been considered at the same rate as per audited accounts.

Table 4-38: INTEREST ON LONG TERM LOAN FOR DVVNL FOR FY 2015-16 (RS. CRORE)

Particulars	FY 2015-16		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	1856.51	1812.36	1812.36
Loan Additions (70% of Investments)	933.77	780.63	773.44
Less: Repayments (Depreciation allowable for the year)	375.56	507.35	467.89
Closing Loan Balance	2414.72	2085.64	2117.91
Weighted Average Rate of Interest	12.44%	10.50%	10.50%
Interest on long term loan	265.76	204.63	206.32

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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	FY 2015-16		
	Tariff Order	Claimed	Approved upon Truing Up
Less: Interest Capitalized	61.12	57.74	57.74
Net Interest Charged	<b>204.63</b>	<b>146.89</b>	<b>148.58</b>
Interest Capitalisation Rate	23.00%	-	27.99%

**Table 4-39: INTEREST ON LONG TERM LOAN FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	1907.08	1913.11	1913.11
Loan Additions (70% of Investments)	936.70	1200.16	849.22
Less: Repayments (Depreciation allowable for the year)	335.96	398.98	391.22
Closing Loan Balance	2507.81	2714.29	2371.11
Weighted Average Rate of Interest	9.29%	10.63%	10.63%
Interest on long term loan	205.07	245.97	227.73
Less: Interest Capitalized	47.16	38.19	38.19
Net Interest Charged	<b>157.91</b>	<b>207.78</b>	<b>189.54</b>
Interest Capitalisation Rate	23.00%	-	16.77%

**Table 4-40: INTEREST ON LONG TERM LOAN FOR PVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	2148.17	1853.06	1853.06
Loan Additions (70% of Investments)	1137.53	1166.93	1087.84
Less: Repayments (Depreciation allowable for the year)	413.86	547.00	542.69
Closing Loan Balance	2871.85	2472.99	2398.21
Weighted Average Rate of Interest	11.17%	10.72%	10.72%
Interest on long term loan	280.31	231.79	227.79
Less: Interest Capitalized	64.47	2.29	2.29
Net Interest Charged	<b>215.84</b>	<b>229.50</b>	<b>225.49</b>
Interest Capitalisation Rate	23.00%		1.01%

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**Table 4-41: INTEREST ON LONG TERM LOAN FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	2424.96	2175.66	2175.66
Loan Additions (70% of Investments)	890.49	2377.81	1931.34
Less: Repayments (Depreciation allowable for the year)	355.61	462.07	444.97
Closing Loan Balance	2959.84	4091.40	3662.04
Weighted Average Rate of Interest	11.72%	9.72%	9.72%
Interest on long term loan	315.62	304.60	283.74
Less: Interest Capitalized	72.59	42.71	42.71
Net Interest Charged	<b>243.02</b>	<b>261.90</b>	241.03
Interest Capitalisation Rate	23.00%	-	15.05%

**Table 4-42: INTEREST ON LONG TERM LOAN FOR KESCO FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	-	-	-
Loan Additions (70% of Investments)	12.32	19.98	19.98
Less: Repayments (Depreciation allowable for the year)	12.32	45.40	45.40
Closing Loan Balance	-	-	-
Weighted Average Rate of Interest	12.86%	10.42%	10.42%
Interest on long term loan	-	-	-
Less: Interest Capitalized	-	-	-
Net Interest Charged	-	-	-
Interest Capitalisation Rate	23.00%	-	-

### Finance Charges

4.6.6 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have claimed Rs. 37.68 Crore, Rs. 28.50 Crore, Rs. 98.98 Crore, Rs. 42.10 Crore and Rs. 15.57 Crore respectively against Rs. 39.49 Crore, Rs. 30.13 Crore, Rs. 249.51 Crore, Rs. 57.91 Crore and Rs. 9.50 Crore respectively approved by the Commission towards total finance charges during FY 2015-16.

4.6.7 Further, in case of PuVVNL the Licensee has taken the value of interest to consumers wrongly as Rs. 57.88 Crore instead of Rs. 24.18 Crore as per the Audited accounts. The same has been corrected.

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4.6.8 The Bank charges and interest on consumer security deposits and finance charges have been allowed at actual based on audited accounts.

4.6.9 Thus, the approved finance charges for the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO for FY 2015-16 is shown in the table below.

**Table 4-43: ALLOWABLE FINANCE CHARGES FOR DVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	37.47	35.37	35.37	35.37
Bank Charges	0.20	4.12	4.12	4.12
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>37.68</b>	<b>39.49</b>	<b>39.49</b>	<b>39.49</b>

**Table 4-44: ALLOWABLE FINANCE CHARGES FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	28.15	27.30	27.30	27.30
Bank Charges	0.08	2.83	2.83	2.83
Discount to Consumers	0.28	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>28.50</b>	<b>30.13</b>	<b>30.13</b>	<b>30.13</b>

**Table 4-45: ALLOWABLE FINANCE CHARGES FOR PVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	98.98	201.64	201.64	201.64
Bank Charges	-	47.88	47.88	47.88
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>98.98</b>	<b>249.51</b>	<b>249.51</b>	<b>249.51</b>

**Table 4-46: ALLOWABLE FINANCE CHARGES FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	42.03	24.18	57.88	24.18
Bank Charges	0.07	0.03	0.03	0.03

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Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>42.10</b>	<b>24.21</b>	<b>57.91</b>	<b>24.21</b>

Table 4-47: ALLOWABLE FINANCE CHARGES FOR KESCO FOR FY 2015-16 (RS. CRORE)

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	9.50	9.18	9.18	9.18
Bank Charges	-	6.39	6.39	6.39
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>9.50</b>	<b>15.57</b>	<b>15.57</b>	<b>15.57</b>

#### Interest on Working Capital:

4.6.10 The State Discoms have submitted the normative interest on working capital based on the principles outlined in the Distribution Tariff Regulations, 2006. The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have claimed the normative interest on working capital as Rs. 122.00 Crore, Rs. 115.10 Crore, Rs. 142.25 Crore, Rs. 146.69 Crore and Rs. 32.75 Crore respectively, against the approved expenses of Rs. 124.69 Crore, Rs 131.40 Crore, Rs. 117.04 Crore, Rs. 110.82 Crore and Rs. 28.89 Crore respectively.

4.6.11 Regulation 4.8(2) of the Distribution Tariff Regulations, 2006 specifies as follows:

Quote

#### 2. Interest on working capital

##### (a) Working capital shall be worked out to cover

(i) Operation and Maintenance expenses, which includes Employee costs, R&M expenses and A&G expenses, for one month;

(ii) One-twelfth of the sum of the book value of stores, materials and supplies at the end of each month of such financial year.

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(iii) Receivables equivalent to 60 days average billing of consumers less security deposits by the consumers minus amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from consumers and Distribution System Users.

(b) Rate of interest on working capital shall be the Bank Rate as specified by Reserve Bank of India for the relevant year plus a margin as decided by the Commission.

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4.6.12 Based on the methodology specified in the above Regulations, the Commission in its Tariff Order for FY 2015-16 had allowed normative interest on working capital for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO respectively. Following the similar approach and in accordance with the Regulations, the Commission in this Order has assessed the working capital and interest thereon based on the trued up ARR of the State Discoms.

4.6.13 The summary of the interest on working capital approved by the Commission in the Tariff Order for FY 2015-16, claimed by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and that approved by the Commission in the present True - up Order is shown in the Table below:

**Table 4-48: INTEREST ON WORKING CAPITAL FOR DVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	52.61	-	41.69	41.43
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	15.57	-	82.24	82.24
Receivables equivalent to 60 days average billing on consumers	1424.89	-	1305.98	1240.63
<b>Grand Total</b>	<b>1493.07</b>	<b>-</b>	<b>1429.91</b>	<b>1364.31</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	495.57	-	453.91	453.91
<b>Net Working Capital</b>	<b>997.50</b>	<b>-</b>	<b>976.00</b>	<b>910.40</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>124.69</b>	<b>-</b>	<b>122.00</b>	<b>113.80</b>

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Table 4-49: INTEREST ON WORKING CAPITAL FOR MVVNL FOR FY 2015-16 (RS. CRORE)

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	59.27	-	46.10	45.87
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	15.62	-	10.97	10.97
Receivables equivalent to 60 days average billing on consumers	1327.67	-	1258.14	1091.00
<b>Grand Total</b>	<b>1402.56</b>	<b>-</b>	<b>1315.20</b>	<b>1147.83</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	351.40	-	394.38	394.38
<b>Net Working Capital</b>	<b>1051.16</b>	<b>-</b>	<b>920.83</b>	<b>753.46</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>131.40</b>	<b>26.69</b>	<b>115.10</b>	<b>94.18</b>

Table 4-50: INTEREST ON WORKING CAPITAL FOR PVVNL FOR FY 2015-16 (RS. CRORE)

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	54.21	-	42.76	42.49
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	18.97	-	49.49	49.49
Receivables equivalent to 60 days average billing on consumers	2097.03	-	2036.26	1970.35
<b>Grand Total</b>	<b>2170.21</b>	<b>-</b>	<b>2128.51</b>	<b>2062.33</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	1233.91	-	990.52	990.52
<b>Net Working Capital</b>	<b>936.30</b>	<b>-</b>	<b>1137.99</b>	<b>1071.81</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>117.04</b>	<b>-</b>	<b>142.25</b>	<b>133.98</b>

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**Table 4-51: INTEREST ON WORKING CAPITAL FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	72.88	-	54.46	54.26
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	14.85	-	68.07	68.07
Receivables equivalent to 60 days average billing on consumers	1328.68	-	1348.01	1271.33
<b>Grand Total</b>	<b>1416.41</b>	<b>-</b>	<b>1470.54</b>	<b>1393.66</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	529.86	-	296.99	296.99
<b>Net Working Capital</b>	<b>886.55</b>	<b>-</b>	<b>1173.55</b>	<b>1096.67</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>110.82</b>	<b>36.69</b>	<b>146.69</b>	<b>137.08</b>

**Table 4-52: INTEREST ON WORKING CAPITAL FOR KESCO FOR FY 2015-16 (RS. CRORE)**

Particulars	FY 2015-16			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	15.44	-	15.85	15.78
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	0.21	-	5.45	5.59
Receivables equivalent to 60 days average billing on consumers	329.57	-	351.64	344.95
<b>Grand Total</b>	<b>345.22</b>	<b>-</b>	<b>372.95</b>	<b>366.31</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	114.10	-	110.98	110.98
<b>Net Working Capital</b>	<b>231.12</b>	<b>-</b>	<b>261.96</b>	<b>255.33</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>28.89</b>	<b>-</b>	<b>32.75</b>	<b>31.92</b>

4.6.14 The following table summarises the interest and finance charges approved by the Commission in the Tariff Order, interest and finance charges claimed by the

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Licensees namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and that approved by the Commission in this Order:

**Table 4-53: ALLOWABLE INTEREST AND FINANCE CHARGES FOR DVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>				
Gross Interest on Long Term Loan	265.76	2138.00	204.63	206.32
Less: Interest Capitalisation	61.12	-	57.74	57.74
<b>Net Interest on Long Term Loans</b>	<b>204.64</b>	<b>2138.00</b>	<b>146.89</b>	<b>148.58</b>
<i>B: Finance and Other Charges</i>				
Bank Charges	0.20	4.12	4.12	4.12
Interest on Consumer Security Deposits	37.47	35.37	35.37	35.37
<b>Total Finance Charges</b>	<b>37.68</b>	<b>39.49</b>	<b>39.49</b>	<b>39.49</b>
<i>C: Interest on Working Capital</i>	<b>124.69</b>	-	<b>122.00</b>	<b>113.80</b>
<b>Total (A+B+C)</b>	<b>366.99</b>	<b>2177.49</b>	<b>308.38</b>	<b>301.87</b>

**Table 4-54: ALLOWABLE INTEREST AND FINANCE CHARGES FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>				
Gross Interest on Long Term Loan	205.07	1214.32	245.97	227.73
Less: Interest Capitalisation	47.16	38.19	38.19	38.19
<b>Net Interest on Long Term Loans</b>	<b>157.91</b>	<b>1176.13</b>	<b>207.78</b>	<b>189.54</b>
<i>B: Finance and Other Charges</i>				
Discount to Consumers	0.28	-	-	-
Bank Charges	0.08	2.83	2.83	2.83
Interest on Consumer Security Deposits	28.15	27.30	27.30	27.30
<b>Total Finance Charges</b>	<b>28.50</b>	<b>30.13</b>	<b>30.13</b>	<b>30.13</b>
<i>C: Interest on Working Capital</i>	<b>131.40</b>	<b>26.29</b>	<b>115.10</b>	<b>94.18</b>
<b>Total (A+B+C)</b>	<b>317.80</b>	<b>1232.55</b>	<b>353.01</b>	<b>313.85</b>

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**Table 4-55: ALLOWABLE INTEREST AND FINANCE CHARGES FOR PVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>				
Gross Interest on Long Term Loan	280.31	1011.54	231.79	227.79
Less: Interest Capitalisation	64.47		2.29	2.29
<b>Net Interest on Long Term Loans</b>	<b>215.84</b>	<b>1011.54</b>	<b>229.50</b>	<b>225.49</b>
<i>B: Finance and Other Charges</i>				
Bank Charges	-	47.88	47.88	47.88
Interest on Consumer Security Deposits	98.98	201.64	201.64	201.64
<b>Total Finance Charges</b>	<b>98.98</b>	<b>249.52</b>	<b>249.52</b>	<b>249.51</b>
<i>C: Interest on Working Capital</i>	<b>117.04</b>	-	<b>142.25</b>	<b>133.98</b>
<b>Total (A+B+C)</b>	<b>431.86</b>	<b>1261.06</b>	<b>621.27</b>	<b>608.98</b>

**Table 4-56: ALLOWABLE INTEREST AND FINANCE CHARGES FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>				
Gross Interest on Long Term Loan	315.62	1351.76	304.60	283.74
Less: Interest Capitalisation	72.59	42.71	42.71	42.71
<b>Net Interest on Long Term Loans</b>	<b>243.03</b>	<b>1309.05</b>	<b>261.89</b>	<b>241.03</b>
<i>B: Finance and Other Charges</i>				
Finance Charges	-	0.03	0.03	0.03
Bank Charges	0.07	-	-	-
Interest on Consumer Security Deposits	42.03	24.18	57.88	24.18
<b>Total Finance Charges</b>	<b>42.10</b>	<b>24.21</b>	<b>57.91</b>	<b>24.21</b>
<i>C: Interest on Working Capital</i>	<b>110.82</b>	<b>36.69</b>	<b>146.69</b>	<b>137.08</b>
<b>Total (A+B+C)</b>	<b>395.95</b>	<b>1369.95</b>	<b>466.49</b>	<b>402.32</b>

**Table 4-57: ALLOWABLE INTEREST AND FINANCE CHARGES FOR KESCO FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>	-	-	-	-

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Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Gross Interest on Long Term Loan	-	285.50	-	-
Less: Interest Capitalisation	-	-	-	-
<b>Net Interest on Long Term Loans</b>	-	<b>285.50</b>	-	-
<i>B: Finance and Other Charges</i>	-	-	-	-
Finance Charges		6.39	6.39	6.39
Bank Charges	-	-	-	-
Interest on Consumer Security Deposits	9.50	9.18	9.18	9.18
<b>Total Finance Charges</b>	<b>9.50</b>	<b>15.57</b>	<b>15.57</b>	<b>15.57</b>
<i>C: Interest on Working Capital</i>	<b>28.89</b>	<b>32.76</b>	<b>32.76</b>	<b>31.92</b>
<b>Total (A+B+C)</b>	<b>38.39</b>	<b>48.33</b>	<b>48.33</b>	<b>47.78</b>

#### 4.7 DEPRECIATION

- 4.7.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have submitted that the actual depreciation expense as per audited accounts are Rs. 149.62 Crore, Rs. 216.00 Crore, Rs. 73.99 Crore, Rs. 245.02 Crore and Rs. 10.85 Crore respectively. However, the same depreciation has been accounted for considering the depreciation rates prescribed by the Companies Act, 1956. It is observed that the State Discoms have submitted the computation of the depreciation expense on the actual GFA base and at the regulatory rates applicable for FY 2015-16.
- 4.7.2 The Commission in the True Up Order for FY 2014-15 and MYT Order for FY 2017-18 to FY 2019-20 had considered a normative approach wherein it had considered a normative gearing of 70:30. Considering this approach, 70% of the capital expenditure undertaken in any year was 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 were separated as the depreciation and interest thereon would not be charged to the consumers.
- 4.7.3 The Licensees have submitted the weighted average depreciation rate of 7.74% for DVVNL, 7.84% for MVVNL, 7.76% for PVVNL and PuVVNL, and 7.86% for KESCO for the truing up in respect of FY 2015-16. The State Discoms' in the True up for FY 2015-16 have submitted the Fixed Asset Registers (FAR) till FY 2016-17. It is observed that the Licensees have computed the depreciation rate in

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accordance with the rates specified for individual asset block, i.e., buildings, plant and machinery, etc., in the Distribution Tariff Regulations, 2006. The average GFA has been verified from the FAR and also the balance sheet of the Licensees. Accordingly, the Commission has approved the weighted average depreciation rate as projected by the Licensees.

- 4.7.4 Further, in Tariff Order dated June 18, 2015 during determination of ARR of FY 2015-16, the Commission had withheld 30% of the allowable depreciation due to non-submission of FARs. In its previous Tariff Order dated November 30, 2017 the Commission has stated as shown under:

Quote

*The Commission observes that the petitioners' have submitted the fixed asset registers upto FY 2014-15 on June 21<sup>st</sup>, 2017. With regards, to the claim of the Petitioners for allowing the depreciation withheld during FY 2013-14, it is observed that, the petitioners were directed to submit the fixed asset registers up to FY 2012-13 by November 30<sup>th</sup>, 2013, however the Petitioners' have not submitted the same till the truing up of FY 2013-14 and at the time of Tariff Order dated August 1<sup>st</sup>, 2016 for truing up of FY 2013-14 and tariff for FY 2016-17. The Commission had withheld the 20% of the allowable depreciation for FY 2013-14. The Commission is of the view that enough opportunity was given to the petitioners for submission of fixed asset registers, however the petitioners failed to do the same on time. The Commission has already trued up the depreciation for FY 2013-14 in Tariff Order dated August 1<sup>st</sup>, 2016 by disallowing the 20% of allowable depreciation and the same stands affirmed. As for the allowance of the withheld 25% of the allowable depreciation for FY 2014-15 during truing up, the Commission is of the view that since the fixed asset registers have been submitted before truing up, the same have been considered for the truing up purpose and the withheld depreciation of 25% has been allowed during truing up of FY 2014-15. As for the allowance of the withheld depreciation of FY 2015-16 and FY 2016-17, the same shall be dealt with at the time of truing up of FY 2015-16 and FY 2016-17 subject to the submission of the fixed asset Registers.*

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- 4.7.5 However, currently the Licensees have not submitted any claim on account of depreciation amount withheld for FY 2015-16. While approving the Tariff Order

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for FY 2015-16, the Commission had withheld 30% of the allowable depreciation on account of non-submission of the Fixed Asset Register even after repeated directions to the Licensees. Since, the Licensees have submitted the Fixed Asset Register till FY 2015-16 before truing up of FY 2015-16, hence, the withheld depreciation of 30% for FY 2015-16 has been allowed as per the direction in Tariff Order for FY 2015-16.

4.7.6 Thus, the approved depreciation for FY 2015-16 for State Discoms' namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO are as shown in the Table given below:

**Table 4-58: DEPRECIATION EXPENSES FOR DVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Depreciation	490.36		507.35	507.04
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	114.80		39.16	39.16
Gross Allowable Depreciation	375.56		468.19	467.89
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @30%	112.67	-	-	-
<b>Net Allowable Depreciation</b>	<b>262.89</b>	<b>149.62</b>	<b>468.19</b>	<b>467.89</b>

**Table 4-59: DEPRECIATION EXPENSES FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Depreciation	453.82	-	432.00	424.24
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	117.86	-	33.02	33.02
Gross Allowable Depreciation	335.96	-	398.98	391.22
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @30%	100.79	-	-	-
<b>Net Allowable Depreciation</b>	<b>235.17</b>	<b>216.00</b>	<b>398.98</b>	<b>391.22</b>

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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 4-60: DEPRECIATION EXPENSES FOR PVVNL FOR FY 2015-16 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<b>Depreciation</b>	649.01	-	636.31	631.99
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	205.96	-	89.30	89.30
<b>Gross Allowable Depreciation</b>	443.05	-	<b>547.00</b>	<b>542.69</b>
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @30%	132.92	-		
<b>Net Allowable Depreciation</b>	<b>310.14</b>	<b>73.99</b>	<b>547.00</b>	<b>542.69</b>

Table 4-61: DEPRECIATION EXPENSES FOR PuVVNL FOR FY 2015-16 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<b>Depreciation</b>	557.67	-	543.14	526.03
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	202.06	-	81.07	81.07
<b>Gross Allowable Depreciation</b>	355.61	-	462.07	444.97
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @30%	106.68	-		
<b>Net Allowable Depreciation</b>	<b>248.93</b>	<b>245.02</b>	<b>462.07</b>	<b>444.97</b>

Table 4-62: DEPRECIATION EXPENSES FOR KESCO FOR FY 2015-16 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<b>Depreciation</b>	51.48	-	51.99	51.99
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	18.80	-	6.59	6.59
<b>Gross Allowable Depreciation</b>	32.68	-	45.40	45.40

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Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @20%	6.54	-	-	-
<b>Net Allowable Depreciation</b>	<b>26.15</b>	<b>10.85</b>	<b>45.40</b>	<b>45.40</b>

#### 4.8 PRIOR PERIOD EXPENSES

4.8.1 The Accounting Standard (AS 5) (Revised) on 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' states:

Quote

*Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods.*

Unquote

4.8.2 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have not claimed any of prior period expenses for FY 2015-16. Hence, the Commission has not allowed any amount towards the same.

#### 4.9 PROVISION FOR BAD AND DOUBTFUL DEBTS

4.9.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have claimed Rs. 118.82 Crore, Rs. 119.21 Crore, Rs. 139.69 Crore, Rs. 161.76 Crore and Rs. 12.78 Crore respectively towards provision for bad and doubtful debts for FY 2015-16.

4.9.2 Regulation 4.4 of the Distribution Tariff Regulations, 2006 specifies as follows:

Quote

##### **4.4 Bad and Doubtful Debts:**

*Bad and Doubtful Debts shall be allowed as a legitimate business expense with the ceiling limit of 2% of the revenue receivables provided the distribution licensee actually identifies and writes off bad debts as per the transparent policy approved by the Commission. In case there is any*





recovery of bad debts already written off, the recovered bad debt will be treated as other income.

Unquote

4.9.3 The Commission's in its Tariff Order dated November 30, 2017 had directed the Discoms to immediately submit the policy framework.

Quote

**6.9.10 In view of the above, the Commission directs the Petitioners to frame guidelines and procedures for identifying, physically verifying and writing off the bad debts and also to fix responsibility of its employees in this regard immediately and submit the same to the Commission for its approval. 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 Licensees 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. The same shall be reviewed at the time of APR.**

Unquote

4.9.4 In view of the above directions, UPPCL submitted the policy framework for writing of bad and doubtful debts as on February 8, 2018.

4.9.5 The submission made by UPPCL / Discoms comprises the approach for creation of provision of bad debts and a policy framework for identification, physical verification and fixing responsibilities of employees for writing off the same. The Table below depicts the provisions covered under the UPPCL's policy framework for writing of bad and doubtful debts:

**Table 4-63: BAD AND DOUBTFUL DEBTS POLICY STATUS AS SUBMITTED BY LICENSEES**

S. No	Basic Fundamental provisions of B & D Policy / Guidelines as per Commission Tariff Order dated November 30, 2017	Status as per UPPCL Policy
1	Procedure for Identifying the B & D Debts	Provided
2	Procedure for Physically verifying the B & D Debts	Provided
3	Fixing Responsibility of Employees for writing off the B & D Debts	Provided

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S. No	Basic Fundamental provisions of B & D Policy / Guidelines as per Commission Tariff Order dated November 30, 2017	Status as per UPPCL Policy
4	Timely Reporting by the Concerned Officer to the Discoms Management about cases of B & D debts	Provided
5	Formats to be filled B & D Policy	Provided

4.9.6 Further the Commission vide letter dated March 20, 2018 stated as shown under:

Quote

*This is in reference to your Letter no. 97 / RAU / MYT Order dated February 8, 2018 in the matter of 'Regarding write off of fictitious arrear and irrecoverable dues', the Commission has examined the submitted policy framework for writing of bad and doubtful debts and hence approves the same.*

*However, the following points may be noted by State Discoms / UPPCL in writing of bad and doubtful debts.*

- 1. It must be noted that any provisioning towards bad and doubtful debts needs to be backed up with process to identify consumers who are not paying up and then making adequate attempts to collect from such consumers.*
- 2. Further, the actual write off will be considered upon ascertaining that the consumer account has no chance of revival and the avenues of recovery are fully exhausted. At the time of actual write off, bad debts will be identified against each individual defaulting consumer and subsequently aggregated. In each such instance, supply will stand permanently disconnected and the service apparatus removed as per the Electricity Supply Code, 2005.*
- 3. The Discoms should also recognize that as per prudent practices, every business should also ensure that the amount of debtors does not increase to an alarming level and the management would ensure to recover the dues and prevent them from becoming bad.*

*Further, the Discoms are directed 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.*

Unquote

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- 4.9.7 The Commission observes that in accordance with Distribution Tariff Regulations, 2006, the bad debts subject to actual write off in the audited books, shall be allowed up to 2% of the revenue for the year under consideration. The Licensees have claimed bad debts for FY 2015-16 within 2% of the revenue billed during the year as per the transparent policy duly approved by the Commission.
- 4.9.8 The Commission considers it appropriate that since the Licensees have written off the bad debts in accordance with the Distribution Tariff Regulations, 2006, the same may be trued up within 2% on the revenue approved by the Commission. However, the Licensee is directed to submit **the details of the process to identify consumers who are not paying up and then make adequate attempts to collect from such consumers.**
- 4.9.9 Accordingly, the details of bad debts trued up by the Commission for FY 2015-16 are within 2% of the revenue approved or as per provision of bad debts in the audited accounts for FY 2015-16, whichever is lower. The same is depicted in the tables below:

**Table 4-64: PROVISION FOR BAD AND DOUBTFUL DEBT FOR DVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	118.82	118.82	118.82

**Table 4-65: PROVISION FOR BAD AND DOUBTFUL DEBT FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	119.21	119.21	119.12

**Table 4-66: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	139.69	139.69	139.69





**Table 4-67: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	184.29	161.76	161.76

**Table 4-68: PROVISION FOR BAD AND DOUBTFUL DEBT FOR KESCO FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	12.78	12.78	12.78

#### 4.10 RETURN ON EQUITY

4.10.1 The State Discoms have not claimed any return on equity for the year under review. Hence, the Commission has also not allowed any amount towards return on equity for FY 2015-16.

#### 4.11 DEEMED REVENUE LMV-10

The Commission email dated December 21, 2018 stated as follows:

Quote

*It has been repeatedly requested to you, in the current and also previous tariff filings, to provide the actual figures of category / sub-category wise break up for all consumers with regard to revenue, sales, connected load, billing efficiency, collection efficiency etc. However, the same has not been provided.*

*In the absence of this data, the Commission is unaware as to how the treatment of revenue for LMV-10 consumers is to be done for the years' FY 2015-16 and FY 2016-17, being trued up.*

*The matter of tariff for LMV-10 consumers was discussed in detail in the MYT Order (i.e. Approval of Business Plan, Determination of Multi Year Aggregate Revenue Requirement (ARR) and Tariff For The First Control Period (FY 2017-18 To FY 2019-20) and True-Up of ARR and Revenue For FY 2014-15) dated November 30, 2017, in paras 8.1.27 to 8.1.39, wherein the plea of Licensee in this regard to allowing ROE equal to rebate was rejected vide a speaking order. Further, the Commission has issued strict direction in regard to 100% metering,*



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modification in billing software with regard to rebate given, energy given, amount billed and implementation of LMV-1 tariff on LMV-10 consumers.

However, as the category / sub category wise revenue details are not available for FY 2015-16 and FY 2016-17, the Commission shall be carrying out the following computation to ensure the compliance of other Tariff Orders of the Commission.

$$(Deemed Revenue for LMV-10) = (Actual ABR for LMV-1) * (Actual Sales for LMV-10) - (Actual revenue collected from LMV-10)$$

Note- As the figures of actual revenue collected from LMV-10 is missing, it has been taken as zero.

- 4.11.1 In response the Licensees vide email dated December 24, 2018, submitted that revenue from LMV-10 category is being sought from fields account unit as Discoms balance does not capture separate revenue accounting for LMV-1 & LMV-10. In the meanwhile, for calculation of deemed revenue, approved ABR of LMV-10 vide Tariff order dated June 18, 2015 for respective year has been taken. The detail calculation as submitted by the Licensees is as shown below:

FY 2015-16	Units	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Actual Revenue (Domestic)	Rs. Crore	2170.66	2625.59	3419.78	2284.15	803.08	11303.26
Actual Sales (LMV-1 & LMV-10)	MU	4811.66	6054.81	8716.84	7455.79	1419.16	28458.26
Actual ABR of LMV-1	Rs/kWh	4.51	4.34	3.92	3.06	5.66	21.49
Actual Sales of LMV-10	MU	104	142	130	80	17	472.98
ABR of LMV-10 as approved in Tariff Order	Rs/kWh	3.22	3.22	3.22	3.22	3.22	3.22
<b>Deemed Revenue of LMV-10</b>	<b>Rs. Crore</b>	<b>13.42</b>	<b>15.90</b>	<b>9.1</b>	<b>(1.28)</b>	<b>4.15</b>	<b>41.29</b>

- 4.11.2 Later, the Licensee vide email dated January 10, 2018 submitted the actual revenue of LMV-10 as per CS-4 statements. Hence, the Commission, considered the same and then determined the deemed revenue as per the formula shown under:

$$(Deemed Revenue for LMV-10) = (Actual ABR for LMV-1) * (Actual Sales for LMV-10) - (Actual revenue collected from LMV-10)$$

Note- As the figures of actual revenue collected from LMV-10 is missing, it has been taken as zero.



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4.11.3 Accordingly, the deemed revenue approved for LMV-10 category for FY 2015-16 is as shown under:

FY 2015-16	Units	Formula	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Actual Revenue (Domestic)	Rs. Crore	A	2170.66	2625.59	3419.78	2284.15	803.08	11303.26
Actual Sales (LMV-1 & LMV-10)	MU	B	4811.66	6054.81	8716.84	7455.79	1419.16	28458.26
Actual ABR of LMV-1	Rs/kWh	$C=(A/B*10)$	4.51	4.34	3.92	3.06	5.66	21.49
Sales of LMV-10	MU	D	104	142	130	80	17	472.98
Revenue of LMV-10	Rs. Crore	$E=(C*D/10)$	46.73	61.63	51.10	24.51	9.62	193.59
Actual Revenue from CS-4	Rs. Crore	F	16.66	60.31	26.77	14.24	2.94	120.92
Deemed Revenue Allowed	Rs. Crore	$G=E-F$	30.07	1.32	24.33	10.27	6.68	72.67

#### 4.12 REVENUE SUBSIDY FROM GOUP

4.12.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL have claimed that the revenue subsidy received from GoUP was Rs. 1748.76 Crore, Rs. 1011.91 Crore, Rs. 775.17 Crore and Rs. 1904.16 Crore respectively during FY 2015-16 as against Rs. 1444.28 Crore, Rs. 939.84 Crore, Rs. 1749.26 Crore and Rs. 1779.62 Crore respectively approved in the Tariff Order.

4.12.2 The Commission has accepted the submission of the State Discoms under this head.

#### 4.13 ADDITIONAL SUBSIDY REQUIREMENT

4.13.1 The Distribution Tariff Regulations, 2006 are effective from FY 2007-08. Clause 6.10 of the Distribution Tariff Regulations, 2006 specifies as under:

Quote

##### 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.

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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)**

Unquote

4.13.2 The Commission, in its Tariff Orders for FY 2013-14 and FY 2014-15, regarding additional subsidy requirement has stipulated as under:

Quote

“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.”

Unquote







- 4.13.3 With regard to the above matter, the Distribution Licensees have filed an Appeal before the Hon'ble APTEL on applicability of additional subsidy. The matter has been decided by the Hon'ble APTEL in its Judgment dated November 23, 2015 which is in line with the approach followed by the Commission in its earlier Tariff Orders and wherein it gave the following decision.

Quote

*"In case the amount of subsidy assured by the State Government for a particular class of consumers is not released, then it may lead to cross subsidizing that particular class of consumers by another class of consumers as the tariff is fixed by the State Commission for different class of consumers taking into account the amount of subsidy assured by the State Government for that particular class of consumers which would be against the principles of law laid down by this Appellate Tribunal. We, after considering these rival contentions of the parties do not find force in the contentions of the appellants. The contentions raised by the respondent Commission appear to be reasonable, legal and correct one. It appears from the Impugned Order and other material on record that the State Commission has been consistent in its approach on the said issue because the State Commission has approved the amount of subsidy in a just and legal way. The State Commission has trued up the amount of subsidy given by the State Government on taking into consideration the amount of subsidy approved in the tariff order of the respective FY and actual amount of subsidy received as per audited accounts in the respective FY and as claimed in the true up petitions for the respective FYs. **Further, the State Commission has correctly and legally allowed the subsidy approved in the respective tariff order where the actual subsidy received from the State Government was less and in some years the actual subsidy where the amount received from the Government was more...***

*8.8) Hence, we hold that the State Commission is legally justified in directing the appellants to recover the subsidy/additional subsidy from Government of Uttar Pradesh instead of giving the same as a pass through in the appellants aggregate revenue requirement. If proper datas and details in true sense were not available with the appellants, then for that lapse or failure of the appellants, the consumers cannot be allowed to suffer. Hence, this issue is decided against the appellants."* **[Emphasis supplied]**

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*[Signature]*



Unquote

4.13.4 The Commission vide email dated December 21, 2018 had directed the Licensees to submit the details of category-wise and sub-category wise revenue for all the consumers. The Licensees have however, not submitted the said details yet. In the absence of such data, the Commission has considered the sales of the subsidised categories, namely LMV-1 (a): Consumer getting supply as per "Rural Schedule" and LMV-5: Private Tube wells (PTW) for computing the actual subsidy requirement, in proportion to the actual values submitted by the Discoms for FY 2014-15. Accordingly, the through rate for LMV-1 (a) Consumer getting supply as per "Rural Schedule" and LMV-5: Private Tube wells (PTW) has been considered as submitted by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO.

4.13.5 As per the table provided below, the additional subsidy has been considered for reduction from the ARR being tried up.

**Table 4-69: COMPUTATION OF SUBSIDY REQUIREMENT FOR DVVNL FY 2015-16 (RS. CRORE)**

Particulars	Sales	Cost of Service	Thru Rate	Loss	Loss
	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/ kWh)	(RS. CRORE)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	2431.02	6.70	3.94	2.75	669.70
LMV-5: PTW	2957.82	6.70	1.08	5.62	1662.38
Total	5388.84	-	-	-	2332.08
Subsidy Available	-	-	-	-	1748.76
<b>Additional Subsidy Requirement</b>	-	-	-	-	<b>583.32</b>

**Table 4-70: COMPUTATION OF SUBSIDY REQUIREMENT FOR MVVNL FY 2015-16 (RS. CRORE)**

Particulars	Sales	Cost of Service	Thru Rate	Loss	Loss
	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/ kWh)	(RS. CRORE)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	2025.54	5.91	2.46	3.45	698.11
LMV-5: PTW	942.08	5.91	1.79	4.12	387.88
Total	2967.62	-	-	-	1086.00
Subsidy Available	-	-	-	-	1011.91
<b>Additional Subsidy Requirement</b>	-	-	-	-	<b>74.09</b>

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**Table 4-71: COMPUTATION OF SUBSIDY REQUIREMENT FOR PUVNL FY 2015-16 (RS. CRORE)**

Particulars	Sales	Cost of Service	Thru Rate	Loss	Loss
	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/ kWh)	(RS. CRORE)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	3819.98	6.17	1.63	4.54	1733.60
LMV-5: PTW	3337.18	6.17	1.59	4.57	1526.37
Total	7157.16	-	-	-	3259.97
Subsidy Available	-	-	-	-	775.17
<b>Additional Subsidy Requirement</b>	-	-	-	-	<b>2484.80</b>

**Table 4-72: COMPUTATION OF SUBSIDY REQUIREMENT FOR PuVVNL FY 2015-16 (RS. CRORE)**

Particulars	Sales	Cost of Service	Thru Rate	Loss	Loss
	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/ kWh)	(RS. CRORE)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	4720.92	6.41	1.92	4.48	2116.80
LMV-5: PTW	1573.76	6.41	1.36	5.05	794.13
Total	6294.67	-	-	-	2910.93
Subsidy Available	-	-	-	-	1904.16
<b>Additional Subsidy Requirement</b>	-	-	-	-	<b>1006.77</b>

#### 4.14 REVENUE SIDE TRUING UP

##### NON-TARIFF INCOME

4.14.1 Regulation 5.1 of the Distribution Tariff Regulations, 2006 specifies as shown under:

Quote

##### 5.1 Forecast of Revenues:

1. The revenues of the distribution licensee from the business of the distribution of electricity shall comprise of the following components:

- Revenue from sale of power i.e. (Bulk sales + Retail sales)
- Wheeling Charges from Open Access Consumers
- Non-tariff income

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(d) Other Revenues, which may include grants, surcharge, additional surcharge.

2. The non-tariff income shall comprise of:

(a) Delayed Payment Surcharge,

(b) Meter Rent,

(c) Income from investments,

(d) Miscellaneous receipts from consumers,

(e) Trading income

(f) Share of income from the other businesses of the distribution licensee

(g) Any other income.

Unquote

- 4.14.2 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have submitted that the actual Non-Tariff Income during FY 2015-16 was Rs. 26.02 Crore, Rs. 54.25 Crore, Rs. 24.11 Crore, Rs. 22.75 Crore and Rs. 9.52 Crore, respectively as compared to Rs. 20.54 Crore, Rs. 35.48 Crore, Rs. 22.59 Crore, Rs. 27.37 Crore and Rs. 58.26 Crore respectively approved by the Commission in the Tariff Order.
- 4.14.3 The Licensees have claimed Delayed Payment Surcharge along with Revenue. However, in accordance with Regulation 5.1 of the Distribution Tariff Regulations, 2006, the same should be a part of Non-Tariff Income. The Delayed payment surcharge as per the Audited accounts of the Licensees are Rs. 298.07 Crore, Rs. 913.21 Crore, Rs. 222.76 Crore, Rs. 343.21 Crore and Rs. 12.38 Crore for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO, respectively.
- 4.14.4 Therefore, the Commission considered the submission of the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO under this head and has accordingly approved Non-Tariff Income including DPS as Rs. 324.09 Crore, Rs. 967.46 Crore, Rs. 246.67 Crore, Rs. 365.96 Crore and Rs. 21.90 Crore respectively, for FY 2015-16.

#### 4.15 REVENUE FROM SALE OF POWER

- 4.15.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have submitted that the actual revenue from sale of power including Delayed Payment Surcharge during FY 2015-16 is Rs. 7835.86 Crore, Rs. 7548.82 Crore, Rs. 12217.55 Crore, Rs. 8088.06 Crore and Rs. 2109.87 Crore respectively towards electricity sales of 15435.73 MU, 12722.47 MU, 21905.13 MU,

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15887.69 MU and 2935.25 MU respectively against Rs. 8691.82 Crore, Rs. 8098.79 Crore, Rs. 12791.89 Crore, Rs. 8104.96 Crore and Rs. 2004.88 Crore respectively approved by the Commission in its Tariff Order.

4.15.2 The Commission has accepted the revenue from sale of power as submitted by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and has accordingly approved the actual revenue from sale of power. The summary of revenue approved in the Tariff Order, as claimed by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and as approved by the Commission in this Order for Truing up of FY 2015-16 is shown in the Table below:

**Table 4-73: REVENUE FOR DVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff including DPS	8691.82	7835.86	7835.86	7567.86*
Non-tariff items	20.54	26.02	26.02	324.09**
<b>Total Revenue</b>	<b>8712.36</b>	<b>7861.88</b>	<b>7861.88</b>	<b>7891.95</b>

**Table 4-74: REVENUE FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff including Delayed Payment Surcharge	8098.79	7548.82	7548.82	6636.92*
Non-tariff items	35.48	54.25	54.25	967.46**
<b>Total Revenue</b>	<b>8134.27</b>	<b>7603.06</b>	<b>7603.06</b>	<b>7604.38</b>

**Table 4-75: REVENUE FOR PVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff	12791.89	12217.55	12217.55	12019.12*
Non-tariff items including Delayed Payment Surcharge	22.59	24.11	24.11	246.87**
<b>Total Revenue</b>	<b>12814.48</b>	<b>12241.66</b>	<b>12241.66</b>	<b>12265.99</b>

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**Table 4-76: REVENUE FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff	8104.96	8088.06	8088.06	7755.12*
Non-tariff items including Delayed Payment Surcharge	27.37	22.75	22.75	365.96**
<b>Total Revenue</b>	<b>8132.33</b>	<b>8110.81</b>	<b>8110.81</b>	<b>8121.08</b>

**Table 4-77: REVENUE FOR KESCO FOR FY 2015-16 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff	2004.88	2109.87	2109.87	2104.17*
Non-tariff items including Delayed Payment Surcharge	58.26	9.52	9.52	21.90**
<b>Total Revenue</b>	<b>2063.14</b>	<b>2119.38</b>	<b>2119.38</b>	<b>2126.06</b>

Note: \* Tariff excluding DPS & including deemed revenue of LMV-10, \*\* Non-tariff income including DPS

#### 4.16 ARR AND REVENUE GAP/ (SURPLUS) FOR FY 2015-16 AFTER TRUING UP

4.16.1 The Aggregate Revenue Requirement for FY 2015-16 for State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO after final truing up is summarized in the Table below:

**Table 4-78: ARR, REVENUE AND GAP SUMMARY FOR DVVNL OR FY 2015-16 (RS. CRORE)**

Particulars	Approved in 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
UPPCL O&M expenses	-	-	59.37	-
<b>Gross O&amp;M Expenses</b>	<b>701.81</b>	<b>961.74</b>	<b>696.62</b>	<b>693.50</b>
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

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*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	Approved in 18.6.2015	Audited	Claimed	Approved
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 Miscellaneous Expenses	-	-	-	-
Prior Period Expenses	-	108.44	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	118.82	118.82	118.82
<b>Gross Expenditure</b>	<b>12640.25</b>	<b>12536.03</b>	<b>11144.08</b>	<b>10913.83</b>
Less:				
Employee Capitalisation	60.93	196.30	196.30	196.30
A&G Capitalisation	9.55	-	-	-
Interest Capitalisation	61.12	-	57.74	57.74
<b>Total Capitalisation</b>	<b>131.60</b>	<b>196.30</b>	<b>254.04</b>	<b>254.04</b>
<b>Net Expenditure</b>	<b>12508.65</b>	<b>12339.74</b>	<b>10890.05</b>	<b>10659.79</b>
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	20.54	26.02	26.02	324.09 **
<b>Annual Revenue Requirement</b>	<b>12488.11</b>	<b>12313.72</b>	<b>10864.03</b>	<b>10335.70</b>
Less: Revenue from Tariff including 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
<b>Net Revenue Gap</b>	<b>2352.01</b>	<b>2729.10</b>	<b>1279.41</b>	<b>435.76</b>

Note: \*Revenue from Tariff, \*\*Non-Tariff Income including DPS

**Table 4-79: ARR, REVENUE AND GAP SUMMARY FOR MVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Approved in 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
UPPCL O&M expenses	-	-	47.52	-
<b>Gross O&amp;M Expenses</b>	<b>806.16</b>	<b>1084.74</b>	<b>789.94</b>	<b>787.16</b>
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				





*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	Approved in 18.6.2015	Audited	Claimed	Approved
<i>Add: Contribution to contingency reserve on account of better Performance</i>				
Depreciation	235.17	216.00	398.98	391.22
Other Miscellaneous Expenses				
Prior Period Expenses	-	-71.11	-	-
Interest on GPF	-		-	
Provision for Bad and Doubtful Debts	-	119.21	119.21	119.21
<b>Gross Expenditure</b>	<b>9522.59</b>	<b>9839.05</b>	<b>8863.83</b>	<b>8762.27</b>
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
<b>Total Capitalisation</b>	<b>142.04</b>	<b>274.94</b>	<b>274.94</b>	<b>274.94</b>
<b>Net Expenditure</b>	<b>9,380.56</b>	<b>9564.12</b>	<b>8588.89</b>	<b>8487.33</b>
Add: Return on Equity	-			
Less: Non-tariff Incomes	35.48	54.25	54.25	967.46**
<b>Annual Revenue Requirement</b>	<b>9345.08</b>	<b>9509.87</b>	<b>8534.65</b>	<b>7519.87</b>
Less: Revenue from Tariff including 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
<b>Net Revenue Gap</b>	<b>306.45</b>	<b>949.14</b>	<b>(26.08)</b>	<b>(203.05)</b>

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

**Table 4-80: ARR, REVENUE AND GAP SUMMARY FOR PUVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Approved in 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
UPPCL O&M expenses	-	-	78.25	-
<b>Gross O&amp;M Expenses</b>	<b>730.06</b>	<b>1,043.60</b>	<b>715.06</b>	<b>711.84</b>
<i>Employee Expenses</i>	<i>470.43</i>	<i>469.47</i>	<i>450.96</i>	<i>448.90</i>
<i>R&amp;M Expenses</i>	<i>199.66</i>	<i>401.88</i>	<i>201.37</i>	<i>200.48</i>
<i>A&amp;G Expenses</i>	<i>59.97</i>	<i>172.25</i>	<i>62.73</i>	<i>62.46</i>
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
<i>Add: Sharing of Gains</i>			<i>-61.67</i>	<i>61.74</i>

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*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	Approved in 18.6.2015	Audited	Claimed	Approved
<i>Add: Contribution to contingency reserve on account of better Performance</i>	-	-	30.84	-
Depreciation	310.14	73.99	547.00	542.69
Other Miscellaneous Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	139.69	139.69	139.69
<b>Gross Expenditure</b>	<b>14963.01</b>	<b>14406.99</b>	<b>14084.72</b>	<b>13959.82</b>
Less:				
Employee Capitalisation	70.56	201.90	201.90	201.90
A&G Capitalisation	9.00			
Interest Capitalisation	64.47		2.29	2.29
<b>Total Capitalisation</b>	<b>144.03</b>	<b>201.90</b>	<b>204.20</b>	<b>204.20</b>
<b>Net Expenditure</b>	<b>14,818.98</b>	<b>14205.08</b>	<b>13880.53</b>	<b>13751.55</b>
Add: Return on Equity	-			
Less: Non-tariff Incomes	22.59	24.11	24.11	246.87**
<b>Annual Revenue Requirement</b>	<b>14,796.38</b>	<b>14180.97</b>	<b>13856.41</b>	<b>13504.68</b>
Less: Revenue from Tariff including 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
<b>Net Revenue Gap</b>	<b>(583.73)</b>	<b>1188.25</b>	<b>863.70</b>	<b>(1774.40)</b>

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

**Table 4-81: ARR, REVENUE AND GAP SUMMARY FOR PuVVNL FOR FY 2015-16 (RS. CRORE)**

Particulars	Approved in 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
UPPCL O&M expenses	-	-	59.97	-
<b>Gross O&amp;M Expenses</b>	<b>970.42</b>	<b>1025.68</b>	<b>1041.24</b>	<b>1025.68</b>
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

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*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	Approved in 18.6.2015	Audited	Claimed	Approved
<i>Add: Contribution to contingency reserve on account of better Performance</i>			3.89	-
Depreciation	248.93	245.02	462.07	444.97
Other Miscellaneous Expenses				
Prior Period Expenses	-	93.39	-	-
Interest on GPF				
Provision for Bad and Doubtful Debts	-	184.29	161.76	161.76
<b>Gross Expenditure</b>	<b>11371.32</b>	<b>12071.61</b>	<b>11110.38</b>	<b>10965.59</b>
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
<b>Total Capitalisation</b>	<b>168.40</b>	<b>422.67</b>	<b>422.67</b>	<b>422.67</b>
<b>Net Expenditure</b>	<b>11202.92</b>	<b>11648.95</b>	<b>10687.72</b>	<b>10542.92</b>
Add: Return on Equity	-			
Less: Non-tariff Incomes	27.37	22.75	22.75	365.96**
<b>Annual Revenue Requirement</b>	<b>11175.55</b>	<b>11626.19</b>	<b>10664.96</b>	<b>10176.96</b>
Less: Revenue from Tariff including DPS	8104.96	8088.06	8088.06	7755.12*
Less: GoUP Subsidy	1779.62	1904.16	1904.16	1904.16
Less: Additional Subsidy to be provided by GoUP	381.14			1006.77
<b>Net Revenue Gap / (Surplus)</b>	<b>909.84</b>	<b>1633.98</b>	<b>672.75</b>	<b>(489.09)</b>

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

**Table 4-82: ARR, REVENUE AND GAP SUMMARY FOR KESCO FOR FY 2015-16 (RS. CRORE)**

Particulars	Approved in 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
UPPCL O&M expenses	-	-	10.44	-
<b>Gross O&amp;M Expenses</b>	<b>208.00</b>	<b>233.43</b>	<b>193.28</b>	<b>192.38</b>
Employee Expenses	142.24	111.07	132.12	131.51
R&M Expenses	56.54	53.11	54.44	54.19
A&G Expenses	9.21	69.25	6.71	6.68
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>			(51.28)	51.30

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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	Approved in 18.6.2015	Audited	Claimed	Approved
Add: Contribution to contingency reserve on account of better Performance	-		25.64	-
Depreciation	26.15	10.85	45.40	45.40
Other Miscellaneous Expenses				
Prior Period Expenses	0.00		-	-
Interest on GPF				
Provision for Bad and Doubtful Debts	0.00	12.78	12.78	12.78
<b>Gross Expenditure</b>	<b>1959.84</b>	<b>2238.24</b>	<b>1974.07</b>	<b>1936.29</b>
Less:				
Employee Capitalisation	21.34	3.07	3.07	3.07
A&G Capitalisation	1.38			
Interest Capitalisation	-			-
<b>Total Capitalisation</b>	<b>22.72</b>	<b>3.07</b>	<b>3.07</b>	<b>3.07</b>
<b>Net Expenditure</b>	<b>1937.13</b>	<b>2235.17</b>	<b>1971.00</b>	<b>1933.21</b>
Add: Return on Equity	-			
Less: Non-tariff Incomes	58.26	9.52	9.52	21.90**
<b>Annual Revenue Requirement</b>	<b>1878.87</b>	<b>2225.65</b>	<b>1961.48</b>	<b>1911.32</b>
Less: Revenue from Tariff including DPS	2,004.88	2109.87	2109.87	2104.17*
Less: GoUP Subsidy	-		-	-
Less: Additional Subsidy to be provided by GoUP	-		-	-
<b>Net Revenue Gap</b>	<b>(126.01)</b>	<b>115.79</b>	<b>(148.38)</b>	<b>(192.85)</b>

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

Table 4-83: ARR, REVENUE AND GAP SUMMARY FOR ALL 5 DISCOMS FOR FY 2015-16 (RS. CRORE)

Particulars	Approved in 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
UPPCL O&M expenses	-	-	255.55	-
<b>Gross O&amp;M Expenses</b>	<b>3416.45</b>	<b>4349.19</b>	<b>3436.13</b>	<b>3410.57</b>
Employee Expenses	2084.36	2001.78	2265.74	2019.63
R&M Expenses	993.53	1568.56	870.35	1036.10
A&G Expenses	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

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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	Approved in 18.6.2015	Audited	Claimed	Approved
Finance/Bank Charges	9.78	61.25	61.25	61.25
Interest on Working Capital	512.83	62.98	558.79	510.96
Add: Sharing of Gains	-	-	(397.43)	397.62
Add: Contribution to contingency reserve on account of better Performance	-	-	198.72	-
Depreciation	1083.28	695.48	1921.64	1892.16
Other Miscellaneous Expenses	-	-	-	-
Prior Period Expenses	-	130.72	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	574.78	552.25	552.25
<b>Gross Expenditure</b>	<b>50457.02</b>	<b>51091.93</b>	<b>47177.09</b>	<b>46533.72</b>
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
<b>Total Capitalisation</b>	<b>608.79</b>	<b>1098.87</b>	<b>1158.91</b>	<b>1158.91</b>
<b>Net Expenditure</b>	<b>49848.23</b>	<b>49993.06</b>	<b>46018.19</b>	<b>45374.81</b>
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	164.24	136.65	136.65	1926.28**
<b>Annual Revenue Requirement</b>	<b>49683.99</b>	<b>49856.41</b>	<b>45881.53</b>	<b>43448.53</b>
Less: Revenue from Tariff including 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
<b>Net Revenue Gap / (Surplus)</b>	<b>2858.55</b>	<b>6616.26</b>	<b>2641.39</b>	<b>(2223.63)</b>

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

4.16.2 As observed from the above Tables, against the revenue gap/(surplus) of Rs. 1,279.41 Crore, Rs. (-) 26.08 Crore, Rs. 863.70 Crore, Rs. 672.75 Crore and Rs. (-) 148.38 Crore (total of Rs. 2,641.39 Crore) claimed by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO for truing up of FY 2015-16, the Commission has worked out the gap of Rs. 435.76 Crore, Rs. (-) 203.05 Crore, Rs. (-) 1774.40 Crore, Rs. (-) 489.09 Crore and Rs. (-) 192.85 Crore respectively (total of Rs. (-) 2223.63 Crore) while carrying out the truing up on the basis of the audited accounts. The Commission has discussed the treatment of above revenue gap/surplus subsequently in this Order.

4.16.3 Analysis on few parameters for percentage are depicted below:



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Table 4-82: Analysis on few parameters for percentage change

Parameters	FY 2014-15	FY 2015-16	% Change
Total Sales (MU)	60415.41	68886.26	14.02%
Revenue from tariff (Rs. Crore)	31490.47	36083.19	14.58%
Total Power Purchase (MU)	77692.53	87155.98	12.18%
Total Power Purchase (Rs. Crore)	34950.4	37256.92	6.60%
ARR (Rs. Crore)	41360.48	43448.53	5.05%
Revenue Gap / (Surplus) (Rs. Crore)	(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%



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

### 5.1 INTRODUCTION

5.1.1 The State Discoms have sought the final truing up of expenditure and revenue for FY 2016-17 based on actual expenditure and revenue as per audited accounts. In this section, the Commission has analysed all the elements of actual revenue and expenses for FY 2016-17 and has undertaken the truing up of expenses and revenue after prudence check of the data made available by the Licensees.

### 5.2 POWER PURCHASE EXPENSES

5.2.1 The Commission, in the Tariff Order for FY 2016-17, had approved the power purchase quantum of 1,27,414.15 MU and total power purchase expenses of Rs. 51,493.63 Crore at UPPCL level. The State Discoms, in their True-up Petition, have submitted that the actual power purchase expenses for FY 2016-17 are Rs. 42,905.21 Crore towards power procurement of 107,495.24 MU at UPPCL level.

5.2.2 The State Discoms submitted that they have considered the following philosophy for computing the allowable power purchase cost:

- The allowable power purchase input has been calculated by grossing up the actual energy received at the Discoms end by the approved / actual transmission losses, whichever is lower.
- The allowable power purchase cost has been computed by multiplying the revised BST with allowable power purchase input to derive the allowable power purchase cost for truing up.

5.2.3 As per the above philosophy, the BST as worked out by the State Discoms is shown in the Table below:

**Table 5-1: BULK SUPPLY TARIFF AS COMPUTED BY THE STATE DISCOMS FOR FY 2016-17**

Particulars	Unit	Claimed
Power Input (MU)	MU	107,582.40
Inter-State Transmission Losses	%	3.69
Input at Transco End	MU	103,608.37
Intra-State Transmission Losses	%	3.55
Energy available at Discom End	MU	99,930.27
Allowable Power Purchase Cost at Discom end (including PGCIL Charges and UPPCL O&M expenses)	Rs Crore	42,703.08
Power Purchase Cost per unit at Discom end (BST)	Rs/kWh	4.27





5.2.4 The State Discoms in their submissions have calculated the allowable power purchase input at Discom end by grossing up the actual energy sales by the approved distribution loss target or actual Distribution losses, whichever is lower. Thereafter, the allowable power purchase input has been multiplied by the Trued-Up BST to derive the allowable power purchase cost for FY 2016-17 as shown in the Table below:

**Table 5-2: POWER PURCHASE COST AS COMPUTED BY STATE DISCOMS FOR FY 2016-17:**

Particulars	Sales (MUs)	Distribution Losses (%)	Allowable Power Purchase (MUs)	Trued-up Bulk Supply Tariff (Rs./kWh)	Allowable Power Purchase Cost Payable to UPPCL on Truing-up (RS. CRORE)
DVVNL	16811.27	23.82%	22,067.83	4.27	9,430.27
MVVNL	14759.01	21.52%	18,806.08	4.27	8,036.32
PVVNL	25334.79	20.20%	31,747.86	4.27	13,566.85
PuVVNL	18291.43	21.57%	23,321.98	4.27	9,966.09
KESCO	3089.16	22.51%	3,986.53	4.27	1,703.55
<b>Total Allowable Power Purchase Cost eligible for Truing-up at Discom level</b>					<b>42,703.08</b>

5.2.5 Further, with regard to distribution losses, the State Discoms have submitted the following actual distribution losses:

**Table 5-3: ACTUAL DISTRIBUTION LOSSES FOR FY 2016-17 AS PER STATE DISCOMS**

Name of Discoms	Energy at Discom Periphery (MUs)	Sales (MUs)	Actual Distribution loss (%)
DVVNL	22244.68	16811.27	24.43%
MVVNL	19128.97	14759.01	22.84%
PVVNL	31110.59	25334.79	18.57%
PuVVNL	23676.13	18291.43	22.74%
KESCO	3688.94	3089.16	16.26%
<b>Consolidated 5</b>	<b>99849.32</b>	<b>78285.66</b>	<b>21.60%</b>

5.2.6 The Discoms where actual distribution losses are lower than target distribution losses have claimed efficiency gain and profit contribution to contingency reserve as shown under:

**Table 5-4: EFFICIENCY GAIN & PROFIT CONTRIBUTION TO CONTINGENCY RESERVE FOR FY 2016-17 AS PER STATE DISCOMS**



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Name of Discoms	Distribution Loss Targets (%)	Actual Distribution loss (%)	Efficiency gain	Profit Contribution to Contingency Reserve
PVVNL	20.20%	18.57%	136.16	68.08
KESCO	22.51%	16.26%	63.57	31.79

5.2.7 The State Discoms have also claimed Rs. 202.13 Crore towards allocation of O&M Expenses of UPPCL, as shown below:

**Table 5-5: UPPCL O&M EXPENSES FOR FY 2015-16 AS PER STATE DISCOMs (RS. CRORE)**

S. No	DISCOM	UPPCL O&M Expenses
1	DVVNL	45.03
2	MVVNL	38.72
3	PVVNL	62.98
4	PuVVNL	47.93
5	KESCO	7.47
6	<b>Consolidated (5 Discoms)</b>	<b>202.13</b>

5.2.8 The Commission has computed the BST based on the same philosophy as adopted in its Order dated November 30, 2017. The Commission has been considering Distribution Losses as controllable parameter and there-upon the power purchase cost consequent to under-achievement of Distribution losses is disallowed. For trueing up of ARR for FY 2016-17, the allowable power purchase quantum has been computed by grossing up the actual energy sales by the approved distribution loss target or actual loss level whichever is lower. The power purchase cost is then computed by considering the allowable power purchase thus derived and the BST computed at Discoms periphery in line with the approach followed by the Commission in its earlier Orders.

5.2.9 The Commission observes that the actual Distribution Losses for FY 2016-17 are higher for DVVNL, MVVNL and PuVVNL than the Distribution Loss targets approved by the Commission. However, for PVVNL and KESCO the actual losses are lower as compared to the Distribution Loss targets approved by the Commission. The same is as depicted in the Table below:

**Table 5-6: ACTUAL DISTRIBUTION LOSSES FOR FY 2016-17 AS PER STATE DISCOMs**

Name of Discoms	Distribution Loss Targets (%)	Actual Distribution loss (%)
DVVNL	23.82%	24.43%
MVVNL	21.52%	22.84%







Name of Discoms	Distribution Loss Targets (%)	Actual Distribution loss (%)
PVVNL	20.20%	18.57%
PuVVNL	21.57%	22.74%
KESCO	22.51%	16.26%
<b>Consolidated (5 Discoms)</b>	<b>21.70%</b>	<b>21.60%</b>

5.2.10 Certain State Discoms i.e. PVVNL and KESCO have submitted efficiency gains and profit contribution to contingency reserve on account of better performance against the targets specified on the performance parameters, i.e. improved performance by way of reduction of distribution losses. Regulation 4.11 of the Distribution Tariff Regulation, 2006 specifies as shown under:

Quote

#### 2.4 Amendment of Tariffs

.....

3. Subject to other provisions of these regulations, the ARR determined by the commission for any financial year shall be trued up on the basis of actual financial and operational results. Any deficit or surplus arising out of such true up shall be adjusted while determining the tariff for the subsequent years.

Provided that the Commission may allow higher expenditure actually incurred by the licensee in any financial year on account of non-controllable factors i.e. factors beyond the control of licensee after due verification of such expenses and prudence check.

Provided further that the profit arising out of improvement in operational efficiency such as over achievement of loss reduction target, better collection efficiency, saving in O & M Expenditure etc. shall be shared between the distribution licensee and the consumers as specified in Para 4.11 of these regulations.

.....

#### 4.11 Profit Sharing

1. The licensee will be allowed an approved return for the ensuing financial year.

2. However, if the licensee makes more profit than the approved return on account of improved performance by way of reduction of Distribution

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Losses, better collection efficiency etc., the Commission may treat the profit beyond the approved return in the following manner:

(i) Licensee shall be entitled to retain 50% of the additional profit earned on account of operational efficiencies

(ii) 25% shall be credited to the licensee's contingency reserve.

(iii) The remaining 25% shall be passed on to the consumers by way of reduction in ARR.

Unquote

5.2.11 Hence, in accordance with the Distribution Tariff Regulations, 2006, any gain or loss on account of the controllable parameters like improved performance by way of reduction of distribution losses, O&M expenses etc. is to be dealt with. Accordingly, the Commission has allowed the efficiency gain on account of improved distribution losses for PVVNL and KESCO as shown under:

Table 5-7: APPROVED EFFICIENCY GAINS FOR FY 2016-17

S. No	Efficiency Gains on account of improvement in Distribution Loss	PVVNL	KESCO
A	Distribution Loss (%) - Approved in T.O dated 1.8.2016	20.20%	22.51%
B	Distribution Loss (%) - Audited	18.57%	16.26%
C	Energy Input into Transmission- Distribution Interface (MU)-At Approved loss (%)	31747.86	3986.53
D	Energy Input into Transmission- Distribution Interface (MU)-At Audited loss (%)	31110.59	3688.94
E	Units Saved (MU) (E=D-C)	637.26	297.59
F	Trued up Bulk Supply Tariff (Rs/kWh)	4.27	4.27
G	Gain (ExF/10) (RS. CRORE)	272.32	127.17
H	Profit Sharing (RS. CRORE): 50% To Licensee 25% In Contingency Reserve 25% Reduction in ARR  * As the Commission has disallowed the addition to Contingency Reserve, hence the total impact on the ARR will be 50% only.	136.16	63.58

5.2.12 As regards contribution to contingency reserve, the Commission vide email dated November 28, 2018, directed the State Discoms to submit the clarification regarding why this cost may not be disallowed, as the treatment of contingency reserve (25%) and consumer benefits by the way of reduction in



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ARR (25%) has not been submitted. The Licensee has however, not submitted any specific clarification as to why this cost should not be disallowed.

5.2.13 Further, it is to be noted that, there is a substantial revenue gap between ARR and revenue forecast, hence, any amounts allowed on this account will only go to enhance the already large gap and create extra burden on the consumers. Therefore, the Commission disallows the said amount.

5.2.14 As regards UPPCL O&M Expenses, the Commission has verified the amount of Rs. 202.13 Crore from the Audited Accounts for FY 2016-17 of UPPCL. However, it is observed that the Commission in Tariff Orders dated October 1, 2014 had directed that the State Discoms to manage the O&M Expenses incurred by UPPCL (for procuring the power) from the O&M Expenses allowed to them. The relevant extract of the Commission's Order dated October 1, 2014 in the matter of Determination of Aggregate Revenue Requirement and Tariff for FY 2014-15 and True up for FY 2008-09 to FY 2011-12 of DVVNL has been quoted below:

Quote

*4.2.14 The Commission has verified the above amount from the Audited Accounts of UPPCL and has allowed such expenses based on actual for FY 2014-15. As the above expenses have been incurred by UPPCL, which is mostly for procuring the power for the Discoms, the above expenses for the purpose of Trueing up has been considered as a part of Bulk Supply Tariff. It may further be noted that the procurement of power is the responsibility of the Distribution Licensee for which the Commission allows considerable amount of O&M Expenses and interest on working capital to the Licensee. The Commission has allowed such expenses for the past years, however, for future years, i.e., from FY 2014-15 onwards, the Licensee is directed to manage such O&M Expenses for procuring the power from the O&M Expenses allowed to it.*

Unquote

5.2.15 Further, in view of UPPCL O&M Expenses, it is clear that the Commission had allowed such expenses in the previous orders giving clear directions that from FY 2014-15 onwards the Licensees should manage such O&M Expenses for procuring the power from the O&M Expenses allowed to them. Accordingly, the O&M expenses of Rs. 202.13 Crore claimed by the State Discoms towards allocation of O&M Expenses of UPPCL are not allowed. The Commission again

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reiterates that the procurement of power is the responsibility of the Distribution Licensees for which the Commission allows considerable amount of O&M Expenses and interest on working capital to the Licensees.

5.2.16 The Commission in its previous orders had stated as shown under:

Quote

4.2.13.....

.....It is noted that the Distribution Licensees book the cost of power purchase in their Audited Accounts as per the BST approved by the Commission, while UPPCL procure power at the actual rates from the Generating Companies. Further, the Licensees during Truing up of FY 2013-14 have claimed the power purchase cost higher than the cost incurred as per their audited accounts, which is due to the fact that the actual power purchase cost incurred by UPPCL while procuring power from the generating companies is more than the power purchase cost paid by the Licensees to UPPCL, which is as per the BST approved by the Commission. **Thus, in order to have greater clarity the Commission directs the Licensees that, from truing up of FY 2014-15 and onwards it should clearly depict the total power purchase cost incurred at UPPCL level based on actual power purchase cost, total power purchase cost billed by the UPPCL to the Distribution Licensees and power cost payable to UPPCL in its true-up petitions for future years.**

Unquote

5.2.17 Further, with respect to interstate transmission losses, many stakeholders have raised the issue during the public hearings that the losses projected are quite high. UPPTCL in response had submitted the computation of transmission charges for FY 2016-17 as shown under:

**Table 5-8: COMPUTATION OF INTER-STATE TRANSMISSION LOSS AS SUBMITTED UPPTCL FOR FY 2016-17**

S.No	Details of Injecting Entity	Actual Injection (MU)	Source:	Details of Drawee Entity	Actual Drawal (MU)	Source:	Transmission Losses (%)
1	Inter-state	43436.90	NRLDC	MVVNL	19128.97	Trans Zone Energy A/c	3.55%
2	IPP	30925.96	UPSLDC	DVVNL	22244.68		
3	UPRVUNL	25859.80	UPSLDC	PuVVNL	23676.13		
4	UPJVNL	1166.87	UPJVNL	PVVNL	31110.59		



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*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*

S.No	Details of Injecting Entity	Actual Injection (MU)	Source:	Details of Drawee Entity	Actual Drawal (MU)	Source:	Transmission Losses (%)
5	CPP/Co-Gen/Solar	4122.95	Trans. Zone Energy A/c	KESCO	3688.94		
6	-			NPCL	1572.87	UPSLDC	
7	-			Open Access consumer	340.89		
8	Total	105512.48		Total	101763.07		

5.2.18 The Commission has gone through the submissions of the Licensees. Accordingly, the Commission has computed the BST based on the UPPCL Balance sheet for FY 2016-17. The Table below summarises the energy balance, power purchase quantum and cost submitted by the Licensees and as approved by the Commission at UPPCL level and the Bulk Supply Tariff for FY 2016-17:

**Table 5-9: ENERGY BALANCE AND BULK SUPPLY TARIFF APPROVED FOR FY 2016-17**

Particulars	Unit	Tariff Order	Claimed	Actual / Audited	Approved upon Truing up
Power Purchase by UPPCL at Generator Bus	MU	127414.15	107495.24	107495.24	107495.24
Inter-State Transmission Losses	MU	2102.33	3966.57	3966.57	3966.57
Inter-State Transmission Losses	%	1.65%	3.69%	3.69%	3.69%
Intra-State Transmission Losses	MU	4498.70	3679.35	3679.35	3679.35
Intra-State Transmission Losses	%	3.59%	3.55%	3.55%	3.55%
Energy available at Discom End	MU	120813.12	99849.32	99849.32	99849.32
Power Purchase Cost (including PGCIL charges) for UPPCL	Rs. Crore	51493.63	42668.20	42668.73	42668.73
Power Purchase Cost per unit at Generator Bus	Rs./kWh	4.04	3.97	3.97	3.97
Allowable Power Purchase Cost at Discom end after transmission losses	Rs. Crore	51493.63	42668.20	42668.20	42668.73
<b>Power Purchase Cost per unit at Discom end (BST) after transmission losses</b>	<b>Rs./kWh</b>	<b>4.26</b>	<b>4.27</b>	<b>4.27</b>	<b>4.27</b>

5.2.19 It can be seen from the above that, power purchase approved by the Commission in Tariff Order for FY 2016-17 was Rs. 4.26 / kWh. The State Discoms have claimed the BST as Rs. 4.27 / kWh, which has been allowed by the Commission after the Truing up of FY 2016-17.

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5.2.20 Accordingly, the Commission has approved and computed the allowable power purchase quantum by grossing up the actual energy sales by the approved Distribution loss target / Actual Loss Level (whichever is lower) for FY 2016-17. The power purchase cost is then computed by considering the allowable power purchase thus obtained and the BST computed at Discoms periphery in line with the approach followed by the Commission in its earlier Orders. The Table below provides the allowable power purchase cost for the Licensees for FY 2016-17:

**Table 5-10: ALLOWABLE POWER PURCHASE COST FOR FY 2016-17**

Particulars	Sales (MU)	Distribution Losses Allowed (%)	Allowable Power Purchase (MU)	Trued-up Bulk Supply Tariff (Rs./kWh)	Allowable Power Purchase Cost Payable to UPPCL on Truing-up (RS. CRORE)
DVVNL	16811.27	23.82%	22067.83	4.27	9430.27
MVVNL	14759.01	21.52%	18806.08	4.27	8036.42
PVVNL	25334.79	18.57%	31110.59	4.27	13294.53
PuVVNL	18291.43	21.57%	23321.98	4.27	9966.21
KESCO	3089.16	16.26%	3688.94	4.27	1576.40
<b>Total</b>	<b>78285.66</b>	<b>20.92%</b>	<b>98995.42</b>	<b>4.27</b>	<b>42303.83</b>

### 5.3 TRANSMISSION CHARGES

5.3.1 The State Discoms submitted that in the Tariff Order for FY 2016-17, the Commission had approved the Transmission Charges for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO of Rs. 437.78 Crore, Rs. 360.12 Crore, Rs. 569.44 Crore, Rs. 522.93 Crore and Rs. 68.58 Crore respectively. The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have submitted that as per the audited accounts, they have incurred Rs. 370.10 Crore, Rs. 318.89 Crore, Rs. 519.00 Crore, Rs. 393.98 Crore and Rs. 61.67 Crore respectively towards transmission charges. The State Discoms have submitted that the allowable power purchase input for FY 2016-17 works out to 22,067.83 MU, 18,806.08 MU, 31,747.86 MU, 23,321.98 MU and 3986.53 MU for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO respectively and therefore, for claiming the trued-up transmission charges, the allowable power purchase input has been taken into consideration.

5.3.2 It is observed that the State Discoms have considered the Transmission Charge equivalent to the rate submitted by UPPTCL. Thus, to derive the allowable transmission charges, allowable power purchase input has been multiplied by the transmission tariff for the State Discoms.

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- 5.3.3 The Commission however, observed that there was a mismatch in transmission charges in the audited accounts of State Discoms and UPPTCL, wherein, vide email dated November 14, 2018 the Commission directed the Licensees to submit a reconciliation for the same. Accordingly, it was verified that the State Discoms have considered the Transmission Charge equivalent to the rate submitted by UPPTCL in its APR Petition for FY 2016-17. Thus, to derive the allowable transmission charges, allowable power purchase input has been multiplied by the trued-up transmission tariff as approved by the Commission in its True-up Order for FY 2015-16 and APR for FY 2016-17 for UPPTCL.
- 5.3.4 However, it has been observed that the State Discoms, have considered higher actual / approved distribution losses to compute the energy wheeled, in their computation of transmission charges. The Commission has adjusted the distribution losses, considering the actual / approved distribution losses whichever is lower.
- 5.3.5 Accordingly, the Table below provides the allowable transmission charges for the State Discoms for FY 2016-17:

Table 5-11: ALLOWABLE INTRA STATE TRANSMISSION CHARGES FOR FY 2016-17

Particulars	Approved in Tariff Order			Claimed			Approved upon Truing Up		
	Units Wheeled (MU)	Transmission Charge (Rs/kwh)	Transmission Charges (RS. CRORE)	Units Wheeled (MU)	Transmission Charge (Rs/kwh)	Transmission Charges (RS. CRORE)	Units Wheeled (MU)	Transmission Charge (Rs/kwh)	Transmission Charges (RS. CRORE)
DVVNL	26978.08	0.1621	437.78	22067.83	0.167	370.10	22067.83	0.167	370.10
MVVNL	22215.74	0.1621	360.12	18806.08	0.167	318.89	18806.07	0.167	313.51
PVVNL	35128.96	0.1621	569.44	31747.86	0.167	519.00	31110.59	0.167	519.00
PuVVNL	32259.65	0.1621	522.93	23321.98	0.167	393.98	23321.98	0.167	388.09
KESCO	4230.68	0.1621	68.58	3986.53	0.167	61.67	3688.94	0.167	61.71
<b>Total</b>	<b>120813.12</b>		<b>1958.48</b>	<b>99930.27</b>		<b>1663.64</b>	<b>98995.41</b>		<b>1652.37</b>

#### 5.4 O&M EXPENSES

- 5.4.1 The Operation and Maintenance (O&M) expenses comprise of employee related costs, A&G expenses and R&M expenditure.
- 5.4.2 The State Discoms' submissions on each of the heads of O&M expenditure for FY 2016-17, and the Commission's analysis on the truing up of the O&M expenditure heads has been discussed in the subsequent paragraphs.

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- 5.4.3 Regulation 4.3 of Distribution Tariff Regulations, 2006 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 Regulations, 2006 are reproduced below:

Quote

**4.3 Operation & Maintenance Expenses (O&M):**

*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.....”[Emphasis added]*

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- 5.4.4 It has been observed that the Licensees have submitted the computations of O&M considering the weighted average rate of interest for FY 2015-16 as 1.88% and for FY 2016-17 as 3.20% based on the new WPI values effective from May 12, 2017. However, the Commission has calculated the inflation index for FY 2016-17 based on the weighted average index of WPI and CPI, considering the earlier values of WPI and CPI, since the same had been used in the computation of O&M Expenses of the previous years as per earlier Tariff Orders. The Commission is of the view that consistency should be maintained in the remaining two years (i.e. FY 2015-16 and FY 2016-17) prior to the start of Control Period, wherein the Tariff is allowed in accordance to Distribution Tariff Regulations, 2006. The same approach has also been followed in Tariff Order dated November 30, 2017.
- 5.4.5 Accordingly, the Commission has considered the WPI and CPI as available on the website of Economic Advisor, Ministry of Commerce and Industry, Ministry

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of Labour, respectively. Accordingly, the Commission has calculated the inflation index for approval of O&M expenses as shown in Table below:

Table 5-12: ESCALATION INDEX FOR FY 2016-17

Month	Wholesale Price Index				Consumer Price Index				Consolidated Index			
	FY 14	FY 15	FY 16	FY 17	FY 14	FY 15	FY 16	FY 17	FY 14	FY 15	FY 16	FY 17
April	171	181	176	178	226	242	256	271	193	205	208	215
May	171	182	178	180	228	244	258	275	194	207	210	218
June	173	183	179	183	231	246	261	277	196	208	212	221
July	176	185	178	184	235	252	263	280	199	212	212	223
August	179	186	177	183	237	253	264	278	202	213	212	221
September	181	185	177	183	238	253	266	277	204	212	212	221
October	181	184	177	184	241	253	269	278	205	211	214	221
November	182	181	178	184	243	253	270	277	206	210	215	221
December	180	179	177	183	239	253	269	275	203	208	214	220
January	179	177	175	185	237	254	269	274	202	208	213	221
February	180	176	174	186	238	253	267	274	203	207	211	221
March	180	176	175	185	239	254	268	275	204	207	212	221
Average	178	181	177	183	236	251	265	276	201	209	212	220
<b>Calculation of Inflation Index (CPI-40%, WPI-60%)</b>												
<b>Weighted Average of Inflation</b>									<b>7.69%</b>	<b>4.02%</b>	<b>1.41%</b>	<b>3.89%</b>

5.4.6 The Commission had determined the true-up O&M expenses of FY 2014-15, in the Order dated November 30, 2017. The approved O&M expenses for FY 2014-15 have been escalated using the inflation index of FY 2015-16 & FY 2016-17 to derive the normative O&M Expenses for FY 2016-17. The Commission while computing the normative O&M Expenses in this Order has considered the escalation rates as shown in the above Table.

5.4.7 Further, in addition to the normative O&M expenses based on inflation, the Distribution Tariff Regulations, 2006 provide for incremental O&M expenses at 2.50% on addition to asset during the previous year. Regulation 4.3 (3) of the Distribution Tariff Regulations, 2006 specifies as follows:

Quote

**4.3 Operation & Maintenance Expenses (O&M):**

3) 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

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and O&M charges of current year escalated on the basis of predetermined indices as indicated in regulation 4.3(1).

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5.4.8 It is observed that the actual audited O&M expenses of all the Discoms i.e. DVVNL, MVVNL, PVVNL, PuVVNL and KESCO for FY 2016-17 are higher than the normative O&M expenses computed based on the above Regulations. The Licensees have claimed the normative O&M Expenses. Therefore, since the Licensees have to restrict their O&M expenses within the normative level, the expenses beyond normative level have not been allowed by the Commission. The Commission has approved the normative O&M expenses for FY 2016-17 for all the Discoms. However, there is slight variation in the approved and claimed figures due to variation in escalation indices considered as depicted in the above paras.

5.4.9 The summary of O&M expenses approved in the Tariff Order, claimed by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and as approved by the Commission in this Order for truing up of ARR for FY 2016-17, is shown in the Table below:

**Table 5-13: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR DVVNL FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Normative	Approved upon Truing up
Employee Expenses	415.15	352.97	407.39	408.20	408.20
Repair & Maintenance Expenses	238.83	408.72	245.53	246.00	246.00
Administrative and General Expenses	64.61	176.66	69.06	69.19	69.19
<b>Gross Operation and Maintenance Expenses</b>	<b>718.58</b>	<b>938.35</b>	<b>721.98</b>	<b>723.39</b>	<b>723.39</b>
Less: Capitalisation					
Employee Cost Capitalized	62.27	203.34	203.34	203.34	203.34
A&G Expenses Capitalized	9.69	-	-	-	-
<b>Total Capitalization</b>	<b>71.96</b>	<b>203.34</b>	<b>203.34</b>	<b>203.34</b>	<b>203.34</b>
<b>Net Operation and Maintenance Expenses</b>	<b>646.62</b>	<b>735.01</b>	<b>518.64</b>	<b>520.05</b>	<b>520.05</b>

**Table 5-14: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR MVVNL FY 2016-17 (RS. CRORE)**



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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	Tariff Order	Actual as per audited accounts	Claimed	Normative	Approved upon Truing up
Employee Expenses	543.55	583.77	530.49	533.39	533.39
Repair & Maintenance Expenses	177.22	347.66	178.84	177.38	177.38
Administrative and General Expenses	94.93	353.50	105.25	105.06	105.06
<b>Gross Operation and Maintenance Expenses</b>	<b>815.70</b>	<b>1284.93</b>	<b>814.58</b>	<b>815.84</b>	<b>815.84</b>
Less: Capitalisation					
Employee Cost Capitalized	81.53	230.03	230.03	230.03	230.03
A&G Expenses Capitalized	14.24	-	-	-	-
<b>Total Capitalization</b>	<b>95.77</b>	<b>230.03</b>	<b>230.03</b>	<b>230.03</b>	<b>230.03</b>
<b>Net Operation and Maintenance Expenses</b>	<b>719.93</b>	<b>1054.90</b>	<b>584.55</b>	<b>585.81</b>	<b>585.81</b>

Table 5-15: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR PUVNL FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Normative	Approved upon Truing up
Employee Expenses	477.29	473.43	468.56	469.49	469.49
Repair & Maintenance Expenses	205.62	297.83	209.90	210.30	210.30
Administrative and General Expenses	60.90	239.99	69.91	70.04	70.04
<b>Gross Operation and Maintenance Expenses</b>	<b>743.82</b>	<b>1011.25</b>	<b>748.38</b>	<b>749.83</b>	<b>749.83</b>
Less: Capitalisation					
Employee Cost Capitalized	71.59	228.73	228.73	228.73	228.73
A&G Expenses Capitalized	9.14	-	-	-	-
<b>Total Capitalization</b>	<b>80.73</b>	<b>228.73</b>	<b>228.73</b>	<b>228.73</b>	<b>228.73</b>
<b>Net Operation and Maintenance Expenses</b>	<b>663.09</b>	<b>782.51</b>	<b>519.65</b>	<b>521.10</b>	<b>521.10</b>

Table 5-16: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR PuVVNL FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Normative	Approved upon Truing up
Employee Expenses	565.42	522.44	804.62	806.55	806.55
Repair & Maintenance Expenses	386.51	546.71	223.01	217.76	217.76
Administrative and General Expenses	166.34	182.51	70.61	68.85	68.85

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Particulars	Tariff Order	Actual as per audited accounts	Claimed	Normative	Approved upon Truing up
<b>Gross Operation and Maintenance Expenses</b>	<b>1118.27</b>	<b>1251.66</b>	<b>1098.24</b>	<b>1093.16</b>	<b>1093.16</b>
Less: Capitalisation					
Employee Cost Capitalized	84.81	194.37	194.37	194.37	194.37
A&G Expenses Capitalized	24.95	-	-	-	-
<b>Total Capitalization</b>	<b>109.76</b>	<b>194.37</b>	<b>194.37</b>	<b>194.37</b>	<b>194.37</b>
<b>Net Operation and Maintenance Expenses</b>	<b>1008.51</b>	<b>1057.29</b>	<b>903.87</b>	<b>898.79</b>	<b>898.79</b>

Table 5-17: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR KESCO FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Normative	Approved upon Truing up
Employee Expenses	141.19	122.93	136.70	136.97	136.97
Repair & Maintenance Expenses	56.42	64.84	56.38	56.49	56.49
Administrative and General Expenses	9.18	75.35	7.14	7.15	7.15
<b>Gross Operation and Maintenance Expenses</b>	<b>206.79</b>	<b>263.12</b>	<b>200.21</b>	<b>200.62</b>	<b>200.62</b>
Less: Capitalisation					
Employee Cost Capitalized	21.18	2.49	2.49	2.49	2.49
A&G Expenses Capitalized	1.38	-	-	-	-
<b>Total Capitalization</b>	<b>22.56</b>	<b>2.49</b>	<b>2.49</b>	<b>2.49</b>	<b>2.49</b>
<b>Net Operation and Maintenance Expenses</b>	<b>184.24</b>	<b>260.63</b>	<b>197.72</b>	<b>198.12</b>	<b>198.12</b>

## 5.5 FINANCING OF CAPITAL INVESTMENTS

5.5.1 The State Discoms submitted that the Commission in its previous Tariff and True-up Orders had considered a normative approach for financing the capital expenditure with a normative debt equity ratio of 70:30. Considering this approach, 70% of the capital expenditure undertaken in any year was financed through loan and balance 30% was been financed through equity contributions. The portion of capital expenditure financed through consumer contributions, capital subsidies and grants were separated and the depreciation and interest thereon were not charged to the consumers & beneficiaries. The amounts

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received as consumer contributions, capital subsidies and grants were traced from the audited accounts.

5.5.2 During the presentation on October 5, 2018 before the Commission, the Licensees stated that the grant portion of the schemes availed has been converted to equity by Govt. of UP, hence the same have not been reduced from the investments. The Commission vide letter dated October 5, 2018 directed the State Discoms, i.e., DVVNL, MVVNL, PVVNL and PuVVNL to submit the amounts capitalised under schemes like Vyapar Vikas Nidhi, Dr Ram Manohar Lohiya Samagra Gram Vikas Yojna, DDUGVY, R-APDRP, IPDS and RGGVY. The Commission observes that the intent of the Govt of India is to provide relief to the consumers by providing the grant for the schemes. If the grant is also added in the investments and the same is funded through debt or equity, then the burden on the consumer by way of depreciation, interest and RoE would increase year after year. The Commission is of the view that the capital grants provided by GoI for capital investments should be deducted from the value of total investments and only balance should be taken by financing in the ratio of 70:30. KESCO does not avail any such scheme. Accordingly, the Commission has disallowed the grant amounts from the Central Govt. schemes like RGGVY, R-APDRP and IPDS for the Discoms DVVNL, MVVNL, PVVNL and PuVVNL.

5.5.3 Further, it has been observed that certain Discoms like PuVVNL and DVVNL in their audited accounts have shown certain assets as "Assets not in possession of PuVVNL" and "Assets not pertaining to DVVNL". The Commission vide email dated December 5, 2018 had asked the Licensee to submit clarification with respect to these assets. In response, the Licensees submitted that these asset additions are on account of the payments made to UPPTCL for construction of bay capitalized during the year and amortization of the same has been made over the useful life of the Assets. The amounts received by UPPTCL from Discoms are shown as consumer contribution in its books of account and assets have been capitalized as created through deposit works being shown under Fixed Assets by UPPTCL. Thus, the same has been shown in the books of Discoms as assets capitalized and the amortization of the same has been considered in the books of Accounts. The Licensees requested to consider the same in the capitalized Assets of the respective Discoms and allow depreciation and Return on equity on the same, the same not being claimed by UPPTCL.



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5.5.4 The Commission has noted the submissions of the Licensees and allows the same in the capitalized Assets of the respective Discoms since the same has not been claimed by UPPTCL. Accordingly, the capital investments allowed are as shown under:

**Table 5-18: SCHEMES AS ALLOWED BY THE COMMISSION FOR FY 2016-17 (RS. CRORE)**

Schemes	Allowed	Deducted
RGVY 11th Plan	10%	90%
DDUGJY	40%	60%
RAPDRP	75%	25%
IPDS	40%	60%

**Table 5-19: SCHEMES AS APPROVED BY THE COMMISSION FOR DVVNL FOR FY 2016-17 (RS. CRORE)**

DVVNL Scheme wise	Claimed		Deductions towards Grant		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Other Schemes	1316.27	1269.76	-	-	1316.27	1269.76
RGVY 11th Plan	129.57	97.46	116.61	87.71	12.96	9.75
DDUGJY	248.40	184.52	149.04	110.71	99.36	73.81
RAPDRP	0.00	2.90	-	0.73	-	2.18
IPDS	106.25	78.93	63.75	47.36	42.50	31.57
<b>Total including Interest and employee capitalisation</b>	<b>1800.49</b>	<b>1633.57</b>	<b>329.40</b>	<b>246.51</b>	<b>1471.09</b>	<b>1387.06</b>
Less: Employee Capitalisation	203.34	-	-	-	203.34	-
Less: Interest Capitalization	107.38	-	-	-	107.38	-
<b>Total</b>	<b>1489.77</b>	<b>1633.57</b>	<b>329.40</b>	<b>246.51</b>	<b>1160.37</b>	<b>1387.06</b>

**Table 5-20: SCHEMES AS APPROVED BY THE COMMISSION FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

MVVNL Scheme wise	Claimed		Deductions towards Grant		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Other Schemes	1476.27	1235.76	-	-	1476.27	1235.76
RGVY 11th Plan	272.34	379.78	245.11	341.80	27.23	37.98
DDUGJY	152.83	19.57	91.70	11.74	61.13	7.83
RAPDRP	0.00	10.18	0.00	2.55	0.00	7.64
IPDS	76.60	9.81	45.96	5.89	30.64	3.92
<b>Total including Interest and employee capitalisation</b>	<b>1978.04</b>	<b>1655.10</b>	<b>382.76</b>	<b>361.98</b>	<b>1595.28</b>	<b>1293.13</b>

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MVVNL Scheme wise	Claimed		Deductions towards Grant		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Less: Employee Capitalisation	230.03	-	-	-	230.03	-
Less: Interest Capitalization	59.85	-	-	-	59.85	-
<b>Total</b>	<b>1688.16</b>	<b>1655.10</b>	<b>382.76</b>	<b>361.98</b>	<b>1305.40</b>	<b>1293.13</b>

**Table 5-21: SCHEMES AS APPROVED BY THE COMMISSION FOR PVVNL FOR FY 2016-17 (RS. CRORE)**

PVVNL Scheme wise	Claimed		Deductions towards Grant		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Other Schemes	1896.49	1794.23	-	-	1896.49	1794.23
RGGVY 11th Plan	153.47	108.55	138.12	97.70	15.35	10.86
DDUGJY	20.61	20.27	12.37	12.16	8.25	8.11
RAPDRP	632.11	626.61	158.03	156.65	474.08	469.96
IPDS	4.16	2.59	2.49	1.55	1.66	1.04
<b>Total including Interest and employee capitalisation</b>	<b>2706.85</b>	<b>2552.24</b>	<b>311.01</b>	<b>268.06</b>	<b>2395.83</b>	<b>2284.18</b>
Less: Employee Capitalisation	228.73	-	-	-	228.73	-
Less: Interest Capitalization	62.62	-	-	-	62.62	-
<b>Total</b>	<b>2415.50</b>	<b>2552.24</b>	<b>311.01</b>	<b>268.06</b>	<b>2104.48</b>	<b>2284.18</b>

**Table 5-22: SCHEMES AS APPROVED BY THE COMMISSION FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

PuVVNL Scheme wise	Claimed		Deductions towards Grant		Allowed	
	Investments	Capitalisation	Investments	Capitalisation	Investments	Capitalisation
Other Schemes	1644.66	1560.60	-	-	1644.66	1560.60
RGGVY 11th Plan	543.88	387.14	489.49	348.43	54.39	38.71
DDUGJY	202.81	71.29	121.69	42.77	81.12	28.52
RAPDRP	-	-	-	-	-	-
IPDS	154.02	60.71	92.41	36.43	61.61	24.28
<b>Total including Interest and employee capitalisation</b>	<b>2545.35</b>	<b>2079.75</b>	<b>703.57</b>	<b>427.64</b>	<b>1841.78</b>	<b>1652.11</b>
Less: Employee Capitalisation	194.37	-	-	-	194.37	-
Less: Interest Capitalization	57.93	-	-	-	57.93	-
<b>Total</b>	<b>2293.05</b>	<b>2079.75</b>	<b>703.57</b>	<b>427.64</b>	<b>1589.48</b>	<b>1652.11</b>

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5.5.5 For the above purpose, the Commission has derived the actual capital investments undertaken by the Licensees namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO in FY 2016-17, based on the audited accounts. The details are provided in the Table below:

**Table 5-23: CAPITAL INVESTMENTS IN FY 2016-17 of DVVNL (RS. CRORE)**

Particulars	Derivation	FY 2016-17			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1 <sup>st</sup> April	A	1931.94	296.09	296.09	285.64
Investments	B	1750.00	1489.02	1489.02	1489.02
Employee Expenses Capitalisation	C	62.27	203.34	203.34	203.34
A&G Expenses, Capitalisation	D	9.69	-	-	-
Interest Capitalisation on Interest on long term loans	E	78.33	107.38	107.38	107.38
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>3832.23</b>	<b>2095.83</b>	<b>2095.83</b>	<b>2085.38</b>
Transferred to GFA (Total Capitalisation)	G	1,532.89	1632.85	1632.85	1633.58
<b>Closing WIP</b>	<b>H= F-G</b>	<b>2299.34</b>	<b>462.98</b>	<b>462.98</b>	<b>451.80</b>

**Table 5-24: CAPITAL INVESTMENTS IN FY 2016-17 of MVVNL (RS. CRORE)**

Particulars	Derivation	FY 2016-17			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1st April	A	2804.06	1401.85	1401.85	1401.85
Investments	B	1750.00	1688.18	1688.18	1688.18
Employee Expenses Capitalisation	C	81.53	230.03	230.03	230.03
A&G Expenses Capitalisation	D	14.24	-	-	-
Interest Capitalisation on Interest on long term loans	E	63.26	59.85	59.85	59.85
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>4713.08</b>	<b>3379.91</b>	<b>3379.91</b>	<b>3379.91</b>
Transferred to GFA (Total Capitalisation)	G	1885.23	1655.11	1655.11	1655.11
<b>Closing WIP</b>	<b>H= F-G</b>	<b>2827.85</b>	<b>1724.80</b>	<b>1724.80</b>	<b>1724.80</b>

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**Table 5-25: CAPITAL INVESTMENTS IN FY 2016-17 of PVVNL (RS. CRORE)**

Particulars	Derivation	FY 2016-17			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1st April	A	1669.59	531.18	531.18	531.18
Investments	B	1701.92	2415.50	2415.50	2415.50
Employee Expenses Capitalisation	C	71.59	228.73	228.73	228.73
A&G Expenses Capitalisation	D	9.14	-	-	-
Interest Capitalisation on Interest on long term loans	E	87.41	62.62	62.62	62.62
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>3539.65</b>	<b>3238.03</b>	<b>3238.03</b>	<b>3238.03</b>
Transferred to GFA (Total Capitalisation)	G	1,415.86	2552.24	2552.24	2552.24
<b>Closing WIP</b>	<b>H= F-G</b>	<b>2123.79</b>	<b>685.78</b>	<b>685.78</b>	<b>685.78</b>

**Table 5-26: CAPITAL INVESTMENTS IN FY 2016-17 of PuVVNL (RS. CRORE)**

Particulars	Derivation	FY 2016-17			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1st April	A	2826.61	1254.27	1254.27	1254.27
Investments	B	1575.00	2293.05	2293.05	2293.05
Employee Expenses Capitalisation	C	84.81	194.37	194.37	194.37
A&G Expenses Capitalisation	D	24.95	-	-	-
Interest Capitalisation on Interest on long term loans	E	164.04	57.93	57.93	57.93
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>4675.42</b>	<b>3799.62</b>	<b>3799.62</b>	<b>3799.62</b>
Transferred to GFA (Total Capitalisation)	G	1870.17	2079.75	2079.75	2079.75
<b>Closing WIP</b>	<b>H= F-G</b>	<b>2805.25</b>	<b>1719.87</b>	<b>1719.87</b>	<b>1719.87</b>

**Table 5-27: CAPITAL INVESTMENTS IN FY 2016-17 of KESCO (RS. CRORE)**

Particulars	Derivation	FY 2016-17			
		Tariff Order	Audited	Claimed	Approved upon Truing up
Opening WIP as on 1st April	A	115.84	19.82	19.82	19.82
Investments	B	142.99	41.28	41.28	41.28
Employee Expenses Capitalisation	C	21.18	2.49	2.49	2.49

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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 2016-17			
		Tariff Order	Audited	Claimed	Approved upon Truing up
A&G Expenses Capitalisation	D	1.38	-	-	-
Interest Capitalisation on Interest on long term loans	E	2.44	-	-	-
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>283.83</b>	<b>63.59</b>	<b>63.59</b>	<b>63.59</b>
Transferred to GFA (Total Capitalisation)	G	113.53	34.97	34.97	34.97
<b>Closing WIP</b>	<b>H= F-G</b>	<b>170.30</b>	<b>28.62</b>	<b>28.62</b>	<b>28.62</b>

5.5.6 The Consumer Contributions, capital grants and subsidies as submitted by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVNL and KESCO and as allowed by the Commission are shown in the Table below:

**Table 5-28: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 for DVVNL (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1504.88	1733.21	1733.21	1733.21
Additions during the year	280.00	384.09	384.09	384.09
Less: Amortisation	156.25	173.29	173.29	173.29
<b>Closing Balance</b>	<b>1628.63</b>	<b>1944.01</b>	<b>1944.01</b>	<b>1944.01</b>

**Table 5-29: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 for MVVNL (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1339.21	1348.62	1348.62	1348.62
Additions during the year	245.00	245.83	245.83	245.83
Less: Amortisation	114.90	100.39	100.39	100.39
<b>Closing Balance</b>	<b>1469.31</b>	<b>1494.06</b>	<b>1494.06</b>	<b>1494.06</b>





**Table 5-30: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 for PVVNL (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1547.08	1774.11	1774.11	1774.11
Additions during the year	280.00	248.85	248.85	248.85
Less: Amortisation	262.30	98.51	98.51	98.51
Closing Balance	1564.78	1924.46	1924.46	1924.46

**Table 5-31: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 for PuVVNL (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1314.82	1354.58	1354.58	1354.58
Additions during the year	227.50	204.59	204.59	204.59
Less: Amortisation	265.59	91.48	91.48	91.48
Closing Balance	1276.72	1467.69	1467.69	1467.69

**Table 5-32: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES RECEIVED AS ALLOWED BY THE COMMISSION FOR FY 2016-17 for KESCO (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	201.02	91.63	91.63	91.63
Additions during the year	14.00	14.44	14.44	14.44
Less: Amortisation	16.29	96.62	96.62	96.62
Closing Balance	198.73	9.45	9.45	9.45

5.5.7 From the above tables, it is seen that out of the total investments made in distribution segment in FY 2016-17, some have been through the consumer contributions, capital subsidies and grants received during the corresponding period and the balance have been funded through debt and equity. Considering

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- 5.5.8 The Commission has followed the same approach as in previous Orders and therefore, considered the funding of capital expenditure in the ratio of 70:30. Considering this approach, 70% of the capital expenditure undertaken in any year has been financed through loan and balance 30% has been financed through equity contributions.
- 5.5.9 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. The Commission has also verified the above amounts as per the audited accounts of the Licensees.
- 5.5.10 Thus, based on the above, the approved financing of the capital investment for the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO is depicted in the Table below:

**Table 5-33: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR DVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	1750.00	1489.02	1489.02	1489.02
Less:					
Consumer Contribution	B	280.00	384.09	384.09	384.09
Grants	C	-	-	-	329.40
Investment funded by debt and equity	D=A-B-C	1470.00	1104.94	1104.94	775.53
Debt Funded	70%	1029.00	773.45	773.45	542.87
Equity Funded	30%	441.00	331.48	331.48	232.66

**Table 5-34: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	1750.00	1688.18	1688.18	1688.18
Less:					
Consumer Contribution	B	245.00	245.83	245.83	245.83



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*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	FY 2016-17				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Grants	C				382.76
Investment funded by debt and equity	D=A-B-C	1505.00	1442.35	1442.35	1059.58
Debt Funded	70%	1053.50	1009.64	1009.64	741.71
Equity Funded	30%	451.50	432.70	432.70	317.88

**Table 5-35: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR PVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	1701.92	2415.50	2415.50	2415.50
Less:					
Consumer Contribution	B	280.00	248.85	248.85	248.85
Grants	C	-	-	-	311.01
Investment funded by debt and equity	D=A-B-C	1,421.92	2,166.64	2,166.64	1855.63
Debt Funded	70%	995.34	1,516.65	1,516.65	1,298.94
Equity Funded	30%	426.58	649.99	649.99	556.69

**Table 5-36: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17				
	Derivation	Tariff Order	Audited	Claimed	Approved upon Truing up
Investment	A	1575.00	2293.05	2293.05	2293.05
Less:					
Consumer Contribution	B	227.50	204.59	204.59	204.59
Grants	C	-	-	-	703.59
Investment funded by debt and equity	D=A-B-C	1347.50	2088.46	2088.46	1384.87
Debt Funded	70%	943.25	1461.92	1461.92	969.41
Equity Funded	30%	404.25	626.54	626.54	415.46

**Table 5-37: FINANCING OF THE CAPITAL INVESTMENTS AS APPROVED BY THE COMMISSION FOR KESCO FOR FY 2016-17 (RS. CRORE)**



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Particulars	FY 2016-17				Approved upon Truing up
	Derivation	Tariff Order	Audited	Claimed	
Investment	A	142.99	41.28	41.28	41.28
Less:					
Consumer Contribution	B	14.00	14.44	14.44	14.44
Grants	C	-	-	-	26.84
Investment funded by debt and equity	D=A-B-C	128.99	26.84	26.84	18.79
Debt Funded	70%	90.29	18.79	18.79	8.05
Equity Funded	30%	38.70	8.05	8.05	14.44

## 5.6 INTEREST AND FINANCE CHARGES

### Interest on Long Term Loans

- 5.6.1 The State Discoms' namely DVVNL, MVVNL, PVVNL, PuVVNL have claimed the net Interest on long term loan for FY 2016-17 as Rs. 238.61 Crore, Rs. 323.76 Crore, Rs. 314.64 Crore and Rs. 492.26 Crore respectively, against the approved expenses of Rs. 340.58 Crore, Rs. 275.02 Crore, Rs. 380.05 Crore and Rs. 713.22 Crore respectively. The Petitioner has capitalized interest as Rs. 107.38 Crore, Rs. 59.85 Crore, Rs. 62.62 Crore and Rs. 57.93 Crore respectively for FY 2016-17 against Rs. 78.33 Crore, Rs. 63.26 Crore, Rs. 87.41 Crore and Rs. 164.04 Crore respectively approved by the Commission in the Tariff Order.
- 5.6.2 Considering a debt equity ratio of 70:30, 70% of the capital investment is approved to be funded through debt and balance 30% through equity. Allowable depreciation for the year has been considered as normative loan repayment.
- 5.6.3 In line with the approach adopted by the Commission in its previous Orders, interest expenses have been considered as an uncontrollable cost as the interest rates are determined by various external factors and the actual loans taken are consequential to the capital expenditure undertaken by the Licensees. The Commission has considered the closing loan balance of FY 2015-16 as the opening loan balance of FY 2016-17.
- 5.6.4 It was observed that in case of DVVNL, Licensee has wrongly deducted gross depreciation as normative repayment instead of net depreciation, i.e.,

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(Difference of Gross Depreciation and Consumer Contribution). The same has been corrected.

- 5.6.5 Considering the above, the gross interest on long-term loan for the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO has been worked out as shown in the Table below. The interest capitalisation has been considered at the same rate as per audited accounts.

**Table 5-38: INTEREST ON LONG TERM LOAN FOR DVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	2552.60	2085.64	2117.91
Loan Additions (70% of Investments)	1029.00	773.45	542.87
Less: Repayments (Depreciation allowable for the year)	419.76	586.62	399.72
Closing Loan Balance	3161.84	2272.47	2261.07
Weighted Average Rate of Interest	11.92%	10.95%	10.95%
Interest on long term loan	340.58	238.61	239.75
Less: Interest Capitalized	78.33	107.38	107.38
<b>Net Interest Charged</b>	<b>262.25</b>	<b>131.23</b>	<b>132.38</b>
Interest Capitalisation Rate	23.00%	-	44.79%

**Table 5-39: INTEREST ON LONG TERM LOAN FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	2644.66	2714.29	2371.11
Loan Additions (70% of Investments)	1053.50	1009.64	741.71
Less: Repayments (Depreciation allowable for the year)	392.62	412.03	383.77
Closing Loan Balance	3305.54	3311.90	2729.06
Weighted Average Rate of Interest	9.24%	10.75%	10.75%
Interest on long term loan	275.02	323.76	274.01
Less: Interest Capitalized	63.26	59.85	59.85
<b>Net Interest Charged</b>	<b>211.75</b>	<b>263.91</b>	<b>214.16</b>
Interest Capitalisation Rate	23.00%	-	21.84%

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**Table 5-40: INTEREST ON LONG TERM LOAN FOR PUVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	2777.55	2472.99	2398.21
Loan Additions (70% of Investments)	995.34	1516.65	1298.94
Less: Repayments (Depreciation allowable for the year)	460.32	652.99	633.76
Closing Loan Balance	3312.57	3336.65	3063.39
Weighted Average Rate of Interest	12.48%	10.83%	10.83%
Interest on long term loan	380.02	314.64	295.79
Less: Interest Capitalized	87.41	62.62	62.62
<b>Net Interest Charged</b>	<b>292.62</b>	<b>252.02</b>	<b>233.17</b>
Interest Capitalisation Rate	23.00%	-	21.17%

**Table 5-41: INTEREST ON LONG TERM LOAN FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	4934.37	4091.40	3662.04
Loan Additions (70% of Investments)	943.25	1461.92	969.41
Less: Repayments (Depreciation allowable for the year)	551.29	548.05	496.86
Closing Loan Balance	5326.33	5005.28	4134.59
Weighted Average Rate of Interest	13.90%	10.82%	10.82%
Interest on long term loan	713.22	492.26	421.91
Less: Interest Capitalized	164.04	57.93	57.93
<b>Net Interest Charged</b>	<b>549.18</b>	<b>434.33</b>	<b>363.98</b>
Interest Capitalisation Rate	23.00%	-	13.73%

**Table 5-42: INTEREST ON LONG TERM LOAN FOR KESCO FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17		
	Tariff Order	Claimed	Approved upon Truing Up
Opening Loan	59.21	-	-
Loan Additions (70% of Investments)	90.29	18.79	18.79
Less: Repayments (Depreciation allowable for the year)	44.08	48.19	48.19
Closing Loan Balance	105.42	0.00	0.00
Weighted Average Rate of Interest	12.90%	10.50%	10.50%
Interest on long term loan	10.62	-	-
Less: Interest Capitalized	2.44	-	-

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Particulars	FY 2016-17		
	Tariff Order	Claimed	Approved upon Truing Up
Net Interest Charged	8.18	-	-
Interest Capitalisation Rate	23.00%	-	-

### Finance Charges

- 5.6.6 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have claimed Finance Charges of Rs. 36.66 Crore, Rs. 174.70 Crore, Rs. 303.26 Crore, Rs. 72.04 Crore and Rs. 27.54 Crore respectively against Rs. 38.76 Crore, Rs. 32.05 Crore, Rs. 121.53 Crore, Rs. 45.19 Crore and Rs. 10.31 Crore respectively approved by the Commission in the Tariff Order.
- 5.6.7 It was observed that in case of PuVVNL the Licensee has taken the value of interest to consumers wrongly as Rs.54.63 Crore instead of Rs. 23.98 Crore as per the Audited accounts. The same has been corrected.
- 5.6.8 Further, the Commission observed that there is much variance between the security deposit approved and actual paid in Discoms like MVVNL for FY 2016-17 where the amount are Rs. 31.93 Crore and Rs. 157.51 Crore respectively.
- 5.6.9 The Commission vide email directed the Licensees to submit the clarification as to why in many such instances there is much variance in the security deposit approved and actual paid. The Licensee vide email dated December 27, 2018 submitted that the variance in security deposit is due to variation in projections and that actually booked in the Accounts.
- 5.6.10 Accordingly, the Bank Charges, interest on consumer security deposits and finance charges have been allowed at actual based on audited accounts.
- 5.6.11 It is observed that MVVNL has claimed interest on GPF amounting to Rs. 23.66 Crore in its submissions. The Commission vide email dated December 5, 2018 directed the Licensee to submit the details of actual payment and clarification regarding the same. In response the Licensee vide letter dated December 24, 2018, submitted that the revenue considered through tariff determined by the Commission in the Tariff Order for FY 2016-17 is not at par with the ARR for FY 2016-17. The Licensee submitted that the huge amount of unrecovered gap is left in the Tariff Order for FY 2016-17. Further, Regulatory Surcharge provided was not enough to meet the expenses for FY 2016-17 as can be seen from True-

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up gaps claimed by the Discoms for FY 2016-17. The Licensee also submitted that due to this shortage of funds, MVVNL delayed the payments of GPF and the interest of GPF of Rs 23.66 Crore is the same amount MVVNL has paid towards interest on the delayed payment. The Licensee requested the Commission to allow the same as a part of MVVNL True-up ARR for FY 2016-17 keeping in mind the financial health of MVVNL.

5.6.12 The Commission is of the view that the consumers cannot be burdened with the delay in payments on the part of Licensee. Further, in all its previous tariff orders, the Commission has been continuously putting efforts to bridge the revenue gap through tariff hike or by means of Regulatory Surcharge. The Licensee despite of availing several benefits in the form of subsidies, grants etc. has not been able to markedly improve its efficiencies. Therefore, the Commission does not find any merit in the submission of the Licensee and hence disallows the said amount of Rs. 23.66 Crore claimed under interest on GPF for MVVNL.

5.6.13 Thus, the approved finance charges for the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO for FY 2016-17 is shown in the tables below.

**Table 5-43: ALLOWABLE FINANCE CHARGES FOR DVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	38.59	34.64	34.64	34.64
Bank Charges	0.17	2.02	2.02	2.02
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>38.76</b>	<b>36.66</b>	<b>36.66</b>	<b>36.66</b>

**Table 5-44: ALLOWABLE FINANCE CHARGES FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	31.93	157.51	157.51	157.51
Bank Charges	0.12	17.19	17.19	17.19
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>32.05</b>	<b>174.70</b>	<b>174.70</b>	<b>174.70</b>





**Table 5-45: ALLOWABLE FINANCE CHARGES FOR PUVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	106.25	275.63	275.63	275.63
Bank Charges	14.28	27.63	27.63	27.63
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>120.53</b>	<b>303.26</b>	<b>303.26</b>	<b>303.26</b>

**Table 5-46: ALLOWABLE FINANCE CHARGES FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	45.10	23.98	54.63	23.98
Bank Charges	0.09	17.41	17.41	17.41
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>45.19</b>	<b>41.39</b>	<b>72.04</b>	<b>41.39</b>

**Table 5-47: ALLOWABLE FINANCE CHARGES FOR KESCO FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Audited	Claimed	Approved upon Truing Up
Interest to Consumers	9.85	8.82	8.82	8.82
Bank Charges	0.46	18.72	18.72	18.72
Discount to Consumers	-	-	-	-
Finance Charges	-	-	-	-
<b>Total Finance Charges</b>	<b>10.31</b>	<b>27.54</b>	<b>27.54</b>	<b>27.54</b>

### Interest on Working Capital

5.6.14 The State Discoms have submitted that the Tariff Regulations provide for normative interest on working capital based on the principles outlined in the Distribution Tariff Regulations, 2006. The State Discoms namely DVVNL, MVVNL, PUVNL, PuVVNL and KESCO have claimed the normative interest on working capital as Rs. 117.88 Crore, Rs. 132.57 Crore, Rs. 155.34 Crore, Rs. 176.21 Crore and Rs. 36.35 Crore respectively against the approved expenses of Rs. 159.88 Crore, Rs 155.56 Crore, Rs. 157.93 Crore, Rs. 215.00 Crore and Rs. 30.39 Crore respectively.



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5.6.15 Regulation 4.8(2) of the Distribution Tariff Regulations, 2006 specifies as follows:

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*2. Interest on working capital*

*(a) Working capital shall be worked out to cover*

*(i) Operation and Maintenance expenses, which includes Employee costs, R&M expenses and A&G expenses, for one month;*

*(ii) One-twelfth of the sum of the book value of stores, materials and supplies at the end of each month of such financial year.*

*(iii) Receivables equivalent to 60 days average billing of consumers less security deposits by the consumers minus amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from consumers and Distribution System Users.*

*(b) Rate of interest on working capital shall be the Bank Rate as specified by Reserve Bank of India for the relevant year plus a margin as decided by the Commission.*

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5.6.16 Based on the methodology specified in the above Regulations, the Commission in its Tariff Order for FY 2016-17 had allowed normative interest on working capital for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO. Following the similar approach and in accordance with the Regulations, the Commission in this Order has assessed the working capital and interest thereon based on the trued up ARR of the State Discoms.

5.6.17 The summary of the interest on working capital approved by the Commission in the Tariff Order for FY 2016-17, claimed by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and that approved by the Commission in the present True - up Order is shown in the Table below:





**Table 5-48: INTEREST ON WORKING CAPITAL FOR DVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	53.88	-	43.22	43.34
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	17.36	-	78.47	78.47
Receivables equivalent to 60 days average billing on consumers	1734.78	-	1320.24	1275.24
<b>Grand Total</b>	<b>1806.02</b>	<b>-</b>	<b>1441.93</b>	<b>1397.04</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	526.98	-	498.90	498.90
<b>Net Working Capital</b>	<b>1279.05</b>	<b>-</b>	<b>943.03</b>	<b>898.15</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>159.88</b>	<b>-</b>	<b>117.88</b>	<b>112.27</b>

**Table 5-49: INTEREST ON WORKING CAPITAL FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	59.99	-	48.71	48.82
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	17.36	-	19.31	19.31
Receivables equivalent to 60 days average billing on consumers	1596.98	-	1443.25	1311.41
<b>Grand Total</b>	<b>1674.34</b>	<b>-</b>	<b>1511.27</b>	<b>1379.54</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	429.86	-	450.72	450.72
<b>Net Working Capital</b>	<b>1244.47</b>	<b>-</b>	<b>1060.55</b>	<b>928.82</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>155.56</b>	<b>15.31</b>	<b>132.57</b>	<b>116.10</b>



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**Table 5-50: INTEREST ON WORKING CAPITAL FOR PVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	55.26	-	43.30	43.43
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	16.88	-	42.67	42.67
Receivables equivalent to 60 days average billing on consumers	2620.95	-	2232.26	2166.14
<b>Grand Total</b>	<b>2693.09</b>	<b>-</b>	<b>2318.23</b>	<b>2252.24</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	1429.67	-	1075.48	1075.48
<b>Net Working Capital</b>	<b>1263.42</b>	<b>-</b>	<b>1242.76</b>	<b>1176.76</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>157.93</b>	<b>-</b>	<b>155.34</b>	<b>147.10</b>

**Table 5-51: INTEREST ON WORKING CAPITAL FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	84.04	-	75.32	74.90
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	15.63	-	65.80	65.80
Receivables equivalent to 60 days average billing on consumers	2228.73	-	1589.04	1534.41
<b>Grand Total</b>	<b>2328.40</b>	<b>-</b>	<b>1730.16</b>	<b>1675.11</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	608.38	-	320.49	320.49
<b>Net Working Capital</b>	<b>1720.02</b>	<b>-</b>	<b>1409.68</b>	<b>1354.62</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>215.00</b>	<b>18.96</b>	<b>176.21</b>	<b>169.33</b>

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**Table 5-52: INTEREST ON WORKING CAPITAL FOR KESCO FOR FY 2016-17 (RS. CRORE)**

Particulars	FY 2016-17			
	Tariff Order	Audited	Claimed	Approved upon Truing up
One month's O & M Expenses	15.35	-	16.48	16.51
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	1.42	-	4.26	4.26
Receivables equivalent to 60 days average billing on consumers	355.86	-	387.55	381.06
<b>Grand Total</b>	<b>372.63</b>	<b>-</b>	<b>408.29</b>	<b>401.83</b>
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	129.48	-	117.47	117.47
<b>Net Working Capital</b>	<b>243.15</b>	<b>-</b>	<b>290.82</b>	<b>284.36</b>
Rate of Interest on Working Capital	12.50%	-	12.50%	12.50%
<b>Interest on Working Capital</b>	<b>30.39</b>	<b>-</b>	<b>36.35</b>	<b>35.55</b>

5.6.18 The following table summarises the interest and finance charges approved by the Commission in the Tariff Order, interest and finance charges claimed by the Petitioner namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and that approved by the Commission in this Order:

**Table 5-53: ALLOWABLE INTEREST AND FINANCE CHARGES FOR DVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>				
Gross Interest on Long Term Loan	340.48	752.65	238.61	239.75
Less: Interest Capitalisation	78.33		107.38	107.38
<b>Net Interest on Long Term Loans</b>	<b>262.15</b>	<b>752.65</b>	<b>131.23</b>	<b>132.38</b>
<i>B: Finance and Other Charges</i>				
Finance / Bank Charges	0.17	2.02	2.02	2.02
Interest on Consumer Security Deposits	38.59	34.64	34.64	34.64
<b>Total Finance Charges</b>	<b>38.76</b>	<b>36.66</b>	<b>36.66</b>	<b>36.66</b>
<i>C: Interest on Working Capital</i>	<b>159.88</b>	<b>-</b>	<b>117.88</b>	<b>112.27</b>
<b>Total (A+B+C)</b>	<b>460.89</b>	<b>789.31</b>	<b>345.77</b>	<b>281.31</b>

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**Table 5-54: ALLOWABLE INTEREST AND FINANCE CHARGES FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>				
Gross Interest on Long Term Loan	275.02	144.63	323.76	274.01
Less: Interest Capitalisation	63.26	59.85	59.85	59.85
<b>Net Interest on Long Term Loans</b>	<b>211.76</b>	<b>84.78</b>	<b>263.91</b>	<b>214.16</b>
<i>B: Finance and Other Charges</i>				
Finance / Bank Charges	0.12	17.19	17.19	17.19
Interest on Consumer Security Deposits	31.93	157.51	157.51	157.51
<b>Total Finance Charges</b>	<b>32.05</b>	<b>174.70</b>	<b>174.70</b>	<b>174.70</b>
<i>C: Interest on Working Capital</i>	155.56	15.31	132.57	116.10
<b>Total (A+B+C)</b>	<b>399.38</b>	<b>274.79</b>	<b>571.18</b>	<b>504.96</b>

**Table 5-55: ALLOWABLE INTEREST AND FINANCE CHARGES FOR PVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>				
Gross Interest on Long Term Loan	380.05	227.85	314.64	295.79
Less: Interest Capitalisation	87.41	-	62.62	62.62
<b>Net Interest on Long Term Loans</b>	<b>292.64</b>	<b>227.85</b>	<b>252.02</b>	<b>233.17</b>
<i>B: Finance and Other Charges</i>				
Finance / Bank Charges	14.28	27.63	27.63	27.63
Interest on Consumer Security Deposits	106.25	275.63	275.63	275.63
<b>Total Finance Charges</b>	<b>120.53</b>	<b>303.26</b>	<b>303.26</b>	<b>303.26</b>
<i>C: Interest on Working Capital</i>	157.93	-	155.34	147.10
<b>Total (A+B+C)</b>	<b>571.10</b>	<b>531.11</b>	<b>710.62</b>	<b>683.52</b>

**Table 5-56: ALLOWABLE INTEREST AND FINANCE CHARGES FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<i>A: Interest on Long Term Loans</i>				
Gross Interest on Long Term Loan	713.22	478.52	492.26	421.91



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Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Less: Interest Capitalisation	164.04	57.93	57.93	57.93
Net Interest on Long Term Loans	549.18	420.59	434.33	363.98
<b>B: Finance and Other Charges</b>				
Finance / Bank Charges	0.09	17.41	17.41	17.41
Interest on Consumer Security Deposits	45.10	23.98	54.63	23.98
<b>Total Finance Charges</b>	<b>45.19</b>	<b>41.39</b>	<b>72.04</b>	<b>41.39</b>
<b>C: Interest on Working Capital</b>	<b>215.00</b>	<b>18.96</b>	<b>176.21</b>	<b>169.33</b>
<b>Total (A+B+C)</b>	<b>809.37</b>	<b>480.94</b>	<b>682.58</b>	<b>574.70</b>

Table 5-57: ALLOWABLE INTEREST AND FINANCE CHARGES FOR KESCO FOR FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
<b>A: Interest on Long Term Loans</b>				
Gross Interest on Long Term Loan	10.62	104.17	-	-
Less: Interest Capitalisation	2.44	-	-	-
Net Interest on Long Term Loans	8.18	104.17	-	-
<b>B: Finance and Other Charges</b>				
Bank Charges	0.46	18.72	18.72	18.72
Interest on Consumer Security Deposits	9.85	8.82	8.82	8.82
<b>Total Finance Charges</b>	<b>10.31</b>	<b>27.54</b>	<b>27.54</b>	<b>27.54</b>
<b>C: Interest on Working Capital</b>	<b>30.39</b>	<b>-</b>	<b>36.35</b>	<b>35.55</b>
<b>Total (A+B+C)</b>	<b>53.76</b>	<b>131.71</b>	<b>63.89</b>	<b>63.08</b>

## 5.7 DEPRECIATION

5.7.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have submitted that the actual depreciation expense as per audited accounts are Rs. 62.64 Crore, Rs. 192.84 Crore, Rs. 113.18 Crore, Rs. 376.41 Crore and Rs. 12.07 Crore respectively. However, the same depreciation has been accounted for considering the depreciation rates prescribed by the Companies Act, 1956. The Petitioner further submitted that for the purpose of Truing up, it has computed the depreciation expense on the actual GFA base and at the regulatory rates applicable for FY 2016-17.

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- 5.7.2 The Commission in the True Up Order for FY 2014-15 and MYT Order for FY 2017-18 to FY 2019-20 had considered a normative approach wherein it had considered a normative gearing of 70:30. Considering this approach, 70% of the capital expenditure undertaken in any year was 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 were separated as the depreciation and interest thereon would not be charged to the consumers.
- 5.7.3 The Licensees have submitted the weighted average depreciation rate of 7.74% for DVVNL, 7.82% for MVVNL, 7.75% for PVVNL, 7.76% for PuVVNL and 7.86% for KESCO for the truing up in respect of FY 2016-17. The State Discoms' in the True up for FY 2016-17 have submitted the FAR till FY 2016-17. It is observed that the Licensees have computed the depreciation rate in accordance with the rates specified for individual asset block, i.e., buildings, plant and machinery, etc., in accordance with the Distribution Tariff Regulations, 2006. The average GFA has been verified from the FARs and also the balance sheet of the Licensees. Accordingly, the Commission approved the weighted average depreciation rate as projected by the Licensees.
- 5.7.4 Further, in Tariff Order dated August 1, 2016 during determination of ARR of FY 2016-17, the Commission had withheld 30% of the allowable depreciation due to non-submission of FARs. In its previous Tariff Order dated November 30, 2017 the Commission has stated as shown under:

Quote

*The Commission observes that the petitioners' have submitted the fixed asset registers upto FY 2014-15 on June 21<sup>st</sup>, 2017. With regards, to the claim of the Petitioners for allowing the depreciation withheld during FY 2013-14, it is observed that, the petitioners were directed to submit the fixed asset registers up to FY 2012-13 by November 30<sup>th</sup>, 2013, however the Petitioners' have not submitted the same till the truing up of FY 2013-14 and at the time of Tariff Order dated August 1<sup>st</sup>, 2016 for truing up of FY 2013-14 and tariff for FY 2016-17. The Commission had withheld the 20% of the allowable depreciation for FY 2013-14. The Commission is of the view that enough opportunity was given to the petitioners for submission of fixed asset registers, however the petitioners failed to do the same on time. The Commission has already trued up the depreciation for FY 2013-14 in Tariff*

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Order dated August 1<sup>st</sup>, 2016 by disallowing the 20% of allowable depreciation and the same stands affirmed. As for the allowance of the withheld 25% of the allowable depreciation for FY 2014-15 during truing up, the Commission is of the view that since the fixed asset registers have been submitted before truing up, the same have been considered for the truing up purpose and the withheld depreciation of 25% has been allowed during truing up of FY 2014-15. As for the allowance of the withheld depreciation of FY 2015-16 and FY 2016-17, the same shall be dealt with at the time of truing up of FY 2015-16 and FY 2016-17 subject to the submission of the fixed asset Registers.

Unquote

5.7.5 However, currently the Licensees have not submitted any claim on account of depreciation amount withheld for FY 2016-17. Since, the Licensees have submitted the Fixed Asset Register till FY 2016-17 before truing up of FY 2016-17, hence, the withheld depreciation of 30% for FY 2016-17 has been allowed as per the direction in Tariff Order for FY 2016-17.

5.7.6 Thus, the approved depreciation for FY 2016-17 for State Discoms' namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO are as shown in the Table given below:

Table 5-58: DEPRECIATION EXPENSES FOR DVVNL FOR FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Depreciation	576.01	-	586.62	573.00
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	156.25	-	173.29	173.29
Gross Allowable Depreciation	419.76	-	413.34	399.72
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @30%	125.93	-	-	
Net Allowable Depreciation	293.83	62.64	413.34	399.72





**Table 5-59: DEPRECIATION EXPENSES FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Depreciation	507.52	-	512.42	484.15
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	114.90	-	100.39	100.39
Gross Allowable Depreciation	392.62	-	412.03	383.77
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @30%	117.79	-	-	-
<b>Net Allowable Depreciation</b>	<b>274.83</b>	<b>192.84</b>	<b>412.03</b>	<b>383.77</b>

**Table 5-60: DEPRECIATION EXPENSES FOR PVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Depreciation	722.62	-	751.49	732.27
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	262.30	-	98.51	98.51
Gross Allowable Depreciation	460.32	-	652.99	633.76
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @30%	138.10	-	-	-
<b>Net Allowable Depreciation</b>	<b>322.22</b>	<b>113.18</b>	<b>652.99</b>	<b>633.76</b>

**Table 5-61: DEPRECIATION EXPENSES FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Depreciation	816.88	-	639.53	588.34
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	265.59	-	91.48	91.48
Gross Allowable Depreciation	551.29	-	548.05	496.86
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @30%	165.39	-	-	-



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Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Net Allowable Depreciation	385.90	376.41	548.05	496.86

Table 5-62: DEPRECIATION EXPENSES FOR KESCO FOR FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Depreciation	60.38	-	55.37	55.37
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	16.29	-	7.18	7.18
Gross Allowable Depreciation	44.08	-	48.19	48.19
Less: Depreciation withheld due to non-maintenance of Fixed Asset Register @25%	11.02	-	-	-
Net Allowable Depreciation	33.06	12.07	48.19	48.19

## 5.8 PRIOR PERIOD EXPENSES

- 5.8.1 The State Discoms submitted that the financial statements of the State Discoms are prepared in compliance with Generally Accepted Accounting Principles (GAAP) and Accounting Standards issued by Accounting Standards Board of Institute of Chartered Accountants of India. There are certain prior period items, which have been identified and incorporated in the audited financial statements for FY 2016-17. Accounting Standard (AS 5) (Revised) on 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' states:

Quote

*Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods*

Unquote

- 5.8.2 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have not claimed any of prior period expenses for FY 2016-17. Hence, the Commission has not allowed any amount towards the same.





## 5.9 PROVISION FOR BAD AND DOUBTFUL DEBTS

5.9.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have claimed Rs. 126.64 Crore, Rs. 140.46 Crore, Rs. 109.45 Crore, Rs. 190.68 Crore and Rs. 13.30 Crore respectively towards provision for bad and doubtful debts for FY 2016-17.

5.9.2 Regulation 4.4 of the Distribution Tariff Regulations, 2006 specifies as follows:

Quote

### **4.4 Bad and Doubtful Debts:**

*Bad and Doubtful Debts shall be allowed as a legitimate business expense with the ceiling limit of 2% of the revenue receivables provided the distribution licensee actually identifies and writes off bad debts as per the transparent policy approved by the Commission. In case there is any recovery of bad debts already written off, the recovered bad debt will be treated as other income*

Unquote

5.9.3 The Commission's in its Tariff Order dated November 30, 2017 had directed the Discoms to immediately submit the policy framework.

Quote

**6.9.10 In view of the above, the Commission directs the Petitioners to frame guidelines and procedures for identifying, physically verifying and writing off the bad debts and also to fix responsibility of its employees in this regard immediately and submit the same to the Commission for its approval. 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 Licensees 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. The same shall be reviewed at the time of APR.**

Unquote





- 5.9.4 In view of the above directions, UPPCL submitted the policy framework for writing of bad and doubtful debts as on February 8, 2018 which has been discussed in the true up chapter for FY 2015-16.
- 5.9.5 The Commission observes that in accordance with Distribution Tariff Regulations, 2006 the bad debts subject to actual write off in the audited books shall be allowed up to 2% of the revenue for the year under consideration. The Licensees have claimed bad debts for FY 2016-17 within 2% of the revenue billed during the year as per the transparent policy duly approved by the Commission.
- 5.9.6 The Commission considers it appropriate that since the Licensees have written off the bad debts in accordance to the Distribution Tariff Regulations, 2006 the same may be trued up within 2% on the revenue approved by the Commission. Accordingly, the details of bad debts trued up by the Commission for FY 2015-16 are within 2% of the revenue approved or as per provision of bad debts in the audited accounts for FY 2016-17, whichever is lower.
- 5.9.7 The Table below depicts the provisions covered under the UPPCL's policy framework for writing of bad and doubtful debts:

**Table 5-63: PROVISION FOR BAD AND DOUBTFUL DEBT FOR DVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	126.64	126.64	126.64

**Table 5-64: PROVISION FOR BAD AND DOUBTFUL DEBT FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	140.46	140.46	140.46





**Table 5-65: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	109.45	109.45	109.45

**Table 5-66: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	222.19	190.68	190.68

**Table 5-67: PROVISION FOR BAD AND DOUBTFUL DEBT FOR KESCO FOR FY 2016-17 (RS. CRORE)**

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Provision for Bad and Doubtful Debts	-	13.30	13.30	13.30

## 5.10 RETURN ON EQUITY

5.10.1 The State Discoms have not claimed any return on equity for the year under review. Hence, the Commission has also not allowed any amount towards return on equity for FY 2016-17.

## 5.11 DEEMED REVENUE LMV-10

5.11.1 The Commission email dated December 21, 2018 stated as follows:

Quote

*It has been repeatedly requested to you, in the current and also previous tariff filings, to provide the actual figures of category / sub-category wise break up for all consumers with regard to revenue, sales, connected load, billing efficiency, collection efficiency etc. However, the same has not been provided.*

*In the absence of this data, the Commission is unaware as to how the treatment of revenue for LMV-10 consumers is to be done for the years' FY 2015-16 and FY 2016-17, being trued up.*







The matter of tariff for LMV-10 consumers was discussed in detail in the MYT Order (i.e. Approval of Business Plan, Determination of Multi Year Aggregate Revenue Requirement (ARR) and Tariff For The First Control Period (FY 2017-18 To FY 2019-20) and True-Up of ARR and Revenue For FY 2014-15) dated November 30, 2017, in paras 8.1.27 to 8.1.39, wherein the plea of Licensee in this regard to allowing ROE equal to rebate was rejected vide a speaking order. Further, the Commission has issued strict direction in regard to 100% metering, modification in billing software with regard to rebate given, energy given, amount billed and implementation of LMV-1 tariff on LMV-10 consumers.

However, as the category / sub category wise revenue details are not available for FY 2015-16 and FY 2016-17, the Commission shall be carrying out the following computation to ensure the compliance of other Tariff Orders of the Commission.

$$\text{(Deemed Revenue for LMV-10)} = (\text{Actual ABR for LMV-1}) * (\text{Actual Sales for LMV-10}) - (\text{Actual revenue collected from LMV-10})$$

Note- As the figures of actual revenue collected from LMV-10 is missing, it has been taken as zero.

- 5.11.2 In response the Licensees vide email dated December 24, 2018, submitted that revenue from LMV-10 category is being sought from fields account unit as Discoms balance does not capture separate revenue accounting for LMV-1 & LMV-10. In the meanwhile, for calculation of deemed revenue, approved ABR of LMV-10 vide Tariff order dated August 1, 2016 for respective year has been taken. The detail calculation as submitted by the Licensees is as shown below:

FY 2016-17	Units	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Actual Revenue (Domestic)	Rs. Crore	2006.95	3206.27	3859.23	3391.04	843.31	13306.80
Actual Sales (LMV-1 & LMV-10)	MU	5488.22	6911.28	10549.79	8791.00	1446.61	33186.89
Actual ABR of LMV-1	Rs/kWh	3.66	4.64	3.66	3.86	5.83	21.64
Actual Sales of LMV-10	MU	113	149	162	80	21	524.62
ABR of LMV-10 as approved in Tariff Order	Rs/kWh	3.18	3.18	3.18	3.18	3.18	3.18
Deemed Revenue of LMV-10	Rs. Crore	5.42	21.75	7.78	5.44	5.57	45.96

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- 5.11.3 Later, the Licensee vide email dated January 10, 2018 submitted the actual revenue of LMV-10 as per CS-4 statements. Hence, the Commission, considered the same and then determined the deemed revenue as per the formula shown under:

$$\text{(Deemed Revenue for LMV-10)} = \text{(Actual ABR for LMV-1)} * \text{(Actual Sales for LMV-10)} - \text{(Actual revenue collected from LMV-10)}$$

Note- As the figures of actual revenue collected from LMV-10 is missing, it has been taken as zero.

- 5.11.4 Accordingly, the deemed revenue approved for LMV-10 category for FY 2016-17 is as shown under:

FY 2016-17	Units	Formula	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Actual Revenue (Domestic)	Rs. Crore	A	2006.95	3206.27	3859.23	3391.04	843.31	13306.80
Actual Sales (LMV-1 & LMV-10)	MU	B	5488.22	6911.28	10549.79	8791.00	1446.61	33186.89
Actual ABR of LMV-1	Rs/kWh	C=(A/B*10)	3.66	4.64	3.66	3.86	5.83	21.64
Sales of LMV-10	MU	D	113	149	162	80	21	524.62
Revenue of LMV-10	Rs. Crore	E=(C*D/10)	41.33	68.91	59.16	30.86	12.44	212.70
Actual Revenue from CS-4	Rs. Crore	F	18.9	71.74	42.88	16.73	2.25	152.50
<b>Deemed Revenue Allowed</b>	<b>Rs. Crore</b>	<b>G=E-F</b>	<b>22.43</b>	<b>-2.83</b>	<b>16.28</b>	<b>14.13</b>	<b>10.19</b>	<b>60.20</b>

## 5.12 REVENUE SUBSIDY FROM GOUP

- 5.12.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL have claimed that the revenue subsidy received from GoUP was Rs. 1,951.99 Crore, Rs. 670.75 Crore, Rs. 1,414.19 Crore and Rs. 1,944.94 Crore respectively during FY 2016-17 as against Rs. 1,142.73 Crore, Rs. 939.17 Crore, Rs. 1,549.97 Crore and Rs. 1,808.13 Crore respectively approved in the Tariff Order.

- 5.12.2 The Commission has accepted the submission of the State Discoms under this head.

## 5.13 ADDITIONAL SUBSIDY REQUIREMENT

- 5.13.1 The Distribution Tariff Regulations, 2006 are effective from FY 2007-08. Clause 6.10 of the Distribution Tariff Regulations, 2006 specifies:

Quote





### 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)**

Unquote

5.13.2 The Commission, in its Tariff Orders for FY 2013-14 and FY 2014-15, regarding additional subsidy requirement has stipulated as under:

Quote

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

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"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.

Unquote

- 5.13.3 With regard to the above matter, the Distribution Licensees have filed an Appeal before the Hon'ble APTEL on applicability of additional subsidy. The matter has been decided by the Hon'ble APTEL in its Judgment dated November 23, 2015 which is in line with the approach followed by the Commission in its earlier Tariff Orders and wherein it gave the following decision.

Quote

*In case the amount of subsidy assured by the State Government for a particular class of consumers is not released, then it may lead to cross subsidizing that particular class of consumers by another class of consumers as the tariff is fixed by the State Commission for different class of consumers taking into account the amount of subsidy assured by the State Government for that particular class of consumers which would be against the principles of law laid down by this Appellate Tribunal. We, after considering these rival contentions of the parties do not find force in the contentions of the appellants. The contentions raised by the respondent Commission appear to be reasonable, legal and correct one. It appears from the Impugned Order and other material on record that the State Commission has been consistent in its approach on the said issue because the State Commission has approved the amount of subsidy in a just and legal way. The State Commission has trued up the amount of subsidy given by the State Government on taking into consideration the amount of subsidy approved in the tariff order of the respective FY and actual amount of subsidy received as per audited accounts in the respective FY and as claimed in the true up petitions for the respective FYs. **Further, the State Commission has correctly and legally allowed the subsidy approved in the respective tariff order where the actual subsidy received from the State Government was less and in some years the actual subsidy where the amount received from the Government was more...***

**8.8) Hence, we hold that the State Commission is legally justified in directing the appellants to recover the subsidy/additional subsidy from**





**Government of Uttar Pradesh instead of giving the same as a pass through in the appellants aggregate revenue requirement. If proper data and details in true sense were not available with the appellants, then for that lapse or failure of the appellants, the consumers cannot be allowed to suffer. Hence, this issue is decided against the appellants.”[Emphasis supplied]**

Unquote

- 5.13.4 The Commission vide email dated December 21, 2018 had directed the Licensees to submit the details of revenue category and sub-category wise for all the consumers. The Licensees have however not submitted the said details yet. In the absence of such data, the Commission has considered the sales of the subsidised categories, namely LMV-1 (a): Consumer getting supply as per "Rural Schedule" and LMV-5: Private Tube wells (PTW) for computing the actual subsidy requirement, in proportion to the actual values submitted by the Discoms for FY 2014-15. Accordingly, the through rate has been computed for the LMV-1 (a) Consumer getting supply as per "Rural Schedule" and LMV-5: Private Tube wells (PTW) has been considered as submitted by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO.
- 5.13.5 As per the table provided below, the additional subsidy has been considered for reduction from the ARR being trued up.

**Table 5-68: COMPUTATION OF SUBSIDY REQUIREMENT FOR DVVNL FY 2016-17 (RS. CRORE)**

Particulars	Sales	Cost of Service	Thru Rate	Loss	Loss
	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/ kWh)	(Rs. Crore)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	2718.73	6.48	3.26	3.23	876.87
LMV-5: PTW	3191.56	6.48	1.10	5.39	1719.29
Total Loss	5910.29	-	-	-	2596.16
Subsidy Available	-	-	-	-	1951.99
<b>Additional Subsidy Requirement</b>	-	-	-	-	<b>644.17</b>

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**Table 5-69: COMPUTATION OF SUBSIDY REQUIREMENT FOR MVVNL FY 2016-17 (RS. CRORE)**

Particulars	Sales	Cost of Service	Thru Rate	Loss	Loss
	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/ kWh)	(RS. CRORE)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	2535.99	6.28	2.40	3.88	984.35
LMV-5: PTW	1184.22	6.28	1.54	4.75	561.92
Total Loss	3720.21	-	-	-	1546.27
Subsidy Available	-	-	-	-	670.75
<b>Additional Subsidy Requirement</b>	-	-	-	-	<b>875.52</b>

**Table 5-70: COMPUTATION OF SUBSIDY REQUIREMENT FOR PVVNL FY 2016-17 (RS. CRORE)**

Particulars	Sales	Cost of Service	Thru Rate	Loss	Loss
	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/ kWh)	(RS. CRORE)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	4864.37	6.17	1.44	4.73	2301.00
LMV-5: PTW	4403.85	6.17	0.94	5.23	2303.44
Total Loss	9268.22	-	-	-	4604.44
Subsidy Available	-	-	-	-	1414.19
<b>Additional Subsidy Requirement</b>	-	-	-	-	<b>3190.25</b>

**Table 5-71: COMPUTATION OF SUBSIDY REQUIREMENT FOR PuVVNL FY 2016-17 (RS. CRORE)**

Particulars	Sales	Cost of Service	Thru Rate	Loss	Loss
	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/ kWh)	(RS. CRORE)
LMV-1: (a) Consumer getting supply as per "Rural Schedule"	5931.29	6.72	2.27	4.45	2636.59
LMV-5: PTW	2223.06	6.72	1.32	5.39	1199.32
Total Loss	8154.35	-	-	-	3835.91
Subsidy Available	-	-	-	-	1944.94
<b>Additional Subsidy Requirement</b>	-	-	-	-	<b>1890.97</b>

#### 5.14 REVENUE SIDE TRUING UP

##### NON-TARIFF INCOME

5.14.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have submitted that the actual non-tariff income during FY 2016-17 was Rs. 42.17 Crore, Rs. 33.69 Crore, Rs. 24.11 Crore, Rs. 16.79 Crore and Rs. 16.90 Crore

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respectively as compared to Rs. 40.00 Crore, Rs. 29.15 Crore, Rs. 21.14 Crore, Rs. 20.70 Crore and Rs. 7.39 Crore respectively approved by the Commission in the Tariff Order.

- 5.14.2 The Licensees have claimed Delayed Payment Surcharge along with Revenue. However, in accordance to Regulation 5.1 of the Distribution Tariff Regulations, 2006, the same should be a part of non-tariff income. The Delayed payment surcharge as per the Audited accounts of the Licensees are Rs. 186.18 Crore, Rs. 678.90 Crore, Rs. 232.46 Crore, Rs. 214.06 Crore and Rs. 11.04 Crore for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO respectively.
- 5.14.3 The Commission has accepted the submission of the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO under this head and has accordingly approved Non-Tariff Income Rs. 42.17 Crore, Rs. 33.69 Crore, Rs. 28.37 Crore, Rs. 16.79 Crore and Rs. 16.90 Crore respectively for FY 2016-17.

#### 5.15 REVENUE FROM SALE OF POWER

- 5.15.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have submitted that the actual revenue from sale of power including delay payment surcharges during FY 2016-17 is Rs. 7,921.47 Crore, Rs. 8,659.51 Crore, Rs. 13,393.56 Crore, Rs. 9,534.25 Crore and Rs. 2,325.32 Crore respectively towards electricity sales of 16,811.27 MU, 14,759.01 MU, 25,334.79 MU, 18,291.43 MU and 3,089.16 MU respectively against Rs. 10,553.24 Crore, Rs. 9,741.60 Crore, Rs. 15,987.81 Crore, Rs. 13,595.26 Crore and Rs. 2,164.79 Crore respectively approved by the Commission in its Tariff Order.
- 5.15.2 The Commission has accepted the revenue from sale of power as submitted by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and has accordingly approved the actual revenue from sale of power. The summary of revenue approved in the Tariff Order, as claimed by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO and as approved by the Commission in this Order for Truing up of FY 2016-17 is shown in the Table below:

Table 5-72: REVENUE FOR DVVNL FOR FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff including Delayed Payment Surcharge	10553.24	7921.47	7921.47	7757.72*

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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	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Non-tariff items	40.00	42.17	42.17	228.34**
<b>Total Revenue</b>	<b>10593.24</b>	<b>7963.63</b>	<b>7963.63</b>	<b>7986.06</b>

Table 5-73: REVENUE FOR MVVNL FOR FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff including Delayed Payment Surcharge	9741.60	8659.51	8659.51	7977.77*
Non-tariff items	29.15	33.69	33.69	712.60**
<b>Total Revenue</b>	<b>9770.75</b>	<b>8693.20</b>	<b>8693.20</b>	<b>8690.37</b>

Table 5-74: REVENUE FOR PVVNL FOR FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff including Delayed Payment Surcharge	15987.81	13393.56	13393.56	13177.38*
Non-tariff items	21.14	28.37	28.37	260.83**
<b>Total Revenue</b>	<b>16008.96</b>	<b>13421.93</b>	<b>13421.93</b>	<b>13438.21</b>

Table 5-75: REVENUE FOR PuVVNL FOR FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff including Delayed Payment Surcharge	13595.26	9534.25	9534.25	9334.32*
Non-tariff items	22.70	16.79	16.79	230.85**
<b>Total Revenue</b>	<b>13617.96</b>	<b>9551.03</b>	<b>9551.03</b>	<b>9565.16</b>

Table 5-76: REVENUE FOR KESCO FOR FY 2016-17 (RS. CRORE)

Particulars	Tariff Order	Actual as per audited accounts	Claimed	Approved upon Truing up
Revenue from Tariff including Delayed Payment Surcharge	2164.79	2325.32	2325.32	2324.47*
Non-tariff items	7.39	16.90	16.90	27.94**
<b>Total Revenue</b>	<b>2172.17</b>	<b>2342.22</b>	<b>2342.22</b>	<b>2352.41</b>

Note: \* Revenue from tariff excluding DPS & including deemed revenue of LMV-10, \*\*Non-tariff income including DPS

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**5.16 ARR AND REVENUE GAP/ (SURPLUS) FOR FY 2016-17 AFTER TRUING UP**

5.16.1 The Aggregate Revenue Requirement for FY 2016-17 for State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO after final truing up is summarized in the Table below:

**Table 5-77: ARR, REVENUE AND GAP SUMMARY FOR DVVNL OR FY 2016-17 (RS. CRORE)**

Particulars	Approved in 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	-
<b>Gross O&amp;M Expenses</b>	<b>718.58</b>	<b>938.35</b>	<b>721.98</b>	<b>723.39</b>
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
Add: Sharing of Gains				
Add: Contribution to contingency reserve on account of better Performance				
Depreciation	293.83	62.64	413.34	399.72
Other Miscellaneous Expenses				
Prior Period Expenses	-	0.00	-	-
Interest on GPF				
Provision for Bad and Doubtful Debts	-	126.64	126.64	126.64
<b>Gross Expenditure</b>	<b>13488.17</b>	<b>11792.99</b>	<b>11500.51</b>	<b>11438.80</b>
Less:				
Employee Capitalisation	62.27	203.34	203.34	203.34
A&G Capitalisation	9.69			-
Interest Capitalisation	78.33		107.38	107.38
<b>Total Capitalisation</b>	<b>150.30</b>	<b>203.34</b>	<b>310.72</b>	<b>310.72</b>
<b>Net Expenditure</b>	<b>13337.87</b>	<b>11589.65</b>	<b>11189.80</b>	<b>11128.09</b>
Add: Return on Equity	-			
Less: Non-tariff Incomes*	40.00	42.17	42.17	228.34**
<b>Annual Revenue Requirement</b>	<b>13297.87</b>	<b>11547.49</b>	<b>11147.63</b>	<b>10899.74</b>
Less: Revenue from Tariff including DPS	10553.24	7921.47	7921.47	7757.72*
Less: GoUP Subsidy	1142.73	1951.99	1951.99	1951.99
<b>Net Revenue Gap / (Surplus)</b>	<b>1601.90</b>	<b>1674.03</b>	<b>1274.18</b>	<b>1190.04</b>

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Particulars	Approved in 1.8.2016	Audited	Claimed	Approved
Less: Additional Subsidy to be provided by GoUP				644.17
<b>Net Revenue Gap</b>	<b>1601.90</b>	<b>1674.03</b>	<b>1274.18</b>	<b>545.86</b>

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

**Table 5-78: ARR, REVENUE AND GAP SUMMARY FOR MVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Approved in 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	-
<b>Gross O&amp;M Expenses</b>	<b>815.70</b>	<b>1,284.93</b>	<b>814.58</b>	<b>815.84</b>
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 Miscellaneous 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
<b>Gross Expenditure</b>	<b>11382.20</b>	<b>10469.83</b>	<b>10415.70</b>	<b>10278.47</b>
Less:				
Employee Capitalisation	81.53	230.03	230.03	230.03
A&G Capitalisation	14.24	-	-	-
Interest Capitalisation	63.26	59.85	59.85	59.85
<b>Total Capitalisation</b>	<b>159.03</b>	<b>289.88</b>	<b>289.88</b>	<b>289.88</b>
<b>Net Expenditure</b>	<b>11,223.17</b>	<b>10179.95</b>	<b>10125.82</b>	<b>9988.59</b>
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	29.15	33.69	33.69	712.60**
<b>Annual Revenue Requirement</b>	<b>11194.02</b>	<b>10146.25</b>	<b>10092.13</b>	<b>9275.99</b>
Less: Revenue from Tariff including DPS	9,741.60	8659.51	8659.51	7977.77*
Less: GoUP Subsidy	939.17	670.75	670.75	670.75

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Particulars	Approved in 1.8.2016	Audited	Claimed	Approved
<b>Net Revenue Gap / (Surplus)</b>	<b>513.26</b>	<b>816.00</b>	<b>761.87</b>	<b>627.47</b>
Less: Additional Subsidy to be provided by GoUP				875.52
<b>Net Revenue Gap / (Surplus)</b>	<b>513.26</b>	<b>816.00</b>	<b>761.87</b>	<b>(248.05)</b>

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

**Table 5-79: ARR, REVENUE AND GAP SUMMARY FOR PVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Approved in 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	-
<b>Gross O&amp;M Expenses</b>	<b>743.82</b>	<b>1,011.25</b>	<b>748.38</b>	<b>749.83</b>
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 Miscellaneous Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	109.45	109.45	109.45
<b>Gross Expenditure</b>	<b>17266.86</b>	<b>15578.51</b>	<b>16364.80</b>	<b>16188.88</b>
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
<b>Total Capitalisation</b>	<b>168.14</b>	<b>291.35</b>	<b>291.35</b>	<b>291.35</b>
<b>Net Expenditure</b>	<b>17,098.72</b>	<b>15287.15</b>	<b>16073.45</b>	<b>15897.53</b>
Add: Return on Equity	-			
Less: Non-tariff Incomes	21.14	28.37	28.37	260.83**
<b>Annual Revenue Requirement</b>	<b>17,077.57</b>	<b>15258.79</b>	<b>16045.08</b>	<b>15636.70</b>
Less: Revenue from Tariff including DPS	15,987.81	13393.56	13393.56	13177.38*
Less: GoUP Subsidy	1,549.97	1414.19	1414.19	1414.19
<b>Net Revenue Gap / (Surplus)</b>	<b>(460.21)</b>	<b>451.04</b>	<b>1237.33</b>	<b>1045.13</b>

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Particulars	Approved in 1.8.2016	Audited	Claimed	Approved
Less: Additional Subsidy to be provided by GoUP	-			3190.25
<b>Net Revenue Gap</b>	<b>(460.21)</b>	<b>451.04</b>	<b>1237.33</b>	<b>(2145.12)</b>

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

**Table 5-80: ARR, REVENUE AND GAP SUMMARY FOR PuVVNL FOR FY 2016-17 (RS. CRORE)**

Particulars	Approved in 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	-
<b>Gross O&amp;M Expenses</b>	<b>1,118.27</b>	<b>1,251.66</b>	<b>1,098.24</b>	<b>1,093.16</b>
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	-	-	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-	-	-
Depreciation	385.90	376.41	548.05	496.86
Other Miscellaneous Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	222.19	190.68	190.68
<b>Gross Expenditure</b>	<b>16750.40</b>	<b>12900.65</b>	<b>12985.47</b>	<b>12767.63</b>
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
<b>Total Capitalisation</b>	<b>273.80</b>	<b>252.30</b>	<b>252.30</b>	<b>252.30</b>
<b>Net Expenditure</b>	<b>16476.60</b>	<b>12648.35</b>	<b>12733.17</b>	<b>12515.33</b>
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	22.70	16.79	16.79	230.85**
<b>Annual Revenue Requirement</b>	<b>16453.90</b>	<b>12631.56</b>	<b>12716.38</b>	<b>12284.48</b>
Less: Revenue from Tariff including DPS	13595.26	9534.25	9534.25	9334.32*
Less: GoUP Subsidy	1808.13	1944.94	1944.94	1944.94
<b>Net Revenue Gap / (Surplus)</b>	<b>1050.50</b>	<b>1152.38</b>	<b>1237.20</b>	<b>1005.23</b>
Less: Additional Subsidy to be provided by GoUP	-	-	-	1890.97
<b>Net Revenue Gap</b>	<b>1050.50</b>	<b>1152.38</b>	<b>1237.20</b>	<b>(885.74)</b>

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





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**Table 5-81: ARR, REVENUE AND GAP SUMMARY FOR KESCO FOR FY 2016-17 (RS. CRORE)**

Particulars	Approved in 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	-
<b>Gross O&amp;M Expenses</b>	<b>206.79</b>	<b>263.12</b>	<b>200.21</b>	<b>200.62</b>
Employee Expenses	141.19	122.93	136.70	136.97
R&M Expenses	56.42	64.84	56.38	56.49
A&G Expenses	9.18	75.35	7.14	7.15
Gross Interest on Long Term Loans	10.62	104.17	-	-
Interest on Bonds	-	-	-	-
Interest on security deposit	9.85	8.82	8.82	8.82
Finance/Bank Charges <sup>1</sup>	0.46	18.72	18.72	18.72
Interest on Working Capital	30.39	-	36.35	35.55
Add: Sharing of Gains	-	-	(63.57)	63.58
Add: Contribution to contingency reserve on account of better Performance	-	-	31.79	-
Depreciation	33.06	12.07	48.19	48.19
Other Miscellaneous Expenses	-	-	-	-
Prior Period Expenses	-	-	-	-
Interest on GPF	-	-	-	-
Provision for Bad and Doubtful Debts	-	13.30	13.30	13.30
<b>Gross Expenditure</b>	<b>2162.98</b>	<b>2058.27</b>	<b>2066.49</b>	<b>2026.84</b>
Less:				
Employee Capitalisation	21.18	2.49	2.49	2.49
A&G Capitalisation	1.38	-	-	-
Interest Capitalisation	2.44	-	-	-
<b>Total Capitalisation</b>	<b>25.00</b>	<b>2.49</b>	<b>2.49</b>	<b>2.49</b>
<b>Net Expenditure</b>	<b>2137.98</b>	<b>2055.77</b>	<b>2064.00</b>	<b>2024.35</b>
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	7.39	16.90	16.90	27.94**
<b>Annual Revenue Requirement</b>	<b>2,130.59</b>	<b>2038.87</b>	<b>2047.10</b>	<b>1996.41</b>
Less: Revenue from Tariff including DPS	2,164.79	2325.32	2325.32	2324.47*
Less: GoUP Subsidy	-	-	-	-
<b>Net Revenue Gap / (Surplus)</b>	<b>(34.19)</b>	<b>(286.45)</b>	<b>(278.22)</b>	<b>(328.06)</b>
Less: Additional Subsidy to be provided by GoUP	-	-	-	-
<b>Net Revenue Gap</b>	<b>(34.19)</b>	<b>(286.45)</b>	<b>(278.22)</b>	<b>(328.06)</b>

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

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**Table 5-82: ARR, REVENUE AND GAP SUMMARY FOR ALL 5 DISCOMS FOR FY 2016-17 (RS. CRORE)**

Particulars	Approved in 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	-
<b>Gross O&amp;M Expenses</b>	<b>3603.16</b>	<b>4749.30</b>	<b>3583.39</b>	<b>3582.83</b>
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 Miscellaneous 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
<b>Gross Expenditure</b>	<b>61050.60</b>	<b>52800.25</b>	<b>53332.99</b>	<b>52700.63</b>
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
<b>Total Capitalisation</b>	<b>776.27</b>	<b>1039.37</b>	<b>1146.75</b>	<b>1146.75</b>
<b>Net Expenditure</b>	<b>60274.33</b>	<b>51760.88</b>	<b>52186.24</b>	<b>51553.88</b>
Add: Return on Equity	-	-	-	-
Less: Non-tariff Incomes	120.38	137.92	137.92	1460.56**
<b>Annual Revenue Requirement</b>	<b>60153.95</b>	<b>51622.96</b>	<b>52048.32</b>	<b>50093.33</b>
Less: Revenue from Tariff including DPS	52042.69	41834.09	41834.09	40571.65*
Less: GoUP Subsidy	5440.00	5981.87	5981.87	5981.87
<b>Net Revenue Gap / (Surplus)</b>	<b>2671.26</b>	<b>3806.99</b>	<b>4232.36</b>	<b>3539.80</b>
Less: Additional Subsidy to be provided by GoUP	-	-	-	6600.90
<b>Net Revenue Gap / (Surplus)</b>	<b>2671.26</b>	<b>3806.99</b>	<b>4232.36</b>	<b>(3061.10)</b>

Note: \*Revenue from Tariff \*\*Non-tariff income including DPS





5.16.2 As observed from the above Tables, against the revenue gap of Rs. 1,274.18 Crore, Rs. 761.87 Crore, Rs. 1,237.33 Crore, Rs. 1,237.20 Crore and Rs. (-) 278.22 Crore (total of Rs. 4,232.36 Crore) claimed by the State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO for truing up of FY 2016-17, the Commission has worked out the gap of Rs. 545.86 Crore, Rs. (-)248.05 Crore, Rs. (-) 2145.12 Crore, Rs. (-) 885.74 Crore and Rs. (-) 328.06 Crore respectively (total of Rs. (-) 3061.10 Crore) while carrying out the truing up on the basis of the audited accounts. The Commission has discussed the treatment of above revenue gap subsequently in this Order.

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

**TABLE 5-82: 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. Crore)	36083.19	40571.65	12.00%
Total Power Purchase (MU)	87155.98	98995.42	14.00%
Total Power Purchase (Rs. Crore)	37256.92	42303.83	14.00%
ARR (Rs. Crore)	43448.53	50093.32	15.00%
Revenue Gap / (Surplus) (Rs. Crore)	(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%

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## 6. ANNUAL PERFORMANCE REVIEW OF FY 2017-18

### 6.1 INTRODUCTION

- 6.1.1 In this Chapter the Commission has carried out the Annual Performance Review for FY 2017-18 in line with the provisions of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014, in short Distribution MYT Regulations, 2014.
- 6.1.2 Regulation 8.1 of the UPERC Distribution MYT Regulations, 2014 specifies that under the MYT framework, the performance of the Distribution Licensee shall be subject to Annual Performance Review (APR) as shown under:

Quote

#### **8. Annual Review of Performance and True Up**

*8.1 Where the aggregate revenue requirement and expected revenue from tariff and charges of a Distribution Licensee are covered under a Multi-Year Tariff framework, such Distribution Licensee shall be subject to an annual review of performance and True Up during the Control Period in accordance with these regulations.*

*Provided that in case of an excruciating and extra-ordinary circumstances, at any time notwithstanding the Annual Review, the Distribution Licensee may file appropriate application before the Commission.*

Unquote

- 6.1.3 UPPCL had asked a few clarifications regarding the scope of APR etc. vide its Letter No. 3687/RAU/MYT dated October 25, 2017. The Commission vide Letter No. UPERC/Secy/D(T)/2017-1439 dated November 17, 2017 issued clarifications regarding the scope of APR as follows:

Quote

.....

#### **II. Scope of APR?**

*In accordance with the provisions of UPERC MYT Regulations (both for DISCOMs and Transco), the scope of APR can be as follows:*

*The scope of Annual Performance Review shall be a comparison of the actual performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following: -*

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a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;

b) Categorization of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors) in accordance with the provisions of Regulations 9 of UPERC MYT Regulations;

c) Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;

d) Computation of sharing of gains and losses on account of controllable factors for the previous year in accordance with the provisions of Regulations 10 of UPERC MYT Regulations;

e) Parameters/ target monitoring by Commission (for example UDAY scheme and Power for All 24x7, etc.)

Unquote

- 6.1.4 The Commission vide Tariff Order dated November 30, 2017 approved the MYT Petition of State Discoms for the first Control Period from FY 2017-18 to FY 2019-20 based on the Audited Accounts available till FY 2014-15. State Discoms, herein have submitted data for Annual Performance Review for FY 2017-18 on the basis of provisional accounts of FY 2017-18.
- 6.1.5 In accordance with the Distribution MYT Regulations, 2014 and Scope of APR as quoted above, the scope of Annual Performance Review is limited to the revision of estimates for FY 2018-19, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for FY 2017-18 and give effect on this account in the estimates of FY 2018-19.
- 6.1.6 The Commission in this Chapter has not carried out the detailed analysis of various components of ARR. The Commission under the provisions of Distribution MYT Regulations, 2014 has revised the ARR for FY 2017-18 based on the approved capitalisation for FY 2016-17. The Commission has computed certain expenses for FY 2017-18 based on the revised GFA for FY 2015-16 and FY 2016-17 only to facilitate the computations for FY 2018-19. The Commission has carried out comparison of each component of APR as claimed by the State Discoms with that of the approved values of Tariff Order dated November 30, 2017 for FY 2017-18.





The Commission will carry out the detailed prudence check of various components of APR for FY 2017-18 while carrying out the truing up for FY 2017-18.

## 6.2 BILLING DETERMINANTS: NUMBER OF CONSUMERS AND CONNECTED LOAD

6.2.1 State Discoms have submitted the Billing determinants or consumption parameters i.e. number of consumers and connected load for FY 2017-18. Based on the submissions of the State Discoms, the comparison of billing determinants as approved by the Commission vide Tariff Order dated November 30, 2017 and as submitted by State Discoms for FY 2017-18 is shown in the Tables below:

**Table 6-1 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF DVVNL FOR FY 2017-18**

Categories	No. of Consumers (Nos.)		Connected Load (kW)	
	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	3557063	3140259	5621716	4736989
LMV-2: Non Domestic	297893	224477	721413	580920
LMV-3: Public Lamps	1708	836	42387	35765
LMV-4: Institutions	27301	24501	314658	172496
LMV-5: Private Tube Wells	240006	238573	1767024	1992311
LMV 6: Small and Medium Power	52335	41117	461947	381000
LMV-7: Public Water Works	9630	8416	161123	84947
LMV-8: State Tube Wells	6984	6489	149352	150331
LMV-9: Temporary Supply	3315	962	15249	5856
LMV-10: Departmental Employees	18949	16683	60838	68249
HV-1: Non-Industrial Bulk Loads	968	375	234677	102290
HV-2: Large and Heavy Power	2657	2684	870930	852336
HV-3: Railway Traction	9	8	137589	89750
HV-4: Lift Irrigation	41	40	32291	32214
Bulk & Extra State	-	1	-	1083218
<b>GRAND TOTAL</b>	<b>4218858</b>	<b>3705421</b>	<b>10591193</b>	<b>10368672</b>

**Table 6-2 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF MVVNL FOR FY 2017-18**

Categories	No. of Consumers (Nos.)		Connected Load (kW)	
	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	4701042	4326803	5874229	5790335

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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

Categories	No. of Consumers (Nos.)		Connected Load (kW)	
	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
LMV-2: Non Domestic	341556	320355	881089	847046
LMV-3: Public Lamps	2279	2577	104996	105112
LMV-4: Institutions	22120	23181	165327	168548
LMV-5: Private Tube Wells	174195	188451	730228	947414
LMV 6: Small and Medium Power	39564	39158	351479	321544
LMV-7: Public Water Works	3291	3203	133555	140226
LMV-8: State Tube Wells	10103	10174	149884	184882
LMV-9: Temporary Supply	3737	4092	11802	13259
LMV-10: Departmental Employees	25199	24991	85949	76268
HV-1: Non-Industrial Bulk Loads	893	929	338010	341797
HV-2: Large and Heavy Power	1643	1679	626385	623749
HV-3: Railway Traction	11	10	183922	169513
HV-4: Lift Irrigation	26	24	30775	28098
Bulk & Extra State	1	1	5000	5000
<b>GRAND TOTAL</b>	<b>5325660</b>	<b>4945628</b>	<b>9672631</b>	<b>9762791</b>

Table 6-3 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF PUVNL FOR FY 2017-18

Categories	No. of Consumers (Nos.)		Connected Load (kW)	
	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	4671158	4238230	10458102	9454018
LMV-2: Non-Domestic	383190	373997	1012419	1091089
LMV-3: Public Lamps	1225	113	69253	81651
LMV-4: Institutions	16650	15523	115911	142990
LMV-5: Private Tube Wells	407257	409274	2238322	2663966
LMV 6: Small and Medium Power	57194	52499	721669	727838
LMV-7: Public Water Works	3597	3518	123850	132715
LMV-8: State Tube Wells	5289	5032	69050	83504
LMV-9: Temporary Supply	3621	4136	71693	53492
LMV-10: Departmental Employees	24502	22780	169169	102221
HV-1: Non-Industrial Bulk Loads	1585	1503	1107157	989073
HV-2: Large and Heavy Power	6091	5589	2055433	1903440
HV-3: Railway Traction	6	8	52470	64300
HV-4: Lift Irrigation	2	2	311	311
Bulk & Extra State	-	-	-	-

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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

Categories	No. of Consumers (Nos.)		Connected Load (kW)	
	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
<b>GRAND TOTAL</b>	<b>5581369</b>	<b>5133284</b>	<b>18264811</b>	<b>17490608</b>

**Table 6-4 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF PuVVNL FOR FY 2017-18**

Categories	No. of Consumers (Nos.)		Connected Load (kW)	
	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	4646365	4781979	7156476	7155683
LMV-2: Non Domestic	385990	366987	947259	954770
LMV-3: Public Lamps	626	322	58095	49095
LMV-4: Institutions	20587	19647	245691	148878
LMV-5: Private Tube Wells	256905	303516	1183612	1322086
LMV 6: Small and Medium Power	41631	38353	348064	353211
LMV-7: Public Water Works	2998	3042	138193	106461
LMV-8: State Tube Wells	11259	11369	205355	198674
LMV-9: Temporary Supply	76	90	1362	558
LMV-10: Departmental Employees	27119	25539	61336	64818
HV-1: Non-Industrial Bulk Loads	602	607	190190	186814
HV-2: Large and Heavy Power	1193	1154	530227	502503
HV-3: Railway Traction	11	10	196303	191011
HV-4: Lift Irrigation	71	68	136329	123926
Bulk & Extra State	-	-	-	0
<b>GRAND TOTAL</b>	<b>5395431</b>	<b>5552683</b>	<b>11398492</b>	<b>11358488</b>

**Table 6-5 CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) OF KESCO FOR FY 2017-18**

Categories	No. of Consumers (Nos.)		Connected Load (kW)	
	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	510586	487430	1163840	1123092
LMV-2: Non Domestic	80911	77970	228840	229787
LMV-3: Public Lamps	18	18	14493	22051
LMV-4: Institutions	828	983	15558	58431
LMV-5: Private Tube Wells	-	-	-	-
LMV 6: Small and Medium Power	11831	12185	186735	155507



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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

Categories	No. of Consumers (Nos.)		Connected Load (kW)	
	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
LMV-7: Public Water Works	566	1147	47126	39560
LMV-8: State Tube Wells	-	-	-	-
LMV-9: Temporary Supply	-	-	-	-
LMV-10: Departmental Employees	3346	4600	10394	14275
HV-1: Non-Industrial Bulk Loads	225	245	77451	80507
HV-2: Large and Heavy Power	636	602	224253	214138
HV-3: Railway Traction	-	-	-	-
HV-4: Lift Irrigation	-	-	-	-
Bulk & Extra State	-	-	-	-
<b>GRAND TOTAL</b>	<b>608948</b>	<b>585180</b>	<b>1968690</b>	<b>1937348</b>

Table 6-6 CONSOLIDATED CATEGORY WISE NO. OF CONSUMERS AND CONNECTED LOAD (kW) FOR FY 2017-18

Categories	No. of Consumers (Nos.)			Connected Load (kW)		
	Approved in 30.11.2017	Claimed in APR	Percentage Change	Approved in 30.11.2017	Claimed in APR	Percentage Change
LMV-1: Domestic	18086214	16974701	-6.15%	30274363	28260117	-6.65%
LMV-2: Non Domestic	1489540	1363786	-8.44%	3791021	3703612	-2.31%
LMV-3: Public Lamps	5856	4946	-15.54%	289224	293674	1.54%
LMV-4: Institutions	87486	83835	-4.17%	857145	691343	-19.34%
LMV-5: Private Tube Wells	1078363	1139814	5.70%	5919186	6925777	17.01%
LMV 6: Small and Medium Power	202555	183312	-9.50%	2069894	1939100	-6.32%
LMV-7: Public Water Works	20082	19326	-3.76%	603847	503909	-16.55%
LMV-8: State Tube Wells	33636	33064	-1.70%	573641	617391	7.63%
LMV-9: Temporary Supply	10749	9280	-13.67%	100107	73165	-26.91%
LMV-10: Departmental Employees	99115	94593	-4.56%	387687	325831	-15.96%
HV-1: Non-Industrial Bulk Loads	4273	3659	-14.37%	1947484	1700481	-12.68%
HV-2: Large and Heavy Power	12220	11708	-4.19%	4307229	4096166	-4.90%
HV-3: Railway Traction	37	36	-2.70%	570284	514574	-9.77%
HV-4: Lift Irrigation	140	134	-4.29%	199706	184549	-7.59%
Bulk & Extra State	1	1	0.00%	5000	1088218	21664.36%
<b>GRAND TOTAL</b>	<b>21130266</b>	<b>19922195</b>	<b>-5.72%</b>	<b>51895817</b>	<b>50917907</b>	<b>-1.88%</b>

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- 6.2.2 The Commission has observed that category-wise consolidated number of consumers as submitted by the State Discoms for FY 2017-18 is lower than the approved category-wise consolidated number of consumers for FY 2017-18. Similarly, the category-wise consolidated connected load of consumers as revised by the State Discoms for FY 2017-18 is lower than the approved consolidated connected load of consumers for FY 2017-18.
- 6.2.3 The analysis of connected load for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

### 6.3 ENERGY SALES

- 6.3.1 The Comparison of Energy Sales as approved by the Commission vide Tariff Order dated November 30, 2017 and as submitted by State Discoms for FY 2017-18 is shown in the Tables below:

**Table 6-7 CATEGORY WISE SALES OF DVVNL FOR FY 2017-18 (MU)**

Categories	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	7431	6308
LMV-2: Non Domestic	1119	933
LMV-3: Public Lamps	188	127
LMV-4: Institutions	694	381
LMV-5: Private Tube Wells	3701	3765
LMV 6: Small and Medium Power	795	620
LMV-7: Public Water Works	600	309
LMV-8: State Tube Wells	695	718
LMV-9: Temporary Supply	25	16
LMV-10: Departmental Employees	127	130
HV-1: Non-Industrial Bulk Loads	621	508
HV-2: Large and Heavy Power	2608	2377
HV-3: Railway Traction	438	274
HV-4: Lift Irrigation	152	143
Bulk & Extra State	0	2127
<b>GRAND TOTAL</b>	<b>19195</b>	<b>18736</b>

**Table 6-8 CATEGORY WISE SALES OF MVVNL FOR FY 2017-18 (MU)**

Categories	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	8571	8046

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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

Categories	Approved in 30.11.2017	Claimed in APR
LMV-2: Non-Domestic	1369	1308
LMV-3: Public Lamps	565	370
LMV-4: Institutions	509	352
LMV-5: Private Tube Wells	1458	1479
LMV 6: Small and Medium Power	582	633
LMV-7: Public Water Works	612	618
LMV-8: State Tube Wells	1472	1321
LMV-9: Temporary Supply	40	35
LMV-10: Departmental Employees	276	148
HV-1: Non-Industrial Bulk Loads	673	639
HV-2: Large and Heavy Power	1731	1662
HV-3: Railway Traction	343	196
HV-4: Lift Irrigation	182	157
Bulk & Extra State	65	41
<b>GRAND TOTAL</b>	<b>18448</b>	<b>17007</b>

Table 6-9 CATEGORY WISE SALES OF PVVNL FOR FY 2017-18 (MU)

Categories	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	10858	11666
LMV-2: Non Domestic	1496	1488
LMV-3: Public Lamps	305	259
LMV-4: Institutions	382	339
LMV-5: Private Tube Wells	4595	5258
LMV 6: Small and Medium Power	1363	1132
LMV-7: Public Water Works	431	510
LMV-8: State Tube Wells	649	506
LMV-9: Temporary Supply	145	99
LMV-10: Departmental Employees	169	178
HV-1: Non-Industrial Bulk Loads	1794	1630
HV-2: Large and Heavy Power	5095	5227
HV-3: Railway Traction	132	145
HV-4: Lift Irrigation	0	0
Bulk & Extra State	-	0
<b>GRAND TOTAL</b>	<b>27413</b>	<b>28437</b>





Table 6-10 CATEGORY WISE SALES OF PuVVNL FOR FY 2017-18 (MU)

Categories	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	10176	10382
LMV-2: Non Domestic	1790	1934
LMV-3: Public Lamps	233	182
LMV-4: Institutions	823	446
LMV-5: Private Tube Wells	3785	2546
LMV 6: Small and Medium Power	660	675
LMV-7: Public Water Works	586	544
LMV-8: State Tube Wells	1875	1202
LMV-9: Temporary Supply	15	4
LMV-10: Departmental Employees	93	88
HV-1: Non-Industrial Bulk Loads	438	431
HV-2: Large and Heavy Power	1360	1221
HV-3: Railway Traction	590	490
HV-4: Lift Irrigation	850	614
Bulk & Extra State	-	-
<b>GRAND TOTAL</b>	<b>23273</b>	<b>20759</b>

Table 6-11 CATEGORY WISE SALES OF KESCO FOR FY 2017-18 (MU)

Categories	Approved in 30.11.2017	Claimed in APR
LMV-1: Domestic	1702	1524
LMV-2: Non Domestic	360	353
LMV-3: Public Lamps	63	67
LMV-4: Institutions	78	74
LMV-5: Private Tube Wells	-	-
LMV 6: Small and Medium Power	466	312
LMV-7: Public Water Works	90	70
LMV-8: State Tube Wells	-	-
LMV-9: Temporary Supply	-	-
LMV-10: Departmental Employees	24	18
HV-1: Non-Industrial Bulk Loads	176	188
HV-2: Large and Heavy Power	805	566
HV-3: Railway Traction	-	-
HV-4: Lift Irrigation	-	-
Bulk & Extra State	-	-
<b>GRAND TOTAL</b>	<b>3764</b>	<b>3171</b>

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Table 6-12 CONSOLIDATED CATEGORY WISE SALES FOR FY 2017-18 (MU)

Categories	Approved in 30.11.2017	Claimed in APR	Percentage change
LMV-1: Domestic	38736	37926	-2.09%
LMV-2: Non Domestic	6134	6016	-1.92%
LMV-3: Public Lamps	1353	1005	-25.71%
LMV-4: Institutions	2486	1591	-36.00%
LMV-5: Private Tube Wells	13539	13048	-3.63%
LMV 6: Small and Medium Power	3865	3372	-12.76%
LMV-7: Public Water Works	2320	2050	-11.66%
LMV-8: State Tube Wells	4692	3748	-20.12%
LMV-9: Temporary Supply	224	154	-31.43%
LMV-10: Departmental Employees	690	562	-18.51%
HV-1: Non-Industrial Bulk Loads	3701	3397	-8.22%
HV-2: Large and Heavy Power	11599	11052	-4.71%
HV-3: Railway Traction	1504	1106	-26.44%
HV-4: Lift Irrigation	1185	915	-22.79%
Bulk & Extra State	65	2168	3255.60%
<b>GRAND TOTAL</b>	<b>92094</b>	<b>88110</b>	<b>-4.33%</b>

6.3.2 The Commission has observed that category-wise Energy Sales as revised by the State Discoms for FY 2017-18 is 4.33% lower than the approved Energy Sales for FY 2017-18 by the Commission vide Tariff Order dated November 30, 2017.

6.3.3 The analysis of Energy Sales for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

#### 6.4 DISTRIBUTION LOSS

6.4.1 Regulation 18 of Distribution MYT Tariff Regulations, 2014 states that:

Quote

#### 18. Treatment of Distribution Loss

##### 18.1 Distribution Loss

Distribution loss shall be considered as a controllable parameter. Based on the assessment of metered and un-metered sales as per Regulations 16 and 17 of these regulations, the Commission shall update existing baseline of distribution losses.

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*Provided that circle-wise distribution loss reduction targets shall be approved by the Commission. On the basis of circle-wise distribution loss, circle-wise differential tariff by way of separate and distinct distribution loss surcharge may also be implemented by the Commission”*

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6.4.2 The Commission in Tariff Order dated November 30, 2017 opined as follows:

Quote

*5.3.4 The Commission has considered the practical difficulties being faced by the Distribution Licensees in reduction of Distribution Losses. It is well established that there are number of factors such as sales mix, consumer mix, geographical spread of consumers, condition of distribution infrastructure that contribute to the distribution losses. Distribution Licensees during the public hearing process and in various submissions to the Commission explained the steps undertaken by them to improve the supply hours and reduce the distribution losses. They also explained various contributing factors like increased supply hours, new connections addition drives etc. The Commission, while approving the distribution losses for FY 2017-18 to FY 2019-20 has considered the submission made by the Distribution Licensees and practicality of the Distribution Loss Reduction target. The Commission has also considered the consumers mix, sales mix and geographical spread of the Distribution Licensees and all other relevant factor contributing to the Distribution Losses in the supply area of Distribution Licensees.*

*5.3.5 The Commission believes that the Distribution Licensees must have performed prudence exercise before projecting the loss reduction trajectory to be achieved during FY 2015-16 to FY 2019-2020 in the MOU and considers the Distribution Loss targets as agreed to be more realistic. **Thus, taking into consideration the loss trajectories set in UDAY as mentioned in Tariff order dated August 1<sup>st</sup>, 2016 and that claimed by the petitioner in the MYT Control Period the Commission allows the Distribution loss (%)..... (Emphasis added)***

Unquote

6.4.3 It can be observed from the above extract that the Commission taking into consideration the loss trajectories as agreed by the DISCOMs in the MoU signed under UDAY Scheme and that claimed by the State Discoms in the MYT Control Period (FY 2017-20) allowed the Distribution loss for FY 2017-18.

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- 6.4.4 The Comparison of Distribution losses as approved by the Commission vide Tariff Order dated November 30, 2017 and as submitted by State Discoms for FY 2017-18 is shown in the Table below:

Table 6-13 DISTRIBUTION LOSS FOR FY 2017-18

State Discoms	As per UDAY scheme	Approved in 30.11.2017	Claimed in APR
DVVNL	20.07%	20.07%	25.09%
MVVNL	19.16%	19.16%	22.19%
PVVNL	18.18%	18.18%	17.43%
PuVVNL	19.73%	19.73%	23.16%
KESCO	18.91%	15.28%	13.78%
<b>Consolidated (5 Discoms)</b>	<b>19.18%</b>	<b>19.06%</b>	<b>21.33%</b>

- 6.4.5 The Commission has observed that the revised Distribution losses for FY 2017-18 as shown by the State Discoms has consolidated Distribution loss of 21.33% while the Commission in the Tariff Order dated November 30, 2017, approved 19.06% consolidated Distribution losses for FY 2017-18. Only PVVNL and KESCO have shown their Distribution losses lower than that approved by the Commission in Tariff Order dated November 30, 2017. Rest of the State Discoms have shown more Distribution losses than that approved by the Commission in Tariff Order dated November 30, 2017.
- 6.4.6 The analysis of Distribution losses for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

## 6.5 COLLECTION EFFICIENCY

- 6.5.1 Regulations 7 of the Distribution MYT Tariff Regulations, 2014 stipulates as follows:

Quote

### *7. Specific trajectory for certain variables*

*7.1 The Commission shall stipulate a trajectory while approving the Business Plan for certain variables having regard to the reorganization, restructuring and development of the electricity industry in the State:*

*Provided that the variables for which a trajectory may be stipulated include, but are not limited to*





- (a) Supply availability and wires availability;
- (b) Distribution losses and **Collection efficiency**;
- (c) Operation and Maintenance expense norm;
- (d) Achieving 100% metering

Unquote

6.5.2 The Commission in Tariff Order dated November 30, 2017 opined as follows:

Quote

5.5.5 .....the petitioners have submitted that the DISCOMs are moving fast for 100% Metering, On-line billing and other consumer related facilities where most of these have been targeted to be completed by FY 2018-19. Since it is a transition period, formulation of incentive or dis-incentive norms for the concerned officials would be useful after the transition period is over. **The Commission again directs the petitioner to submit a draft mechanism formulation of incentive or dis-incentive norms at the earliest as formulation of incentive or dis-incentive norms for the concerned officials has no linkage with the Transition period.**

5.5.6 Further, in terms of Regulation 7 of the Distribution MYT Tariff Regulations, 2014, **the Commission directs the Licensees to submit a trajectory of targets for improving Collection Efficiency during the Control Period, at the time of Annual Performance Review (APR).**

Unquote

6.5.3 It can be observed from the above extract of the Tariff Order that 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.

6.5.4 The analysis of the actual Collection Efficiency for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

## 6.6 POWER PURCHASE QUANTUM AND COST

6.6.1 Clause 18 of the Distribution MYT Tariff Regulations, 2014 specifies methodology for power procurement and cost of power as shown under:

### **"19. Power Purchase Quantum and Cost**



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a) Based on the demand estimates the power purchase quantum and cost shall be calculated.

b) The approved Power Purchase cost shall be net of expected revenue from sale of surplus power, if any, during lean period.

c) Revenue from sale of surplus power shall be estimated at per unit weighted average price of bilateral purchases and power exchange rates for the same quarter, subject to trueing up.

d) If there is a short term requirement of power by the Distribution Licensee over and above the quantum as approved by the Commission and such requirement is on account of any factor beyond the control of the Licensee (shortage / non availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned / forced outages of power generating units or acts of God), then the cost shall be directly passed on to the customer without prior approval of the Commission.

Provided that the cost of the additional power shall be capped by the lower of the weighted average price of power exchange rates or bilateral market purchases for the same quarter.

Provided further that in such a case, the Distribution Licensee shall inform the Commission about the purchase of power over and above approved quantum with all the details. In case the Commission is not satisfied by the quantum and/or rates, the Commission may disallow the same in the True Up."

6.6.2 Since, the power purchase expense is the 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, through bilateral power purchase agreements or Power Exchange etc. trying to replace expensive power with cheaper power whenever possible.

6.6.3 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.

6.6.4 The total power purchase quantum from State owned generating stations, central generating stations and other sources for FY 2017-18 as approved by the Commission in Tariff Order dated November 30, 2017 and revised estimates submitted by State Discoms along with the power purchase cost is presented in the Table below:

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Table 6-14 POWER PURCHASE COST FOR FY 2017-18

S.No	Source of Power	Quantum (MU)		Total cost (Rs. Crore)		Cost per Unit (Rs/kWh)	
		Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR	Approved in 30.11.2017	Claimed in APR
A	Thermal Generating Stations- State	27778	28802	10771	9993	3.88	3.47
B	Hydro Generating Stations – State						
	UPJVNL	1007	1270	75	72	0.74	0.57
	MICRO HYDEL	2	2	0.47	0.35	2.24	1.77
C	Central Generating Stations						
1	NTPC	26086	23953	8280	6755	3.17	2.82
2	NHPC	3411	3174	983	1061	2.88	3.34
3	NPCIL	2197	2390	700	714	3.19	2.99
4	THDC	1874	1675	987	803	5.27	4.8
5	SJVNL	1640	1477	533	385	3.25	2.61
D	IPP's	54476	46746	23024	18399	4.23	3.94
E	Renewable Sources						
1	Solar	553	518	358	444	6.46	8.58
2	Captive and Co-Generation	3412	3817	1766	1937	5.18	5.07
	NVVN Coal	352	887	180	398	5.12	4.49
F	Other Sources	1020	4287	361	1753	3.54	4.09
<b>Total Power Purchase</b>		<b>1,23,808</b>	<b>1,18,996</b>	<b>48,017</b>	<b>42,715</b>	<b>3.88</b>	<b>3.59</b>

6.6.5 The Commission has observed that the revised power purchase quantum for FY 2017-18 as shown by the State Discoms is lower than that approved by the Commission in Tariff Order dated November 30, 2017. The revised power purchase cost for FY 2017-18 as shown by the State Discoms is also lower than that approved by the Commission.

6.6.6 The Commission has also observed that the revised power purchase quantum from Other sources for FY 2017-18 as shown by the State Discoms is 4287 MU which is approximately 4 times more than that approved by the Commission i.e. 1020 MU in Tariff Order dated November 30, 2017. Other sources comprise of power from IEX/ bilateral sources, from UI mechanism and Banking arrangement. The state Discoms have shown a major part of power procurement from UI.

6.6.7 The Commission, in Regulation 19.2 (11) of the Distribution MYT Tariff Regulations, 2014, has specified 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:

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Quote

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.

Unquote

- 6.6.8 The Commission is of the view that the UI mechanism is intended for maintaining discipline in the grid operations and is not to be treated as a regular source for power purchase. Hence, the Commission reiterates that the Licensees should take due care while overdrawing power from the grid (if any), especially when the UI rates are high.
- 6.6.9 The Commission would also like to caution the Licensees here that this issue would be dealt with at the time of True-up and any power purchases undertaken in contravention to the provisions of the Distribution MYT Tariff Regulations, 2014 would be disallowed and the Licensees would have to bear the cost for the same.
- 6.6.10 Further, the Commission would like to reiterate that the Licensees 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 the power purchase expenses.
- 6.6.11 UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 specifies that during each Financial Year, every obligated entity shall purchase a minimum 6% of its total consumption of electricity (in kWh) from Renewable Energy (RE) sources under RPO (5% from Non-solar and 1% from Solar).



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6.6.12 In view of the same, the Commission in Tariff Order dated November 30, 2017 directed the Licensees to procure renewable energy in accordance with Regulation 4 of the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 as amended from time to time to meet their obligation and submit a quarterly action plan for achievement of RPO compliance targets for the MYT Control Period. The relevant extract of the aforesaid Order is as follows:

Quote

*In view of the same, the Commission directs the Licensees to procure renewable energy in accordance with Regulation 4 of the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 as amended from time to time to meet their obligation and submit a quarterly action plan for achievement of RPO compliance targets for the MYT Control Period. The Licensees are directed to submit the above figures for FY 2016 - 17 along with the Annual Performance Review. The Commission shall review the same at the time of Annual Performance Review and non-compliance of the RPO targets shall be strictly dealt in terms of UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010.*

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6.6.13 However, the State Discoms did not submit the same to the Commission. Therefore, the Commission initiated Suo Moto proceedings regarding meeting RPO targets by obligated entities. The Commission vide Order dated 21.08.2018 directed UPPCL to submit a complete road map showing how they have planned to meet their RPO backlog targets for FY 2015-16 to FY 2017-18. UPPCL vide its reply dated November 26, 2018 has submitted the following:

Non- Solar capacity commissioned (Up to October 2018)		
S.No	Sources	Capacity (in MW)
1	Bagasse (old PPAs)	1285.10
2	Biomass	33.00
3	MSW	2.00
	<b>Total</b>	<b>1320.10</b>

**Total Non- Solar capacity  
(expected Upto 2020-21)**







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

S.No	Period	Cumulative tied up Capacity (in MW)
1	As on 31.10.2018	1320.10
2	As on 31.03.2019	1938.30
3	As on 31.03.2020	2193.25
4	As on 31.03.2021	2902.25

Total Solar Grid connected capacity (expected upto 2021)		
S.No	Period	Cumulative tied up Capacity (in MW)
1	As on 31.10.2018	872.00
2	As on 31.03.2019	1097.00
3	As on 31.03.2020	2397.00
4	As on 31.03.2021	4029.00

Total Solar Roof top capacity (expected upto 2021)		
S.No	Period	Cumulative tied up Capacity (in MW)
1	As on 31.10.2018	904
2	As on 31.03.2019	1753
3	As on 31.03.2020	2602
4	As on 31.03.2021	3451

6.6.14 The analysis of power purchase quantum and cost for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

6.6.15 Further, PGCIL charges for FY 2017-18 as approved by the Commission in Tariff Order dated November 30, 2017 and revised estimates submitted by State Discoms/UPPCL is presented in the Table below:

Table 6-15 PGCIL CHARGES FOR FY 2017-18

Particulars	Approved in 30.11.2017	Claimed in APR
Power Purchase by Licensees (AMU)	120288.76	111999.65





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	Approved in 30.11.2017	Claimed in APR
PGCIL Charges (Rs. Crore)	1783.24	2705.83

6.6.16 The Commission has observed that while computing PGCIL Charges, the Licensees has wrongly considered 111,999.65 MU which is actually energy at DISCOM Periphery as shown below in Energy Balance Table. This should have been 120,301.24 MU, which is 'Purchase required and Billed Energy'. The analysis of PGCIL charges for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

### 6.7 ENERGY BALANCE

6.7.1 The Energy Balance as approved by the Commission in MYT Order dated November 30, 2017 is shown in the Table below:

Table 6-16 ENERGY BALANCE FOR FY 2017-18 APPROVED BY THE COMMISSION (MYT ORDER DATED 30.11.2017)

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Retail Sales (MU)	19194.89	18448.45	27413.42	23273.34	3763.70	92093.81
Distribution Losses (%)	20.07%	19.16%	18.18%	19.73%	15.28%	19.06%
Energy at DISCOM Periphery for Retail Sales (MU)	24014.62	22819.62	33504.20	28994.21	4442.74	113775.39
Inter-State Transmission Losses %	3.79%	3.79%	3.79%	3.79%	3.79%	3.79%
Energy Available at State periphery for Transmission (MU)	24960.63	23718.55	34824.03	30136.38	4617.75	118257.34
Periphery Loss (Upto inter connection Point) (%)	1.69%	1.69%	1.69%	1.69%	1.69%	1.69%
Purchases Required & Billed Energy (MU)	25389.40	24125.99	35422.24	30654.06	4697.07	120288.75
Total Inter & Intra State Transmission Losses (%)	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%
Total T&D Losses (%)	24.40%	23.53%	22.61%	24.08%	19.87%	23.44%

6.7.2 The State Discoms have submitted the following data of Energy Balance for FY 2017-18 as shown in the Table below:





**Table 6-17 ENERGY BALANCE FOR FY 2017-18 AS SUBMITTED BY THE STATE DISCOMS**

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Retail Sales (MU)	18736	17007	28437	20759	3171	88110
Distribution Losses (%)	25.09%	22.19%	17.43%	23.16%	13.78%	21.33%
Energy at DISCOM Periphery for Retail Sales (MU)	25009.71	21857.02	34438.67	27016.33	3677.92	111999.65
Intra -State Transmission Losses %	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
Energy Available at State periphery for Transmission (MU)	25943.68	22673.26	35724.76	28025.24	3815.27	116182.20
Periphery Loss (Up to inter connection Point) (%)	3.42%	3.42%	3.42%	3.42%	3.42%	3.42%
Purchase Required & Billed Energy (MU)	26863.47	23477.10	36991.32	29018.83	3950.53	120301.24
Total Inter & Intra State Transmission Losses (%)	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%
<b>Total T&amp;D Losses (%)</b>	<b>30.25%</b>	<b>27.56%</b>	<b>23.13%</b>	<b>28.46%</b>	<b>19.73%</b>	<b>26.76%</b>

6.7.3 The Commission has observed that the revised T&D losses for FY 2017-18 as shown by the State Discoms are higher than that approved by the Commission in Tariff Order dated November 30, 2017.

6.7.4 The Commission has also observed that the interstate transmission loss as revised by the State Discoms in APR for FY 2017-18 is 3.42% while that approved in MYT Order dated November 30, 2017 is 1.69% losses. The actual inter-State transmission losses for FY 2017-18 would be allowed as pass through during true-up process subject to prudence check by the Commission based on audited accounts.

6.7.5 The Commission in the MYT Order dated November 30, 2017 determined the Bulk Supply Rate (BST) by dividing the power purchase cost including PGCIL charges so computed with the energy input (MU) at transmission-distribution interface. The Comparison of BST as approved by the Commission vide Order dated November 30, 2017 and as per the submission by State Discoms for FY 2017-18 is shown in the Table below:

**Table 6-18 BULK SUPPLY RATE FOR FY 2017-18**

Particulars	Derivation	Approved in 30.11.2017	Claimed in APR
Purchases Required & Billed Energy (MU)	A	120288.76	120301.24

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Particulars	Derivation	Approved in 30.11.2017	Claimed in APR
Periphery Loss (Up to inter connection Point) (%)	B	1.69%	3.42%
Energy Available at State periphery for Transmission (MU)	$C = A * (1 - B)$	118257.35	116182.20
Intra -State Transmission losses %	D	3.79%	3.60%
Energy Input into Transmission-Distribution Interface (MU)	$E = C * (1 - D)$	113775.39	111999.65
Power Purchase Cost (Rs. Crore)	F	46593.65	44688.86
PGCIL Inter-State transmission charges (Rs. Crore)	G	1783.24	2705.83
Total Power Procurement Cost (Rs. Crore)	$H = F + G$	48376.89	47394.69
<b>Bulk Supply Tariff (Rs. /Unit)</b>	<b><math>I = (H/E) * 10</math></b>	<b>4.25</b>	<b>4.23</b>

6.7.6 The Commission observed that the revised BST as shown by the State Discoms is lower than the approved BST by the Commission in MYT Order dated November 30, 2017. Based on the BST rate, the comparison of power procurement cost as approved by the Commission vide MYT Order and power procurement cost as per the submission by State Discoms for FY 2017-18 is shown in the Table below:

**Table 6-19 POWER PROCUREMENT COST FOR DVVNL FOR FY 2017-18**

Particulars	Derivation	Approved in 30.11.2017	Claimed in APR
Energy Input into Transmission-Distribution Interface (MU)	A	24014.62	25009.71
Bulk Supply Tariff (Rs. /kWh)	B	4.25	4.23
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	<b><math>C = A * B / 10</math></b>	<b>10210.93</b>	<b>10579.11</b>

**Table 6-20 POWER PROCUREMENT COST FOR MVVNL FOR FY 2017-18**

Particulars	Derivation	Approved in 30.11.2017	Claimed in APR
Energy Input into Transmission-Distribution Interface (MU)	A	22819.62	21857.02
Bulk Supply Tariff (Rs. /kWh)	B	4.25	4.23
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	<b><math>C = A * B / 10</math></b>	<b>9702.82</b>	<b>9245.52</b>

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**Table 6-21 POWER PROCUREMENT COST FOR PVVNL FOR FY 2017-18**

Particulars	Derivation	Approved in 30.11.2017	Claimed in APR
Energy Input into Transmission-Distribution Interface (MU)	A	33504.20	34438.67
Bulk Supply Tariff (Rs. /kWh)	B	4.25	4.23
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	<b>C=A*B /10</b>	<b>14245.87</b>	<b>14567.56</b>

**Table 6-22 POWER PROCUREMENT COST FOR PuVVNL FOR FY 2017-18**

Particulars	Derivation	Approved in 30.11.2017	Claimed in APR
Energy Input into Transmission-Distribution Interface (MU)	A	28994.21	27016.33
Bulk Supply Tariff (Rs. /kWh)	B	4.25	4.23
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	<b>C=A*B /10</b>	<b>12328.24</b>	<b>11427.91</b>

**Table 6-23 POWER PROCUREMENT COST FOR KESCO FOR FY 2017-18**

Particulars	Derivation	Approved in 30.11.2017	Claimed in APR
Energy Input into Transmission-Distribution Interface (MU)	A	4442.74	3677.92
Bulk Supply Tariff (Rs. /kWh)	B	4.25	4.23
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	<b>C=A*B /10</b>	<b>1889.04</b>	<b>1555.76</b>

## 6.8 TRANSMISSION AND SLDC CHARGES

6.8.1 The Commission in the MYT Order dated November 30, 2017, approved transmission charges for all State DISCOMs for FY 2017-18 as shown in the Table below:

**Table 6-24 APPROVED TRANSMISSION CHARGES FOR FY 2017-18 (in TO dated 30.11.2017)**

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Energy Input into Transmission- Distribution Interface (MU)	24014.62	22819.62	33504.20	28994.21	4442.74	113775.39

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Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Transmission Cost (Rs. Crore)	559.51	531.67	780.60	675.53	103.51	2650.82
<b>Transmission Tariff (Rs. /kWh)</b>	<b>0.233</b>	<b>0.233</b>	<b>0.233</b>	<b>0.233</b>	<b>0.233</b>	<b>0.233</b>

6.8.2 The State Discoms have submitted the data of Transmission Charges for FY 2017-18 as shown in the Table below:

**Table 6-25 TRANSMISSION CHARGES FOR FY 2017-18 AS SUBMITTED BY THE STATE DISCOMS**

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Energy Input into Transmission-Distribution Interface (MU)	25943.68	22673.26	35724.76	28025.24	3815.27	116182.20
Transmission Cost (Rs. Crore)	448.48	388.28	610.28	482.50	64.56	1994.1
<b>Transmission Tariff (Rs. /kWh)</b>	<b>0.173</b>	<b>0.171</b>	<b>0.171</b>	<b>0.172</b>	<b>0.169</b>	<b>0.172</b>

6.8.3 The transmission licensee, UPPTCL, is also performing the function of SLDC and such SLDC cost is embedded in the transmission charges.

6.8.4 The Commission observed that the revised transmission charges as shown by the State Discoms are lower than the approved transmission charges by the Commission in MYT Order dated November 30, 2017. The transmission charges for FY 2017-18 would further be allowed as pass through during true-up process subject to prudence check by the Commission based on audited accounts.

## 6.9 EMPLOYEE EXPENSES

6.9.1 The Employee Expenses (Consumers) and Employee Expenses (Substations) is calculated considering norms per 1000 consumers and norms per substation using following formulae:

$$\text{Employee Expense (Consumers)} = (\text{Norms per 1000 consumers} \times \text{Number of consumers}) / 1000$$

$$\text{Employee Expense (Substations)} = (\text{Norms per substation} \times \text{Number of consumers})$$

6.9.2 The State Discoms have submitted the data of Employee expenses for FY 2017-18 as shown in the Tables below along with the approved values by the Commission in MYT Order dated November 30, 2017:

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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 6-26 EMPLOYEE EXPENSES FOR DVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.155	0.155
B	Number of consumers	4218858	3705421
C	<b>Employee Expenses (consumers)</b>	<b>652.04</b>	<b>574.34</b>
D	Norms per substation	0.0019	0.0019
E	Number of substations	322276	354349
F	<b>Employee Expenses (substation)</b>	<b>616.16</b>	<b>673.26</b>
G	<b>Total Employee Expenses [(C+F)/2]</b>	<b>634.10</b>	<b>623.80</b>

TABLE 6-27: EMPLOYEE EXPENSES FOR MVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.220	0.220
B	Number of consumers	5325660	4945628
C	<b>Employee Expenses (consumers)</b>	<b>1173.79</b>	<b>1088.04</b>
D	Norms per substation	0.004	0.004
E	Number of substations	279061	333767
F	<b>Employee Expenses (substation)</b>	<b>1,144.35</b>	<b>1368.44</b>
G	<b>Total Employee Expenses [(C+F)/2]</b>	<b>1159.07</b>	<b>1228.24</b>

TABLE 6-28: EMPLOYEE EXPENSES FOR PVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.162	0.162
B	Number of consumers	5581369	5133284
C	<b>Employee Expenses (consumers)</b>	<b>905.09</b>	<b>831.59</b>
D	Norms per substation	0.003	0.003
E	Number of substations	274288	366361
F	<b>Employee Expenses (substation)</b>	<b>862.75</b>	<b>1135.72</b>
G	<b>Total Employee Expenses [(C+F)/2]</b>	<b>883.92</b>	<b>983.66</b>

TABLE 6-29: EMPLOYEE EXPENSES FOR PuVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.184	0.18

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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

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
B	Number of consumers	5395431	5552683
C	<b>Employee Expenses (consumers)</b>	<b>994.97</b>	<b>1021.69</b>
D	Norms per substation	0.003	0.003
E	Number of substations	374814	433292
F	<b>Employee Expenses (substation)</b>	<b>1270.10</b>	<b>1473.19</b>
G	<b>Total Employee Expenses [(C+F)/2]</b>	<b>1132.54</b>	<b>1247.44</b>

TABLE 6-30: EMPLOYEE EXPENSES FOR KESCO IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.295	0.295
B	Number of consumers	608948	585180
C	<b>Employee Expenses (consumers)</b>	<b>179.88</b>	<b>172.63</b>
D	Norms per substation	0.037	0.037
E	Number of substations	5017	5017
F	<b>Employee Expenses (substation)</b>	<b>187.57</b>	<b>187.64</b>
G	<b>Total Employee Expenses [(C+F)/2]</b>	<b>183.72</b>	<b>180.13</b>

TABLE 6-31: CONSOLIDATED EMPLOYEE EXPENSES IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	DVVNL	634.10	623.80
B	MVVNL	1159.07	1228.24
C	PVVNL	883.92	983.66
D	PuVVNL	1132.54	1247.44
E	KESCO	183.72	180.13
	<b>Consolidated (5 Discoms)</b>	<b>3993.35</b>	<b>4263.27</b>

6.9.3 The Commission observed that the revised employee expenses as shown by the State Discoms are higher than the employee expenses approved by the Commission in MYT Order dated November 30, 2017. The analysis of employee expenses for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

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## 6.10 A&G EXPENSES

6.10.1 The A&G Expenses are calculated considering A&G Expense (Consumers) and A&G Expense (Employee) per 1000 consumers as shown below:

$$\text{A\&G Expense (Consumers)} = (\text{Norms per 1000 consumers} \times \text{Number of consumers}) / 1000$$

$$\text{A\&G Expense (Employee)} = (\text{Norms per employee} \times \text{Number of employee})$$

6.10.2 The total A&G expense is calculated by taking the average of A&G Expense (Consumers) and A&G Expense (Employee).

6.10.3 The State Discoms have submitted the data of A&G expenses for FY 2017-18 as shown in the Tables below along with the approved values by the Commission in MYT Order dated November 30, 2017:

TABLE 6-32: A&G EXPENSES FOR DVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.029	0.029
B	Number of Consumers	4218858	3705421
C	Administration & General Expenses (consumers)	124.33	107.46
D	Norms per Employee	0.013	0.013
E	Number of Employee	8459.00	4314.00
F	Administration & General Expenses (Employee)	107.52	54.79
G	Total Administration & General Expenses (C+F)/2	115.92	81.12

TABLE 6-33: A&G EXPENSES FOR MVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.054	0.054
B	Number of Consumers	5325660	4945628
C	Administration & General Expenses (consumers)	286.48	266.07
D	Norms per Employee	0.019	0.019
E	Number of Employee	11017	10474
F	Administration & General Expenses (Employee)	205.40	194.82
G	Total Administration & General Expenses (C+F)/2	245.94	230.45



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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 6-34: A&G EXPENSES FOR PVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.021	0.022
B	Number of Consumers	5581369	5133284
C	<b>Administration &amp; General Expenses (consumers)</b>	<b>119.73</b>	<b>110.37</b>
D	Norms per Employee	0.012	0.012
E	Number of Employee	6239	6322
F	<b>Administration &amp; General Expenses (Employee)</b>	<b>75.88</b>	<b>77.13</b>
G	<b>Total Administration &amp; General Expenses (C+F)/2</b>	<b>97.81</b>	<b>93.75</b>

TABLE 6-35: A&G EXPENSES FOR PuVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.024	0.024
B	Number of Consumers	5395431	5552683
C	<b>Administration &amp; General Expenses (consumers)</b>	<b>127.05</b>	<b>130.49</b>
D	Norms per Employee	0.012	0.012
E	Number of Employee	8336	8218
F	<b>Administration &amp; General Expenses (Employee)</b>	<b>102.41</b>	<b>101.08</b>
G	<b>Total Administration &amp; General Expenses (C+F)/2</b>	<b>114.73</b>	<b>115.78</b>

TABLE 6-36: A&G EXPENSES FOR KESCO IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	Norms per 1000 consumers	0.033	0.033
B	Number of Consumers	608948	585180
C	<b>Administration &amp; General Expenses (consumers)</b>	<b>19.78</b>	<b>19.02</b>
D	Norms per Employee	0.01	0.01
E	Number of Employee	2246	1691
F	<b>Administration &amp; General Expenses (Employee)</b>	<b>28.53</b>	<b>21.48</b>
G	<b>Total Administration &amp; General Expenses (C+F)/2</b>	<b>24.16</b>	<b>20.25</b>





TABLE 6-37: CONSOLIDATED A&G EXPENSES IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	DVVNL	115.92	81.12
B	MVVNL	245.94	230.45
C	PVVNL	97.81	93.75
D	PuVVNL	114.73	115.78
E	KESCO	24.16	20.25
	<b>Consolidated (5 Discoms)</b>	<b>598.56</b>	<b>541.35</b>

6.10.4 The Commission observed that the revised A&G expenses as shown by the State Discoms are lower than the A&G expenses approved by the Commission in MYT Order dated November 30, 2017. The analysis of A&G expenses for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

#### 6.11 R&M EXPENSES

6.11.1 R&M expenses have been calculated as a percentage of average GFA by dividing the total R&M expenses with GFA balance of the relevant year. To arrive at the percentage norm or the factor 'K<sub>b</sub>' for calculation of R&M expenses for the MYT period the State Discoms have referred to the methodology provided in the MYT Order dated November 30, 2017.

6.11.2 The claimed R&M Expenses by the State Discoms along with approved values by the Commission in MYT Order dated November 30, 2017 are as shown in the Tables below:

TABLE 6-38: R&M EXPENSES FOR DVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Average Gross Fixed Assets	8383.71	8643.35
2	Percentage point as per the norm approved by the Commission/ K <sub>b</sub> (%)	6.09%	6.09%
3	<b>Repair &amp; Maintenance Expenses</b>	<b>510.20</b>	<b>526.38</b>

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**TABLE 6-39: R&M EXPENSES FOR MVVNL IN FY 2017-18 (RS. CRORE)**

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Average Gross Fixed Assets	7892.75	7786.39
2	Percentage point as per the norm approved by the Commission/ Kb (%)	5.02%	5.02%
3	<b>Repair &amp; Maintenance Expenses</b>	<b>396.11</b>	<b>390.88</b>

**TABLE 6-40: R&M EXPENSES FOR PVVNL IN FY 2017-18 (RS. CRORE)**

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Average Gross Fixed Assets	12183.28	11880.74
2	Percentage point as per the norm approved by the Commission/ Kb (%)	3.55%	5.93%
3	<b>Repair &amp; Maintenance Expenses</b>	<b>432.02</b>	<b>704.53</b>

**TABLE 6-41: R&M EXPENSES FOR PuVVNL IN FY 2017-18 (RS. CRORE)**

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Average Gross Fixed Assets	9201.71	9603.70
2	Percentage point as per the norm approved by the Commission/ Kb (%)	5.93%	5.93%
3	<b>Repair &amp; Maintenance Expenses</b>	<b>546.04</b>	<b>569.50</b>

**TABLE 6-42: R&M EXPENSES FOR KESCO IN FY 2017-18 (RS. CRORE)**

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Average Gross Fixed Assets	785.25	739.44
2	Percentage point as per the norm approved by the Commission/ Kb (%)	6.31%	6.31%
3	<b>Repair &amp; Maintenance Expenses</b>	<b>49.57</b>	<b>46.66</b>

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TABLE 6-43: CONSOLIDATED R&M EXPENSES IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
A	DVVNL	510.20	526.38
B	MVVNL	396.11	390.88
C	PVVNL	432.02	704.53
D	PuVVNL	546.04	569.50
E	KESCO	49.57	46.66
	<b>Consolidated (5 Discoms)</b>	<b>1933.94</b>	<b>2237.95</b>

6.11.3 The Commission observed that the revised R&M expenses as shown by the State Discoms are higher than the R&M expenses approved by the Commission in MYT Order dated November 30, 2017. The analysis of R&M expenses for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

## 6.12 O&M EXPENSES

6.12.1 Summary of O&M Expenses as submitted by the State Discoms along with approved values by the Commission in MYT Order dated November 30, 2017 are as shown in the Tables below:

TABLE 6-44: O&M EXPENSES FOR DVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Repair & Maintenance Expenses	510.20	526.38
2	Employee Expenses	634.10	623.80
3	Administrative and General Expenses	115.92	81.12
4	Add: 7th pay arrears	47.11	-
5	Add: UPPCL O&M Expenses	-	45.03
6	<b>Gross O&amp;M Expenses</b>	<b>1307.33</b>	<b>1276.33</b>
7	Less: Employee Expenses capitalized	95.12	346.79
8	Less: Administrative and General Expenses capitalized	17.39	-
9	<b>Total Expense capitalised</b>	<b>112.51</b>	<b>346.79</b>
10	<b>Net O&amp;M Expenses</b>	<b>1194.83</b>	<b>929.55</b>

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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 6-45: O&M EXPENSES FOR MVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Repair & Maintenance Expenses	396.11	390.88
2	Employee Expenses	1159.07	1228.24
3	Administrative and General Expenses	245.94	230.45
4	Add: UPPCL O&M Expenses	-	38.72
5	Add: 7th pay arrears	84.74	-
6	<b>Gross O&amp;M Expenses</b>	<b>1885.85</b>	<b>1888.28</b>
	Less :		
7	Employee Expenses capitalized	186.57	214.15
8	Administrative and General Expenses capitalized	36.89	-
9	<b>Total Expense capitalised</b>	<b>223.46</b>	<b>214.15</b>
10	<b>Net O&amp;M Expenses</b>	<b>1662.39</b>	<b>1674.13</b>

TABLE 6-46: O&M EXPENSES FOR PVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Repair & Maintenance Expenses	432.02	704.53
2	Employee Expenses	883.92	983.66
3	Administrative and General Expenses	97.81	93.75
4	Add: UPPCL O&M Expenses	-	62.98
5	Add: 7th pay arrears	66.52	-
6	<b>Gross O&amp;M Expenses</b>	<b>1480.27</b>	<b>1844.91</b>
7	Less: Employee Expenses capitalized	142.57	258.47
8	Less: Administrative and General Expenses capitalized	14.67	-
9	<b>Total Expense capitalised</b>	<b>157.24</b>	<b>258.47</b>
10	<b>Net O&amp;M Expenses</b>	<b>1323.03</b>	<b>1586.45</b>

TABLE 6-47: O&M EXPENSES FOR PuVVNL IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Repair & Maintenance Expenses	546.04	569.50
2	Employee Expenses	1132.54	1247.44
3	Administrative and General Expenses	114.73	115.78
4	Add: 7th pay arrears	86.69	-
5	Add: UPPCL O&M Expenses	-	47.93
6	<b>Gross O&amp;M Expenses</b>	<b>1880.00</b>	<b>1980.66</b>





S.No	Particulars	Approved in 30.11.2017	Claimed in APR
7	Employee Expenses capitalized	169.88	256.56
8	Administrative and General Expenses capitalized	17.21	-
9	<b>Total Expense capitalised</b>	<b>187.09</b>	<b>256.56</b>
10	<b>Net O&amp;M Expenses</b>	<b>1692.91</b>	<b>1724.10</b>

TABLE 6-48: O&M EXPENSES FOR KESCO IN FY 2017-18 (RS. CRORE)

S.No	Particulars	Approved in 30.11.2017	Claimed in APR
1	Repair & Maintenance Expenses	49.57	46.66
2	Employee Expenses	183.72	180.13
3	Administrative and General Expenses	24.16	20.25
4	Add: UPPCL O&M Expenses	-	7.47
5	Add: 7th pay arrears	14.46	-
6	<b>Gross O&amp;M Expenses</b>	<b>271.91</b>	<b>254.51</b>
7	Less: Employee Expenses capitalized	27.56	11.68
8	Less: Administrative and General Expenses capitalized	3.62	-
9	<b>Total Expense capitalised</b>	<b>31.18</b>	<b>11.68</b>
10	<b>Net O&amp;M Expenses</b>	<b>240.73</b>	<b>242.83</b>

### 6.13 CAPITAL INVESTMENT

6.13.1 The capitalisation of expenses and interest has been detailed in the sections dealing with O&M expenses and Interest on long term loans. Further, in line with the methodology adopted by the Commission in its previous Orders, 40% of the total investments including opening CWIP, expenses and interest capitalisation during the year have been projected to be capitalised in FY 2017-18.

6.13.2 It is observed that the State Discoms have claimed the Capital Expenditure Plan and Investment details with schemes such as Vyapar Vikas Nidhi Scheme, Ram Manohar Lohiya Scheme, U/G Cabelling, R-APDRP Part B, IPDS, DDUGJY etc. The details of the same are annexed in this order.

6.13.3 Following assumptions have been used by State Discoms for GFA and CWIP:

- 40% of the opening CWIP and 40% of the investment made during the year, expenses capitalized & interest capitalized (40% of total investment) has been assumed to get capitalized during the year.





6.13.4 Regulations 5.2 of the Distribution MYT Tariff Regulations, 2014 stipulates as below:

Quote

*"The capital investment plan shall show separately, on-going projects that will spill into the control period (details to be provided year wise) under review and new projects (along with justification) that will commence but may be completed within or beyond the control period. **The Commission shall consider and approve the capital investment plan for which the Distribution Licensee shall provide relevant technical and commercial details.**" (Emphasis added)*

Unquote

6.13.5 The Commission in MYT Order dated November 30, 2017 in regard to Capital Investment Plan has observed as follows:

Quote

*6.5.6 Further, for the MYT Control Period, the Commission observed that the capital investment claimed by the Licensees is not in accordance with the Distribution MYT Regulations, 2014 as reproduced above and hence, the Commission vide its deficiency notes sought the remaining information from the Licensees. The Licensees did not submit any of the sought information citing that the required information is under preparation. The Commission in its previous orders has been approving 70% of the claimed capital investment plan as the Licensees did not submit the capital investment plan as per the Regulations. However, the Commission observes that during the MYT Control Period, the Licensees have to undergo intensive capital investment for achieving the targets inked under UDAY and 24 x 7 Power for ALL schemes. Hence, in view of the above, the Commission approves full capital investment (apart from the grants from Gol as discussed above) as proposed by the Petitioners. **The Commission directs the petitioners to submit the complete capital investment plan at the time of APR for FY 2017-18. It is to be noted that in case the Licensees fail to submit the capital investment plan while filing the Annual Performance Review petitions the Commission may disallow, the 30% of proposed capital investment in order to reprimand the petitioners.***

Unquote



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6.13.6 However, State Discoms have not submitted the complete capital investment plan despite Commission's aforesaid directions. The Commission has carried out the required treatment and the same has been discussed in the subsequent chapter.

6.13.7 The details of Capitalisation and Work-in-progress for FY 2017-18 as revised by the State Discoms and as approved by the Commission in MYT Order dated November 30, 2017, is shown in the Tables below:

**TABLE 6-49: CAPITALISATION AND WIP FOR DVVNL IN FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening WIP as on 1st April	A	1526.72	462.98
Investments	B	1703.23	1826.35
Employee Expenses Capitalisation	C	95.12	346.79
A&G Expenses Capitalisation	D	17.39	0.00
Interest Capitalisation on Interest on long term loans	E	78.89	116.26
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>3421.35</b>	<b>2752.38</b>
Transferred to GFA (Total Capitalisation)	<b>G=F*40%</b>	1368.54	1774.85
<b>Closing WIP</b>	<b>H= F-G</b>	<b>2052.81</b>	<b>359.21</b>

**TABLE 6-50: CAPITAL INVESTMENT FOR MVVNL IN FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening WIP as on 1st April	A	2378.78	1724.80
Investments	B	2069.23	1538.68
Employee Expenses Capitalisation	C	186.57	214.15
A&G Expenses Capitalisation	D	36.89	0.00
Interest Capitalisation on Interest on long term loans	E	75.52	0.00
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>4746.99</b>	<b>3477.64</b>
Transferred to GFA (Total Capitalisation)	<b>G=F*40%</b>	1898.80	1414.11
<b>Closing WIP</b>	<b>H= F-G</b>	<b>2848.19</b>	<b>2063.53</b>

**TABLE 6-51: CAPITAL INVESTMENT FOR PVVNL IN FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening WIP as on 1st April	A	2481.85	685.78
Investments	B	5649.29	2315.00
Employee Expenses Capitalisation	C	142.57	258.47



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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	Formulae	Approved in 30.11.2017	Claimed in APR
A&G Expenses Capitalisation	D	14.67	0.00
Interest Capitalisation on Interest on long term loans	E	126.44	65.75
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>8414.81</b>	<b>3325.01</b>
Transferred to GFA (Total Capitalisation)	G=F*40%	3365.93	2577.77
<b>Closing WIP</b>	<b>H= F-G</b>	<b>5048.89</b>	<b>747.24</b>

TABLE 6-52: CAPITAL INVESTMENT FOR PuVVNL IN FY 2017-18 (RS. CRORE)

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening WIP as on 1st April	A	1397.73	1719.87
Investments	B	2159.74	1873.06
Employee Expenses Capitalisation	C	169.88	256.56
A&G Expenses Capitalisation	D	17.21	0.00
Interest Capitalisation on Interest on long term loans	E	82.45	77.27
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>3827.02</b>	<b>3926.76</b>
Transferred to GFA (Total Capitalisation)	G=F*40%	1530.81	2040.88
<b>Closing WIP</b>	<b>H= F-G</b>	<b>2296.21</b>	<b>1885.88</b>

TABLE 6-53: CAPITAL INVESTMENT FOR KESCO IN FY 2017-18 (RS. CRORE)

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening WIP as on 1st April	A	105.68	28.62
Investments	B	252.22	135.46
Employee Expenses Capitalisation	C	27.56	11.68
A&G Expenses Capitalisation	D	3.62	0.00
Interest Capitalisation on Interest on long term loans	E	1.98	0.00
<b>Total Investments</b>	<b>F= A+B+C+D+E</b>	<b>391.06</b>	<b>175.75</b>
Transferred to GFA (Total Capitalisation)	G=F*40%	156.43	34.97
<b>Closing WIP</b>	<b>H= F-G</b>	<b>234.64</b>	<b>140.78</b>

#### 6.14 FINANCING OF THE CAPITAL INVESTMENT

6.14.1 The State Discoms have considered a normative ratio of 70:30 for financing of capital cost. Considering this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has

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been considered to be financed through equity contributions. The portion of capital expenditure financed through consumer contribution, capital subsidies and grants has been separated as the depreciation and interest thereon would not be charged to the beneficiaries.

6.14.2 The total capital investment after netting off the capital investment through deposit works, has been considered to be funded through debt and equity.

6.14.3 The details of funding of Capital investment for FY 2017-18 as revised by the State Discoms and as approved by the Commission in MYT Order dated November 30, 2017, are shown in the Tables below:

**TABLE 6-54: FINANCING OF CAPITAL INVESTMENT FOR DVVNL FOR FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Investment	A	1703.23	1826.35
Less: Consumer Contribution	B	269.63	250.07
Less: Grants	C	-	-
Investment funded by debt and equity	D=A-B-C	1433.59	1576.28
Debt Funded	70% of D	1003.52	1103.40
Equity Funded	30% of D	430.08	472.88

**TABLE 6-55: FINANCING OF CAPITAL INVESTMENT FOR MVVNL FOR FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Investment	A	2069.23	1538.68
Less: Consumer Contribution	B	-	-
Less: Grants	C	338.01	338.01
Investment funded by debt and equity	D=A-B-C	1731.22	1200.67
Debt Funded	70% of D	1211.85	840.47
Equity Funded	30% of D	519.37	360.20

**TABLE 6-56: FINANCING OF CAPITAL INVESTMENT FOR PVVNL FOR FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Investment	A	5649.29	2315.00
Less: Consumer Contribution	B	-	-
Less: Grants	C	907.97	270.64



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Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Investment funded by debt and equity	D=A-B-C	4741.32	2044.36
Debt Funded	70% of D	3318.93	1431.05
Equity Funded	30% of D	1422.40	613.31

TABLE 6-57: FINANCING OF CAPITAL INVESTMENT FOR PuVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Investment	A	2159.74	1873.06
Less: Consumer Contribution	B	381.47	178.81
Less: Grants	C	-	-
Investment funded by debt and equity	D=A-B-C	1778.27	1694.25
Debt Funded	70% of D	1244.79	1185.97
Equity Funded	30% of D	533.48	508.27

TABLE 6-58: FINANCING OF CAPITAL INVESTMENT FOR KESCO FOR FY 2017-18 (RS. CRORE)

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Investment	A	252.22	135.46
Less: Consumer Contribution	B	30.98	34.10
Less: Grants	C	-	-
Investment funded by debt and equity	D=A-B-C	221.24	101.36
Debt Funded	70% of D	154.87	70.95
Equity Funded	30% of D	66.37	30.41

## 6.15 GROSS FIXED ASSETS (GFA) AND DEPRECIATION

- 6.15.1 The State Discoms for the purpose of computing the allowable depreciation, have considered the opening GFA balance for FY 2017-18 equivalent to the closing GFA balance for FY 2016-17 as per the audited balance sheet and have thereafter added the capital additions for FY 2017-18.
- 6.15.2 The State Discoms have computed the weightage average rate of depreciation based on the closing gross fixed asset base for FY 2017-18 and the depreciation rates as prescribed in Annexure-C of the MYT Distribution Regulation, 2014 as shown in the Tables below:

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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 6-59: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY DVVNL (RS. CRORE)**

S.No	Name of the Assets	Gross Opening	Written down value opening	Written down value closing	Depreciation Rates as per UPERC Depreciation Schedule	Depreciation during the Year
1	Land and Land Rights	1.25	1.25	1.25	0%	0.00
2	Buildings	212.05	121.39	168.06	3.02%	4.37
3	Plant & Machinery	2559.80	1429.58	1993.01	7.79%	133.31
4	Lines, Cable Network etc	5280.68	3058.69	4220.99	7.91%	287.91
5	Vehicles	6.33	3.62	5.02	33.40%	1.44
6	Furnitures & Fixtures	3.58	2.05	2.84	12.77%	0.31
7	Office Equipments	1.21	0.69	0.96	12.77%	0.11
8	Asset not in Possession of DVVNL (lines, cables).	-	-	-	7.91%	-
	<b>TOTAL</b>	<b>8064.90</b>	<b>4617.27</b>	<b>6392.12</b>	<b>7.77%</b>	<b>427.45</b>

**TABLE 6-60: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY MVVNL (RS. CRORE)**

S.No	Name of the Assets	Gross Opening	Written down value opening	Written down value closing	Depreciation Rates as per UPERC Depreciation Schedule	Depreciation during the Year
1	Land and Land Rights	1.07	1.07	1.07	0%	0.00
2	Buildings	165.14	91.99	124.69	3.02%	3.27
3	Other Civil Works	14.15	7.88	10.68	3.02%	0.28
4	Plant & Machinery	2777.28	1547.09	2097.05	7.79%	141.94
5	Lines, Cable Network etc	4072.48	2268.59	3075.03	7.91%	211.34
6	Vehicles	5.79	3.22	4.37	33.40%	1.27
7	Furnitures & Fixtures	10.25	5.71	7.74	12.77%	0.86
8	Office Equipments	96.10	53.53	72.56	12.77%	8.05
9	Asset not in Possession of MVVNL (lines, cables).	-	-	-	0.00%	-
	<b>TOTAL</b>	<b>7142.24</b>	<b>3979.07</b>	<b>5393.18</b>	<b>7.83%</b>	<b>367.01</b>



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**TABLE 6-61: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY PVVNL (RS. CRORE)**

S.No	Name of the Assets	Gross Opening	Written down value opening	Written down value closing	Depreciation Rates as per UPERC Depreciation Schedule	Depreciation during the Year
1	Land and Land Rights	2.67	2.67	2.67	0.00%	0.00
2	Buildings	243.19	131.65	158.19	3.02%	4.38
3	Plant & Machinery	3498.87	1894.08	3120.57	7.79%	195.32
4	Lines, Cable Network etc	6814.20	3688.79	5011.68	7.91%	344.10
5	Vehicles	2.26	1.22	1.22	33.40%	0.41
6	Furnitures & Fixtures	10.20	5.52	5.75	12.77%	0.72
7	Office Equipments	20.46	11.08	12.70	12.77%	1.52
8	Asset not in Possession of PVVNL (lines, cables).	0.00	-	-	7.91%	-
	<b>TOTAL</b>	<b>10591.86</b>	<b>5735.01</b>	<b>8312.77</b>	<b>7.78%</b>	<b>546.45</b>

**TABLE 6-62: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY PuVVNL (RS. CRORE)**

S.No	Name of the Assets	Gross Opening	Written down value opening	Written down value closing	Depreciation Rates as per UPERC Depreciation Schedule	Depreciation during the Year
1	Land and Land Rights	1.04	1.04	1.04	0%	-
2	Buildings	152.64	81.89	98.23	3.02%	2.72
3	Plant & Machinery	4783.76	2566.50	4114.42	7.79%	260.22
4	Lines, Cable Network etc	3988.56	2139.88	2614.94	7.91%	188.05
5	Vehicles	1.57	0.84	0.84	33.40%	0.28
6	Furnitures & Fixtures	1.63	0.88	1.04	12.77%	0.12
7	Office Equipments	4.18	2.24	3.63	12.77%	0.37
8	Asset not in Possession of PuVVNL (lines, cables).	-	-	-	7.91%	-
	<b>TOTAL</b>	<b>8933.37</b>	<b>4793.27</b>	<b>6834.15</b>	<b>7.77%</b>	<b>451.77</b>

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**TABLE 6-63: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2017-18 SUBMITTED BY KESCO (RS. CRORE)**

S.No	Name of the Assets	Gross Opening	Written down value opening	Written down value closing	Depreciation Rates as per UPERC Depreciation Schedule	Depreciation during the Year
1	Land and Land Rights	0.00	0.00	0.00	0.00%	0.00
2	Buildings	35.12	15.84	17.54	3.02%	0.50
3	Plant & Machinery	224.50	101.23	112.10	7.79%	8.31
4	Lines, Cable Network etc	441.09	198.88	220.25	7.91%	16.58
5	Vehicles	4.07	1.83	2.03	33.40%	0.65
6	Furnitures & Fixtures	1.62	0.73	0.81	12.77%	0.10
7	Office Equipments	15.55	7.01	7.76	12.77%	0.94
8	Asset not in Possession of KESCO (lines, cables).	-	-	-	7.91%	-
	<b>TOTAL</b>	<b>721.95</b>	<b>325.52</b>	<b>360.49</b>	<b>7.89%</b>	<b>27.08</b>

6.15.3 Regulation 26 of the Distribution MYT Regulations, 2014, specifies as under:

Quote

**26. Treatment of Depreciation:**

a) Depreciation shall be calculated for each year of the control period on the written down value of the fixed assets of the corresponding year.

b) Depreciation shall not be allowed on assets funded by consumer contributions or subsidies / grants.

c) Depreciation shall be calculated annually on the basis of rates as detailed in Annexure – C or as may be notified by the Commission vide a separate order.

d) The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset.

Provided that Land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.

e) Depreciation shall be charged from the first year of operation of the asset.

Provided that in case the operation of the asset is for a part of the year, depreciation shall be charged on proportionate basis.

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f) Provision of replacement of assets shall be made in the capital investment plan.

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6.15.4 Further, the State Discoms have reduced the equivalent depreciation in respect of depreciation on assets created out of consumer contributions, capital grants and subsidies from gross allowable depreciation to arrive at the net allowable depreciation. The comparison of net allowable depreciation as approved by the Commission and as submitted by the State Discoms is shown in the Tables below:

TABLE 6-64: GROSS ALLOWABLE DEPRECIATION FOR DVVNL FOR FY 2017-18 (RS. CRORE)

DVVNL	FY 2017-18	
	Approved in 30.11.2017	Claimed
Opening GFA	7600.96	8064.90
Cumulative Dep	3030.70	3447.63
Written Down Value: Opening	4570.27	4617.27
Additions to GFA	1368.54	1774.85
Deductions to GFA	-	-
Closing GFA	5938.81	9,839.75
<b>Gross Allowable Depreciation</b>	<b>405.47</b>	<b>427.41</b>
Less: Consumer Contribution	237.04	71.52
<b>Net Allowable Depreciation</b>	<b>168.44</b>	<b>355.89</b>

TABLE 6-65: GROSS ALLOWABLE DEPRECIATION FOR MVVNL FOR FY 2017-18 (RS. CRORE)

MVVNL	FY 2017-18	
	Approved in 30.11.2017	Claimed
Opening GFA	6802.47	7,142.24
Cumulative Dep	2867.28	3163.16
Written Down Value: Opening	3935.19	3,979.07
Additions to GFA	1900.02	1414.11
Deductions to GFA	-	-
Closing GFA	5835.21	8556.35
<b>Gross Allowable Depreciation</b>	<b>405.92</b>	<b>367.01</b>
Less: Consumer Contribution	149.25	-
<b>Net Allowable Depreciation</b>	<b>256.66</b>	<b>367.01</b>

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TABLE 6-66: GROSS ALLOWABLE DEPRECIATION FOR PVVNL FOR FY 2017-18 (RS. CRORE)

PVVNL	FY 2017-18	
	Approved in 30.11.2017	Claimed
Opening GFA	10151.70	10,591.86
Cumulative Dep	4407.33	4,856.85
Written Down Value: Opening	5744.36	5,735.01
Additions to GFA	3365.74	2,577.77
Deductions to GFA	-	790.81
Closing GFA	9110.11	12,378.81
<b>Gross Allowable Depreciation</b>	<b>614.77</b>	<b>546.45</b>
Less: Consumer Contribution	156.00	156.00
<b>Net Allowable Depreciation</b>	<b>458.76</b>	<b>390.45</b>

TABLE 6-67: GROSS ALLOWABLE DEPRECIATION FOR PuVVNL FOR FY 2017-18 (RS. CRORE)

PuVVNL	FY 2017-18	
	Approved in 30.11.2017	Claimed
Opening GFA	8247.00	8933.37
Cumulative Dep	3793.08	4140.10
Written Down Value: Opening	4453.92	4793.27
Additions to GFA	1530.74	2040.88
Deductions to GFA	-	700.23
Closing GFA	5984.66	10274.03
<b>Gross Allowable Depreciation</b>	<b>375.94</b>	<b>451.77</b>
Less: Consumer Contribution	139.37	139.31
<b>Net Allowable Depreciation</b>	<b>236.57</b>	<b>312.46</b>

TABLE 6-68: GROSS ALLOWABLE DEPRECIATION FOR KESCO FOR FY 2017-18 (RS. CRORE)

KESCO	FY 2017-18	
	Approved in 30.11.2017	Claimed
Opening GFA	393.02	721.95
Cumulative Dep	338.39	396.43
Written Down Value: Opening	368.95	325.52
Additions to GFA	165.18	34.97
Deductions to GFA	-	-
Closing GFA	534.13	756.92
<b>Gross Allowable Depreciation</b>	<b>30.32</b>	<b>27.08</b>
Less: Consumer Contribution	12.26	7.35



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KESCO	FY 2017-18	
	Approved in 30.11.2017	Claimed
<b>Net Allowable Depreciation</b>	<b>18.06</b>	<b>19.73</b>

## 6.16 INTEREST ON LONG TERM LOANS

6.16.1 State Discoms have considered a normative approach with a debt equity ratio of 70:30. In this approach, 70% of the capital expenditure undertaken in a year has been financed through loan and balance 30% has been considered to be funded through equity contributions.

6.16.2 It is observed that the State Discoms have computed interest on long term loan based on the normative approach adopted by the Commission in its previous Tariff Orders.

6.16.3 The interest on long term loan as claimed by the State Discoms and as approved by the Commission is shown in the Tables below:

**TABLE 6-69: INTEREST ON LONG TERM LOANS FOR DVVNL FOR FY 2017-18 (RS. CRORE)**

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Loan	2956.79	2272.47
Additions (70% of Investments)	1003.52	1103.40
Less: Repayments	168.44	427.41
Closing Loan Balance	3791.87	2948.45
Rate of Interest	10.16%	10.95%
Interest	343.00	285.85
Less: Interest Capitalized	78.89	116.26
<b>Net Interest Charged</b>	<b>264.11</b>	<b>169.59</b>

**TABLE 6-70: INTEREST ON LONG TERM LOANS FOR MVVNL FOR FY 2017-18 (RS. CRORE)**

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Loan	3286.85	3311.90
Additions (70% of Investments)	1211.85	840.47
Less: Repayments	256.81	367.01
Closing Loan Balance	4241.89	3785.37
Rate of Interest	8.72%	10.75%
Interest	328.38	381.31
Less: Interest Capitalized	75.52	-
<b>Net Interest Charged</b>	<b>252.86</b>	<b>381.31</b>

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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 6-71: INTEREST ON LONG TERM LOANS FOR PVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Loan	4026.20	3336.65
Additions (70% of Investments)	3318.93	1431.05
Less: Repayments	458.76	390.45
Closing Loan Balance	6886.36	4377.26
Rate of Interest	10.08%	10.83%
Interest	549.75	417.77
Less: Interest Capitalized	126.44	65.75
<b>Net Interest Charged</b>	<b>423.31</b>	<b>352.02</b>

TABLE 6-72: INTEREST ON LONG TERM LOANS FOR PuVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Loan	3202.10	5005.28
Additions (70% of Investments)	1244.79	1185.97
Less: Repayments	236.57	312.40
Closing Loan Balance	4210.32	5878.86
Rate of Interest	9.67%	10.82%
Interest	358.49	588.99
Less: Interest Capitalized	82.45	77.27
<b>Net Interest Charged</b>	<b>276.04</b>	<b>511.72</b>

TABLE 6-73: INTEREST ON LONG TERM LOANS FOR KESCO FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Loan	22.38	-
Additions (70% of Investments)	154.87	70.95
Less: Repayments	18.06	19.73
Closing Loan Balance	159.19	51.22
Rate of Interest	9.48%	10.50%
Interest	8.61	2.69
Less: Interest Capitalized	1.98	-
<b>Net Interest Charged</b>	<b>6.63</b>	<b>2.69</b>

## 6.17 INTEREST ON WORKING CAPITAL

6.17.1 State Discoms have worked out the interest on working capital based on the methodology specified in the Distribution MYT Regulations, 2014.





6.17.2 Regulation 28 of the Distribution MYT Regulations, 2014 lays down the norms and methodology for calculating interest on working capital, which is as follows:

Quote

*28 The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:*

*a) O&M expenses for one month.*

*b) Two months equivalent of expected revenue.*

*c) Maintenance spares @ 40% of R&M expenses for two months.*

*Less:*

*Security deposits from consumers, if any.*

*Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank Advance Rate (SBAR) as of the date on which petition for determination of tariff is accepted by the Commission. (Emphasis added)*

Unquote

6.17.3 In view of the above Regulations, the State Discoms should have considered interest on working capital at the rate of SBAR prevailing at the time acceptance of the APR data by the Commission, i.e. at 13.70% as provided in the Link below:

(Source: <https://www.sbi.co.in/portal/web/interest-rates/benchmark-prime-lending-rate-historical-data>) as on 21.12.2018)

6.17.4 However, the State Discoms have considered interest on working capital at the rate of 14.05% which is not in accordance with the provisions of the Distribution MYT Regulations, 2014. The Commission will carry out the detailed prudence check while carrying out the truing up for FY 2017-18.

6.17.5 The interest on working capital as submitted by the State Discoms and as approved by the Commission for FY 2017-18 in MYT Order dated November 30, 2017 is shown in the Tables below:

TABLE 6-74: INTEREST ON WORKING CAPITAL FOR DVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
O&M expenses for 1 month	99.57	73.71
Two months equivalent of expected revenue	1865.90	1397.46
Maintenance spares @ 40% of R&M expenses for two month	34.01	35.09





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	Approved in 30.11.2017	Claimed in APR
<b>Gross Total</b>	<b>1999.49</b>	<b>1506.26</b>
Less: Security Deposits from Consumers, if any	496.28	548.34
<b>Net Working Capital</b>	<b>1503.21</b>	<b>957.92</b>
Rate of Interest for Working Capital	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>211.20</b>	<b>134.59</b>

TABLE 6-75: INTEREST ON WORKING CAPITAL FOR MVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
O&M expenses for 1 month	138.53	136.28
Two months equivalent of expected revenue	1751.49	1,679.69
Maintenance spares @ 40% of R&M expenses for two month	26.41	156.35
<b>Gross Total</b>	<b>1916.43</b>	<b>1,972.33</b>
Less: Security deposits from consumers, if any	439.64	482.89
<b>Net Working Capital</b>	<b>1476.79</b>	<b>1,489.43</b>
Rate of Interest for Working Capital	13.85%	14.05%
<b>Interest on Working Capital</b>	<b>204.53</b>	<b>209.27</b>

TABLE 6-76: INTEREST ON WORKING CAPITAL FOR PVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
O&M expenses for 1 month	110.25	126.96
Two months equivalent of expected revenue	2627.43	2542.89
Maintenance spares @ 40% of R&M expenses for two month	28.80	35.91
<b>Gross Total</b>	<b>2766.48</b>	<b>2705.75</b>
Less: Security deposits from consumers, if any	1240.86	1172.71
<b>Net Working Capital</b>	<b>1525.62</b>	<b>1533.04</b>
Rate of Interest for Working Capital	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>214.35</b>	<b>215.39</b>

TABLE 6-77: INTEREST ON WORKING CAPITAL FOR PuVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
O&M expenses for 1 month	141.08	139.68
Two months equivalent of expected revenue	1945.66	1752.31
Maintenance spares @ 40% of R&M expenses for two month	36.40	37.97
<b>Gross Total</b>	<b>2123.14</b>	<b>1929.95</b>



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Particulars	Approved in 30.11.2017	Claimed in APR
Less: Security deposits from consumers, if any	763.99	349.71
<b>Net Working Capital</b>	<b>1359.15</b>	<b>1580.25</b>
Rate of Interest for Working Capital	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>190.96</b>	<b>222.02</b>

TABLE 6-78: INTEREST ON WORKING CAPITAL FOR KESCO FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
O&M expenses for 1 month	20.06	19.61
Two months equivalent of expected revenue	459.63	424.76
Maintenance spares @ 40% of R&M expenses for two month	3.30	18.66
<b>Gross Total</b>	<b>482.99</b>	<b>463.03</b>
Less: Security deposits from consumers, if any	132.11	123.61
<b>Net Working Capital</b>	<b>350.88</b>	<b>339.42</b>
Rate of Interest for Working Capital	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>49.30</b>	<b>47.69</b>

## 6.18 INTEREST ON CONSUMER SECURITY DEPOSITS

- 6.18.1 As per the Regulation 28 of the UPERC Distribution MYT Regulation, 2014 and as per the provisions of the UPERC Electricity Supply Code, 2005 and its subsequent amendments/addendums and the new regulations made after repeal of the same, the State Discoms have to pay interest on the consumers' security deposits.
- 6.18.2 Further, in terms of the Commission's Order dated June 30, 2017, the State Discoms have to pay interest to the consumers at RBI bank rate or more on the consumer security deposit.
- 6.18.3 As per Distribution MYT Regulations 2014, the interest on Security deposits shall be allowed as follows:

Quote

*Provided further that interest shall be allowed on consumer security deposits as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments / addendums & the new regulations made after repeal of the same.*

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6.18.4 The Commission has observed that State Discoms have taken the interest rate for calculation of security deposit upto 13.82%. However, the actual interest payable on consumer security deposits would be at the Bank Rates notified by the RBI from time to time as per the provision of the Regulations. The current Bank rate of RBI is less than 8%. (Source: <https://rbi.org.in/Scripts/NotificationUser.aspx?id=11353&Mode=>)

6.18.5 The Commission will carry out the detailed prudence check while carrying out the trueing up for FY 2017-18. The interest on Security Deposit as submitted by the State Discoms and as approved by the Commission for FY 2017-18 is shown in the Tables below:

**TABLE 6-79: INTEREST ON SECURITY DEPOSITS FOR DVVNL FOR FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening Balance Security Deposits from Consumers	A	464.38	475.34
Additions		31.89	47.11
Projected Closing Balance Security Deposits from Consumers	B	496.27	522.45
Bank Rate (%)	C	7.75%	9.36%
<b>Interest on Security Deposits</b>	<b>D= (A+B)/2*C</b>	<b>37.23</b>	<b>46.70</b>

**TABLE 6-80: INTEREST ON SECURITY DEPOSITS FOR MVVNL FOR FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening Balance Security Deposits from Consumers	A	414.30	450.72
Additions		25.34	64.34
Projected Closing Balance Security Deposits from Consumers	B	439.64	515.06
Bank Rate (%)	C	7.75%	9.36%
<b>Interest on Security Deposits</b>	<b>D= (A+B)/2*C</b>	<b>33.09</b>	<b>45.20</b>

**TABLE 6-81: INTEREST ON SECURITY DEPOSITS FOR PVVNL FOR FY 2017-18 (RS. CRORE)**

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening Balance Security Deposits from Consumers	A	1100.77	1122.21
Additions		140.09	101
Projected Closing Balance Security Deposits from Consumers	B	1240.86	1223.21
Bank Rate (%)	C	7.75%	9%





Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Interest on Security Deposits	$D = (A+B)/2 * C$	90.74	377.61

TABLE 6-82: INTEREST ON SECURITY DEPOSITS FOR PuVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening Balance Security Deposits from Consumers	A	697.81	331.51
Additions		66.18	36.4
Projected Closing Balance Security Deposits from Consumers	B	763.99	367.91
Bank Rate (%)	C	7.75%	13.82%
Interest on Security Deposits	$D = (A+B)/2 * C$	56.64	48.32

TABLE 6-83: INTEREST ON SECURITY DEPOSITS FOR KESCO FOR FY 2017-18 (RS. CRORE)

Particulars	Formulae	Approved in 30.11.2017	Claimed in APR
Opening Balance Security Deposits from Consumers	A	124.62	117.47
Additions		7.49	6.14
Projected Closing Balance Security Deposits from Consumers	B	132.11	123.61
Bank Rate (%)	C	7.75%	9.36%
Interest on Security Deposits	$D = (A+B)/2 * C$	9.95	10.32

## 6.19 INTEREST AND FINANCE CHARGES

- 6.19.1 The State Discoms have submitted the finance charges towards expenses such as guarantee fees and bank charges.
- 6.19.2 The Commission in MYT Order dated November 30, 2017 has considered bank charges being the legitimate expense as submitted by State Discoms for the control period (FY 2017-18 to FY 2019-20) as finance charges.
- 6.19.3 The comparison of interest and Finance charges as submitted by the State Discoms and as approved by the Commission for FY 2017-18 is shown in the Tables below:



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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 6-84: INTEREST CHARGES FOR DVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Interest on Long term Loans	343.00	285.85
Interest on Working Capital Loans	211.20	134.59
<b>Sub Total</b>	<b>554.20</b>	<b>420.44</b>
Interest on Consumer Security Deposits	37.23	46.70
Bank Charges	0.69	2.22
Profit Sharing	0.00	-
Total Finance Charges	37.92	48.92
<b>Gross Total Interest &amp; Finance Charges</b>	<b>592.12</b>	<b>469.35</b>
Less: Capitalization of interest on Long term Loans	78.89	116.26
% Capitalization	23.00%	40.67%
<b>Net Interest &amp; Finance Charges</b>	<b>513.23</b>	<b>353.01</b>

TABLE 6-85: INTEREST CHARGES FOR MVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Interest on Long term Loans	328.38	381.31
Interest on Working Capital Loans	204.53	209.27
<b>Sub Total</b>	<b>532.92</b>	<b>590.57</b>
Interest on Consumer Security Deposits	33.09	45.20
Bank Charges	27.76	21.33
Profit Sharing	-	-
Total Finance Charges	60.85	66.53
<b>Gross Total Interest &amp; Finance Charges</b>	<b>593.76</b>	<b>657.11</b>
Less: Capitalization of interest on Long term Loans	75.52	0.00
% Capitalization	23.00%	0.00%
<b>Net Interest &amp; Finance Charges</b>	<b>518.24</b>	<b>657.11</b>

TABLE 6-86: INTEREST CHARGES FOR PVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Interest on Long term Loans	549.75	417.77
Interest on Working Capital Loans	214.35	215.39
<b>Sub Total</b>	<b>764.10</b>	<b>633.16</b>
Interest on Consumer Security Deposits	90.74	377.61
Bank Charges	51.65	12.38
Profit Sharing	-	-
Total Finance Charges	142.39	389.99

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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	Approved in 30.11.2017	Claimed in APR
<b>Gross Total Interest &amp; Finance Charges</b>	<b>906.49</b>	<b>1023.16</b>
Less: Capitalization of interest on Long term Loans	126.44	65.75
% Capitalization	23.00%	15.74%
<b>Net Interest &amp; Finance Charges</b>	<b>780.05</b>	<b>957.41</b>

TABLE 6-87: INTEREST CHARGES FOR PuVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Interest on Long term Loans	358.49	588.99
Interest on Working Capital Loans	190.96	222.02
<b>Sub Total</b>	<b>549.45</b>	<b>811.01</b>
Interest on Consumer Security Deposits	56.64	48.32
Bank Charges	0.02	19.10
Discount to Consumers	-	-
Total Finance Charges	56.66	67.42
<b>Gross Total Interest &amp; Finance Charges</b>	<b>606.11</b>	<b>878.43</b>
Less: Capitalization of interest on Long term Loans	82.45	77.27
% Capitalization	23.00%	13.12%
<b>Net Interest &amp; Finance Charges</b>	<b>523.66</b>	<b>801.16</b>

TABLE 6-88: INTEREST CHARGES FOR KESCO FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Interest on Long term Loans	8.61	2.69
Interest on Working Capital Loans	49.30	47.69
<b>Sub Total</b>	<b>57.90</b>	<b>50.38</b>
Interest on Consumer Security Deposits	9.95	10.32
Bank Charges	-	21.75
Discount to Consumers	-	-
<b>Total Finance Charges</b>	<b>9.95</b>	<b>32.07</b>
<b>Gross Total Interest &amp; Finance Charges</b>	<b>67.86</b>	<b>82.44</b>
Less: Capitalization of interest on Long term Loans	1.98	0.00
% Capitalization	23.00%	0.00%
<b>Net Interest &amp; Finance Charges</b>	<b>65.88</b>	<b>82.44</b>

6.19.4 The analysis of Interest and Finance charges for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.



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## 6.20 PROVISION FOR DOUBTFUL DEBTS

6.20.1 Regulation 29 of the UPERC Distribution MYT Regulations, 2014 provides for expenses under bad and doubtful Debts to the extent of 2% of the revenue receivables as specified below:

Quote

### **29. Bad and Doubtful Debts:**

*Bad and Doubtful Debts shall be allowed as a legitimate business expense with the ceiling limit of 2% of the revenue receivables **provided the distribution licensee actually identifies and writes off bad debts as per the transparent policy approved by the Commission.** In case there is any recovery of bad debts already written off, the recovered bad debt will be treated as other income.*

**(Emphasis Added)**

Unquote

6.20.2 The Commission in the Tariff Order for FY 2017-18 dated November 30, 2017 has disallowed the provision for bad and doubtful debts on account of lack of proper and transparent policy for actual identification and write-off the bad debts. The Commission also directed the State Discoms to frame guidelines and procedures for identifying, physically verifying and writing off the bad debts submit the same to the Commission for its approval. The relevant extract of the Commission's aforesaid Order is reproduced below:

Quote

*6.9.9 The very fact that the Petitioners have not been able to identify and write off any amount towards bad and doubtful debts till now clearly indicates lack of proper policy framework for identification, recognition, and management of provision for bad and doubtful debts. **Therefore, in accordance with the Regulations, the Commission has not allowed the Petitioner's claim towards provision for bad and doubtful debts for the first control period.***

*6.9.10 In view of the above, the Commission directs the Petitioners to frame guidelines and procedures for identifying, physically verifying and writing off the bad debts and also to fix responsibility of its employees in this regard immediately and submit the same to the Commission for its approval. 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 Licensees 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. The same shall be reviewed at the time of APR. (Emphasis added)*

Unquote

- 6.20.3 It can be seen from the above extract of the Order that the Commission directed State Discoms 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, which will be reviewed at the time of APR.
- 6.20.4 In view of the above directions, UPPCL submitted the policy framework for writing off bad and doubtful debts as on February 8, 2018 which has been discussed in the true up chapter for FY 2015-16.
- 6.20.5 The comparison of provision for doubtful debts as submitted by the State Discoms for FY 2017-18 and as approved by the Commission in MYT Order dated November 30, 2017 is shown in the Table below:

**TABLE 6-89: PROVISION FOR DOUBTFUL DEBTS FOR FY 2017-18 (In Rs Cr)**

Particulars	Approved in 30.11.2017	Claimed in APR
DVVNL	-	167.69
MVVNL	-	164.94
PVVNL	-	160.59
PuVVNL	-	204.35
KESCO	-	15.75
<b>Consolidated (5 Discoms)</b>	-	<b>713.32</b>

- 6.20.6 The analysis of Provision for Doubtful debts for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

## 6.21 RETURN ON EQUITY

- 6.21.1 Regulations 31 of the UPERC Distribution MYT Regulations, 2014 provides for return on equity @16% as specified below:

Quote

### **31 Treatment of Return on equity**

*a) Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower:*

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Provided that assets funded by consumer contribution, capital subsidies / grants and corresponding depreciation shall not form part of the capital base. Actual equity infused in the Distribution Licensee as per book value shall be considered as perpetual and shall be used for computation in these regulations.

b) 16% (sixteen) post-tax return on equity shall be considered irrespective of whether the Distribution Licensee has claimed return on equity in the ARR petition.

Unquote

6.21.2 It can be observed that the above extract of the Distribution MYT Regulations, 2014, provides for 16% post tax return on equity irrespective of whether the distribution licensees have claimed return on equity in the ARR petition.

6.21.3 In line with provision of the Distribution MYT Regulations, 2014, the Commission had allowed Return on equity (RoE) in the MYT Order dated November 30, 2017. The comparison of approved RoE by the Commission in Tariff Order dated November 30, 2017 and Discoms' claim is shown in the Tables below:

TABLE 6-90: RETURN OF EQUITY FOR DVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Equity	1888.14	4201.23
Additions (30% of Capitalization)	410.56	472.88
Less: Consumer Contribution	57.48	0.00
Closing Equity	2241.23	4674.12
Return on Equity	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>330.35</b>	<b>710.03</b>

TABLE 6-91: RETURN OF EQUITY FOR MVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Equity	1735.87	2098.05
Additions (30% of Capitalization)	519.37	360.20
Less: Consumer Contribution	72.71	0.00
Closing Equity	2182.53	2458.25
Return on Equity	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>313.47</b>	<b>393.32</b>

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TABLE 6-92: RETURN OF EQUITY FOR PUVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Equity	2623.85	3219.01
Additions (30% of Capitalization)	1009.78	613.31
Less: Consumer Contribution	171.90	0.00
Closing Equity	3461.72	3832.32
Return on Equity	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>486.85</b>	<b>613.17</b>

TABLE 6-93: RETURN OF EQUITY FOR PuVVNL FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Equity	2092.13	3210.11
Additions (30% of Capitalization)	459.24	508.27
Less: Consumer Contribution	64.29	0.00
Closing Equity	2487.08	3718.39
Return on Equity	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>366.34</b>	<b>594.94</b>

TABLE 6-94: RETURN OF EQUITY FOR KESCO FOR FY 2017-18 (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Opening Equity	167.73	204.03
Additions (30% of Capitalization)	46.93	30.41
Less: Consumer Contribution	6.57	0.00
Closing Equity	208.09	234.44
Return on Equity	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>30.07</b>	<b>35.08</b>

6.21.4 The analysis of Provision for Doubtful debts for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

## 6.22 NON-TARIFF INCOME

6.22.1 Non-tariff income includes income such as interest on loans & advances to employees, income from fixed rate investment deposits and other miscellaneous income from retail sources



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6.22.2 Regulations 33 of the UPERC Distribution MYT Regulations, 2014, provides for treatment of non-tariff income, which is as follows:

Quote

**33. Non-Tariff Income**

a) All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee.

b) Interest earned on security deposits, in excess of the rate specified by the Commission shall be considered as Non-Tariff income of the Licensees.

c) The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee.

Provided further that any expenditure incurred for generating/ earning Non-Tariff Income may be reduced from such income.

Unquote

6.22.3 The Non- Tariff income for FY 2017-18 as approved by the Commission in MYT Order dated November 30, 2017 and as submitted by State Discoms is shown in the Table below:

**TABLE 6-95: NON-TARIFF INCOME FOR FY 2017-18 (RS. CRORE)**

Particulars	Approved in 30.11.2017	Claimed in APR
DVVNL	29.78	23.01
MVVNL	28.50	40.36
PVVNL	26.45	39.40
PuVVNL	18.28	15.80
KESCO	10.37	18.44

6.22.4 The analysis of Non- tariff Income for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

**6.23 GoUP SUBSIDY**

6.23.1 The State Discoms have submitted the details of the subsidy. The details of GoUP subsidy for FY 2017-18 as approved by the Commission in MYT Order dated





November 30, 2017 and as submitted by State Discoms is shown in the Table below:

**TABLE 6-96: DETAILS OF GoUP SUBSIDY FOR FY 2017-18 (RS. CRORE)**

Particulars	Approved in 30.11.2017	Claimed in APR
DVVNL	950.85	1864.69
MVVNL	1122.84	1342.50
PVVNL	1989.61	911.84
PuVVNL	1436.70	1634.45
<b>Consolidated (5 Discoms)</b>	<b>5500.00</b>	<b>5753.48</b>

6.23.2 The analysis of GoUP subsidy for FY 2017-18 would be carried out during true-up process subject to prudence check by the Commission based on audited accounts.

#### 6.24 REVENUE FROM SALE OF ENERGY

6.24.1 The State Discoms have revised the revenue from existing tariff (based on approved Tariff as per MYT Order dated November 30, 2017) to Rs. 8384.75 Crore for DVVNL, Rs. 10078.14 Crore for MVVNL, Rs. 15257.33 Crore for PVVNL, Rs. 1634.45 Crore for PuVVNL and Rs. 2548.54 Crore for KESCO.

6.24.2 The following Tables summarize the revenue approved by Commission for FY 2017-18 vide MYT Order dated November 30, 2017 and revenue revised by State Discoms at approved tariff by the Commission for FY 2017-18.

**TABLE 6-97: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR DVVNL (RS. CRORE)**

S.No	Categories	Approved in 30.11.2017	Claimed in APR
A	LMV-1 Domestic light fan & power	3571.36	2249.89
B	LMV-2-Non domestic light fan & power	869.28	1078.46
C	LMV-3 Public lamps	145.31	88.80
D	LMV-4 Light, fan & power for public/private institution	637.78	-
E	LMV-5 Private tube well/pumping sets	1174.35	409.90
F	LMV-6 Small & medium power upto 100 hp/75kw	699.99	460.55
G	LMV-7 Public water works	525.55	247.24
H	LMV-8 State tube wells & pumps canal upto 100 hp (lmv-8)	520.06	419.74
I	LMV-9 Temporary supply	40.20	-
J	LMV- 10 Departmental employees	27.51	-
K	HV-1 Non industrial bulk load	579.55	-







*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*

S.No	Categories	Approved in 30.11.2017	Claimed in APR
L	HV-2 Large & heavy power above 100 bhp (75 kw)	1905.24	1999.00
M	HV-3 Railway traction	373.97	188.53
N	HV-4 Lift irrigation & p. canal above 100 bhp (75kw)	125.26	111.71
O	Bulk Supply	-	909.56
P	Miscellaneous charges from consumers	-	279.47
Q	Less: Energy internally consumed	-	38.03
	<b>Sub-Total</b>	<b>11195.41</b>	<b>8404.82</b>

**TABLE 6-98: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR MVVNL (RS. CRORE)**

S.No	Categories	Approved in 30.11.2017	Claimed in APR
A	LMV-1 Domestic light fan & power	3793.14	3598.50
B	LMV-2-Non domestic light fan & power	1165.73	1237.91
C	LMV-3 Public lamps	404.50	272.38
D	LMV-4 Light, fan & power for public/private institution	430.93	-
E	LMV-5 Private tube well/pumping sets	200.77	234.65
F	LMV-6 Small & medium power upto 100 hp/75kw	508.83	373.50
G	LMV-7 Public water works	537.47	351.24
H	LMV-8 State tube wells & pumps canal upto 100 hp (lmv-8)	923.61	476.43
I	LMV-9 Temporary supply	32.29	-
J	LMV- 10 Departmental employees	40.12	-
K	HV-1 Non industrial bulk load	672.99	1774.30
L	HV-2 Large & heavy power above 100 bhp (75 kw)	1298.99	
M	HV-3 Railway traction	325.82	261.64
N	HV-4 Lift irrigation & p. canal above 100 bhp (75kw)	145.70	90.09
O	Bulk Supply	28.06	54.57
P	Miscellaneous charges from consumers	-	167.00
Q	Less: Energy internally consumed	-	25.74
	<b>Sub-Total</b>	<b>10508.95</b>	<b>8866.47</b>

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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 6-99: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR PUVNL (RS. CRORE)**

S.No	Categories	Approved in 30.11.2017	Claimed in APR
A	LMV-1 Domestic light fan & power	5468.71	4360.93
B	LMV-2-Non domestic light fan & power	1300.16	1608.89
C	LMV-3 Public lamps	231.75	382.17
D	LMV-4 Light, fan & power for public/private institution	323.45	686.54
E	LMV-5 Private tube well/pumping sets	437.16	323.41
F	LMV-6 Small & medium power upto 100 hp/75kw	1190.21	1076.23
G	LMV-7 Public water works	388.12	369.29
H	LMV-8 State tube wells & pumps canal upto 100 hp (lmv-8)	383.00	432.88
I	LMV-9 Temporary supply	126.90	-
J	LMV- 10 Departmental employees	36.47	-
K	HV-1 Non industrial bulk load	1878.96	5367.57
L	HV-2 Large & heavy power above 100 bhp (75 kw)	3888.60	-
M	HV-3 Railway traction	110.76	83.86
N	HV-4 Lift irrigation & p. canal above 100 bhp (75kw)	0.32	0.37
O	Bulk Supply	-	-
P	Miscellaneous charges from consumers	-	323.42
Q	Less: Energy internally consumed	-	-
	<b>Sub-Total</b>	<b>15764.57</b>	<b>15015.56</b>

**TABLE 6-100: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR PuVVNL (RS. CRORE)**

S.No	Categories	Approved in 30.11.2017	Claimed in APR
A	LMV-1 Domestic light fan & power	4013.55	3548.49
B	LMV-2-Non domestic light fan & power	1247.97	1900.26
C	LMV-3 Public lamps	175.57	116.26
D	LMV-4 Light, fan & power for public/private institution	690.16	-
E	LMV-5 Private tube well/pumping sets	488.01	316.19
F	LMV-6 Small & medium power upto 100 hp/75kw	555.90	502.13
G	LMV-7 Public water works	508.18	363.00
H	LMV-8 State tube wells & pumps canal upto 100 hp (lmv-8)	1305.77	652.41
I	LMV-9 Temporary supply	10.77	-

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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

S.No	Categories	Approved in 30.11.2017	Claimed in APR
J	LMV- 10 Departmental employees	42.33	90.75
K	HV-1 Non industrial bulk load	422.25	1256.86
L	HV-2 Large & heavy power above 100 bhp (75 kw)	1022.98	
M	HV-3 Railway traction	512.83	402.70
N	HV-4 Lift irrigation & p. canal above 100 bhp (75kw)	677.70	385.08
O	Bulk Supply	-	-
P	Miscellaneous charges from consumers	-	749.62
Q	Less: Energy internally consumed	-	-
	<b>Sub-Total</b>	<b>11673.97</b>	<b>10193.00</b>

TABLE 6-101: REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 FOR KESCO (RS. CRORE)

S.No.	Categories	Approved in 30.11.2017	Claimed in APR
A	LMV-1 Domestic light fan & power	1071.61	886.14
B	LMV-2-Non domestic light fan & power	329.46	370.44
C	LMV-3 Public lamps	63.77	39.88
D	LMV-4 Light, fan & power for public/private institution	63.40	-
E	LMV-5 Private tube well/pumping sets	0.00	0.00
F	LMV-6 Small & medium power upto 100 hp/75kw	390.65	-
G	LMV-7 Public water works	90.48	102.32
H	LMV-8 State tube wells & pumps canal upto 100 hp (lmv-8)	0.00	-
I	LMV-9 Temporary supply	0.00	-
J	LMV- 10 Departmental employees	5.79	-
K	HV-1 Non industrial bulk load	170.85	1210.59
L	HV-2 Large & heavy power above 100 bhp (75 kw)	571.75	
M	HV-3 Railway traction	0.00	-
N	HV-4 Lift irrigation & p. canal above 100 bhp (75kw)	0.00	-
O	Bulk Supply	0.00	-
P	Less: Energy internally consumed	-	145.34
	<b>Sub-Total</b>	<b>2706.32</b>	<b>2548.54</b>



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**TABLE 6-102: CONSOLIDATED REVENUE FROM SALE OF POWER AT APPROVED (REVISED) TARIFF FOR FY 2017-18 (RS. CRORE)**

S.No.	Categories	Approved in 30.11.2017	Claimed in APR
A	LMV-1 Domestic light fan & power	17918.37	14643.95
B	LMV-2-Non domestic light fan & power	4912.60	6195.96
C	LMV-3 Public lamps	1020.90	899.49
D	LMV-4 Light, fan & power for public/private institution	2145.72	686.54
E	LMV-5 Private tube well/pumping sets	2300.29	1284.15
F	LMV-6 Small & medium power upto 100 hp/75kw	3345.58	2412.41
G	LMV-7 Public water works	2049.80	1433.09
H	LMV-8 State tube wells & pumps canal upto 100 hp (lmv-8)	3132.44	1981.46
I	LMV-9 Temporary supply	210.16	0.00
J	LMV- 10 Departmental employees	152.22	0.00
K	HV-1 Non industrial bulk load	3724.60	
L	HV-2 Large & heavy power above 100 bhp (75 kw)	8687.56	11608.32
M	HV-3 Railway traction	1323.38	936.73
N	HV-4 Lift irrigation & p. canal above 100 bhp (75kw)	948.98	587.25
O	Bulk Supply	28.06	964.13
P	Miscellaneous charges from consumers	-	1519.51
Q	Less: Energy internally consumed	-	209.11
	<b>Sub-Total</b>	<b>51900.66</b>	<b>44943.88</b>

## 6.25 ARR AND REVENUE GAP

6.25.1 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 6-103: ARR SUMMARY FOR FY 2017-18 FOR DVVNL (RS. CRORE)**

Particulars	Approved in 30.11.2017	Claimed in APR
Power Purchase Expenses	10210.93	9919.05
Transmission Expenses	559.51	448.48
<b>Gross O&amp;M Expenses</b>	<b>1307.33</b>	<b>1276.33</b>
Employee Expenses	681.21	623.80
R&M Expenses	510.20	526.38
A&G Expenses	115.92	81.12
Apportionment of O&M expenses	-	45.03





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	Approved in 30.11.2017	Claimed in APR
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
<b>Gross Expenditure</b>	<b>12838.33</b>	<b>12636.81</b>
Less:		
Employee Capitalisation	95.12	346.79
A&G Capitalisation	17.39	0.00
Interest Capitalisation	78.89	116.26
<b>Total Capitalisation</b>	<b>191.40</b>	<b>463.05</b>
<b>Net Expenditure</b>	<b>12646.93</b>	<b>12173.76</b>
Add: Return on Equity	330.35	710.03
Less: Non-tariff Incomes	29.78	23.01
<b>Annual Revenue Requirement</b>	<b>12947.50</b>	<b>12860.77</b>
Less: Revenue from Tariff including DPS	11195.41	8384.75
Less: GoUP Subsidy	950.85	1864.69
Less: Additional Subsidy to be provided by GoUP	-	-
<b>Net Revenue Gap</b>	<b>801.24</b>	<b>2611.33</b>

TABLE 6-104: ARR SUMMARY FOR FY 2017-18 FOR MVVNL (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Power Purchase Expenses	9702.82	8902.72
Transmission Expenses	531.67	388.28
<b>Gross O&amp;M Expenses</b>	<b>1885.85</b>	<b>1888.28</b>
Employee Expenses	1243.81	1228.24
R&M Expenses	396.11	390.88
A&G Expenses	245.94	230.45
Apportionment of 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

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*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	Approved in 30.11.2017	Claimed in APR
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
<b>Gross Expenditure</b>	<b>12970.92</b>	<b>12368.35</b>
Less:		
Employee Capitalisation	186.57	214.15
A&G Capitalisation	36.89	-
Interest Capitalisation	75.52	0.00
<b>Total Capitalisation</b>	<b>298.99</b>	<b>214.15</b>
<b>Net Expenditure</b>	<b>12671.93</b>	<b>12154.20</b>
Add: Return on Equity	313.47	393.32
Less: Non-tariff Incomes	28.50	40.36
<b>Annual Revenue Requirement</b>	<b>12956.91</b>	<b>12507.16</b>
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	-	-
<b>Net Revenue Gap</b>	<b>1325.12</b>	<b>1086.51</b>

**TABLE 6-105: ARR SUMMARY FOR FY 2017-18 FOR PVVNL (RS. CRORE)**

Particulars	Approved in 30.11.2017	Claimed in APR
Power Purchase Expenses	14245.87	14885.43
Transmission Expenses	780.60	610.28
<b>Gross O&amp;M Expenses</b>	<b>1480.27</b>	<b>1844.91</b>
Employee Expenses	950.44	983.66
R&M Expenses	432.02	704.53
A&G Expenses	97.81	93.75
Apportionment of 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		

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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	Approved in 30.11.2017	Claimed in APR
Prior Period Expenses		
Interest on GPF		
Provision for Bad and Doubtful Debts		160.59
<b>Gross Expenditure</b>	<b>17871.99</b>	<b>18914.82</b>
Less:		
Employee Capitalisation	142.57	258.47
A&G Capitalisation	14.67	0.00
Interest Capitalisation	126.44	65.75
<b>Total Capitalisation</b>	<b>283.68</b>	<b>324.22</b>
<b>Net Expenditure</b>	<b>17588.31</b>	<b>18590.60</b>
Add: Return on Equity	486.85	613.17
Less: Non-tariff Incomes	26.45	39.40
<b>Annual Revenue Requirement</b>	<b>18048.70</b>	<b>19164.37</b>
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	-	-
<b>Net Revenue Gap</b>	<b>294.52</b>	<b>2995.20</b>

TABLE 6-106: ARR SUMMARY FOR FY 2017-18 FOR PuVVNL (RS. CRORE)

Particulars	Approved in 30.11.2017	Claimed in APR
Power Purchase Expenses	12328.24	10943.54
Transmission Expenses	675.53	482.50
<b>Gross O&amp;M Expenses</b>	<b>1880.00</b>	<b>1980.66</b>
Employee Expenses	1219.23	1247.44
R&M Expenses	546.04	569.50
A&G Expenses	114.73	115.78
Apportionment of 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
<b>Gross Expenditure</b>	<b>15726.44</b>	<b>14801.87</b>

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*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	Approved in 30.11.2017	Claimed in APR
Less:		
Employee Capitalisation	169.88	256.56
A&G Capitalisation	17.21	-
Interest Capitalisation	82.45	77.27
<b>Total Capitalisation</b>	269.54	333.83
<b>Net Expenditure</b>	<b>15456.90</b>	<b>14468.04</b>
Add: Return on Equity	366.34	594.94
Less: Non-tariff Incomes	18.28	15.80
<b>Annual Revenue Requirement</b>	<b>15804.96</b>	<b>15047.18</b>
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	-	-
<b>Net Revenue Gap</b>	<b>2694.29</b>	<b>2898.89</b>

**TABLE 6-107: ARR SUMMARY FOR FY 2017-18 FOR KESCO (RS. CRORE)**

Particulars	Approved in 30.11.2017	Claimed in APR
Power Purchase Expenses	1889.04	1584.02
Transmission Expenses	103.51	64.56
<b>Gross O&amp;M Expenses</b>	<b>271.91</b>	<b>254.51</b>
Employee Expenses	198.18	180.13
R&M Expenses	49.57	46.66
A&G Expenses	24.16	20.25
Apportionment of 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
<b>Gross Expenditure</b>	<b>2350.37</b>	<b>2021.00</b>
Less:		
Employee Capitalisation	27.56	11.68
A&G Capitalisation	3.62	
Interest Capitalisation	1.98	

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*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	Approved in 30.11.2017	Claimed in APR
<b>Total Capitalisation</b>	<b>33.16</b>	<b>11.68</b>
<b>Net Expenditure</b>	<b>2317.21</b>	<b>2009.32</b>
Add: Return on Equity	30.07	35.08
Less: Non-tariff Incomes	10.37	18.44
<b>Annual Revenue Requirement</b>	<b>2336.90</b>	<b>2025.97</b>
Less: Revenue from Tariff including DPS	2706.32	2548.54
Less: GoUP Subsidy	-	-
Less: Additional Subsidy to be provided by GoUP	-	-
<b>Net Revenue Gap</b>	<b>(369.42)</b>	<b>(522.57)</b>

**TABLE 6-108: 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
<b>Gross O&amp;M Expenses</b>	<b>6825.36</b>	<b>7042.57</b>
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 Miscellaneous Expenses	-	-
Prior Period Expenses	-	-
Interest on GPF	-	-
Provision for Bad and Doubtful Debts	-	713.33
<b>Gross Expenditure</b>	<b>61758.05</b>	<b>60742.85</b>
Less:	-	-
Employee Capitalisation	621.69	1087.64
A&G Capitalisation	89.79	-
Interest Capitalisation	365.29	259.29
<b>Total Capitalisation</b>	<b>1076.77</b>	<b>1346.93</b>
<b>Net Expenditure</b>	<b>60681.28</b>	<b>59395.91</b>
Add: Return on Equity	1527.07	2346.54

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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
Less: Non-tariff Incomes	113.39	137.01
<b>Annual Revenue Requirement</b>	<b>62094.96</b>	<b>61605.44</b>
Less: Revenue from Tariff including DPS	49788.32	46782.60
Less: GoUP Subsidy	5500.00	5753.48
<b>Net Revenue Gap / (Surplus)</b>	<b>6806.65</b>	<b>9069.36</b>
Less: Additional Subsidy to be provided by GoUP	-	-
<b>Net Revenue Gap</b>	<b>6806.65</b>	<b>9069.36</b>



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## 7. AGGREGATE REVENUE REQUIREMENT FOR FY 2018-19

### 7.1 INTRODUCTION

7.1.1 In this section, the Commission has undertaken the process of approval of the Aggregate Revenue Requirement (ARR) for FY 2018-19 in line with the provisions of the Distribution MYT Tariff Regulations, 2014.

7.1.2 Regulation 24 of the Distribution MYT Regulations, 2014, provides the principles for determination of ARR which shall contain the following components:

- Cost of power procurement;
- Transmission & Load Dispatch charges;
- Operation and Maintenance expenses; (comprising of Employee Expenses, Repair and Maintenance Expenses and Administrative & General Expenses)
- Depreciation;
- Contingency Reserves;
- Interest on Loan;
- Interest on Working Capital;
- Bad Debts;
- Return on Equity;
- Income Tax;
- Non-Tariff Income; and
- Income from Other Business

### 7.2 CONSUMPTION PARAMETERS: CONSUMER NUMBERS, CONNECTED LOAD, SALES

7.2.1 The billing determinants of each DISCOM comprises of Number of consumers / Connected load (kW) / Energy sales (billed energy): kWh, split between rural / urban consumers. The audited billing determinants for FY 2015-16 and FY 2016-17, provisional billing determinants available for FY 2017-18 have been considered while computing the projections of energy sales, connected load and no. of consumers for FY 2018-19.



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7.2.2 The Licensees have considered actual data of 2 / 3 years' (FY 2015-16 to FY 2017-18) to compute the compounded annual growth rate (CAGR) for the following parameters for various consumer categories:

- Number of consumers: Nos
- Connected load: kW
- Energy sales (billed energy): kWh

7.2.3 The following methodology has been adopted by the Licensees for number of consumers/ connected load / energy sales forecasting:

- 3 years' CAGR of number of consumers (sub-category wise) / connected load / energy sales were adopted.
- Wherever calculated value of 3 years' CAGR of number of consumers seemed unreasonably high or low, the most reasonable calculated value between 2 / 3 years' CAGR was adopted. The adopted value of CAGR was applied across all sub-categories within a given consumer category.
- Accordingly, the CAGR was adopted to determine forecasted values.

7.2.4 The billing determinants as projected by the Licensees for FY 2018-19 are as shown under:

TABLE 7-1: DVVNL CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-19

DISCOM: DVVNL	Tariff Order			Claimed (FY 2018-19)		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	5638090	8633963.00	11316.00	5390174	5543370.00	7770.59
LMV-2: Non-Domestic	312724	758590.00	1280.00	226624	626675.00	1009.49
LMV-3: Public Lamps	1860	46171.00	215.00	836	40760.00	133.64
LMV-4: Institutions	28738	327304.00	798.00	24937	223638.00	408.21
LMV-5: Private Tube Wells	261348	1934248.00	4030.00	250639	2283180.00	4441.32
LMV 6: Small and Medium Power	55177	487203.00	925.00	41117	388933.00	680.24
LMV-7: Public Water Works	10925	180562.00	675.00	9077	91700.00	311.34





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

DISCOM: DVVNL	Tariff Order			Claimed (FY 2018-19)		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-8: State Tube Wells	7223	153980.00	766.00	6489	150331.00	771.23
LMV-9: Temporary Supply	3810	17546.00	28.00	962	5856.00	16.37
LMV-10: Departmental Employees	19439	62406.00	145.00	17388	80882.00	149.20
HV-1: Non-Industrial Bulk Loads	1058	255994.00	667.00	375	102290.00	761.02
HV-2: Large and Heavy Power	2973	963655.00	2865.00	3393	991575.00	2474.22
HV-3: Railway Traction	9	146418.00	465.00	8	89750.00	297.73
HV-4: Lift Irrigation	44	33631.00	161.00	41	33447.00	143.05
Bulk & Extra State	-	-	-	-	1083218.00	2127.01
<b>GRAND TOTAL</b>	<b>6343419</b>	<b>14001671.00</b>	<b>24336.14</b>	<b>5972060</b>	<b>11735605.00</b>	<b>21494.67</b>

**TABLE 7-2: MVVNL CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-19**

DISCOM: MVVNL	Tariff Order			Claimed (FY 2018-19)		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	8422919	8750502.00	13396.00	9399358	6489767.00	10470.96
LMV-2: Non-Domestic	373813	974090.00	1666.00	338264	888855.00	1465.59
LMV-3: Public Lamps	2363	110031.00	663.00	3020	118244.00	435.01
LMV-4: Institutions	23804	177720.00	616.00	26140	209275.00	404.08
LMV-5: Private Tube Wells	189691	796419.00	1495.00	205454	1107018.00	1854.01
LMV 6: Small and Medium Power	43133	378929.00	685.00	42056	327569.00	733.23
LMV-7: Public Water Works	3458	140257.00	644.00	3873	203398.00	788.64
LMV-8: State Tube Wells	10491	157949.00	2478.00	10308	210817.00	1612.42
LMV-9: Temporary Supply	3749	11840.00	40.00	5097	15347.00	38.02
LMV-10: Departmental Employees	26825	91354.00	306.00	26369	79700.00	151.67
HV-1: Non-Industrial Bulk Loads	955	362271.00	722.00	1035	372781.00	699.22
HV-2: Large and Heavy Power	1726	666854.00	1850.00	1799	659175.00	1792.69
HV-3: Railway Traction	13	210611.00	395.00	11	282331.00	290.39
HV-4: Lift Irrigation	29	34300.00	202.00	25	29125.00	174.67
Bulk & Extra State	1	5000.00	65.00	-	5000.00	41.04
<b>GRAND TOTAL</b>	<b>9102970</b>	<b>12868127.00</b>	<b>25224.09</b>	<b>10062808</b>	<b>10998402.00</b>	<b>20951.65</b>



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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 7-3: PVVNL CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-

19

PVVNL	Tariff Order			Claimed (FY 2018-19)		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	8417081	17983664.00	15871.44	5891489	10252420.29	13838.63
LMV-2: Non-Domestic	404992	1074436.00	1806.22	386510	1161293.38	1677.48
LMV-3: Public Lamps	1317	75685.00	366.00	1247	98575.91	285.86
LMV-4: Institutions	18055	126697.00	459.96	15688	184372.21	389.97
LMV-5: Private Tube Wells	416586	2326120.00	5192.68	416804	3078975.33	6599.65
LMV 6: Small and Medium Power	61703	781253.00	1689.74	52499	749594.00	1197.72
LMV-7: Public Water Works	4011	138982.00	483.92	3834	149037.66	666.03
LMV-8: State Tube Wells	5441	64419.00	999.21	5032	87329.72	628.86
LMV-9: Temporary Supply	3675	72921.00	156.57	4792	56015.70	98.69
LMV-10: Departmental Employees	26021	176082.00	202.54	23356	112874.52	208.77
HV-1: Non-Industrial Bulk Loads	1901	1327989.00	2152.58	1835	1144245.27	2017.40
HV-2: Large and Heavy Power	6574	2214972.00	5479.41	5589	1903440.00	5735.40
HV-3: Railway Traction	7	54644.00	137.44	9	82033.53	163.76
HV-4: Lift Irrigation	2	311.00	0.21	2	311.00	0.38
Bulk & Extra State	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>9367365</b>	<b>26418175.00</b>	<b>34997.92</b>	<b>6808685</b>	<b>19060518.52</b>	<b>33508.59</b>

TABLE 7-4: PuVVNL CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY

2018-19

PuVVNL	Tariff Order			Claimed (FY 2018-19)		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	5825965	8472868.00	12554.36	9513110	7951011.30	13207.16
LMV-2: Non-Domestic	409612	1010359.00	2214.32	370720	973702.10	2213.99
LMV-3: Public Lamps	660	62259.00	267.66	322	49095.00	190.85
LMV-4: Institutions	21816	259660.00	985.54	19862	148878.00	449.49
LMV-5: Private Tube Wells	289800	1088622.00	5415.13	359007	1413210.70	3238.21
LMV 6: Small and Medium Power	44594	370861.00	794.74	38353	383051.70	799.90
LMV-7: Public Water Works	3169	143882.00	610.03	3260	132185.10	565.57





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

PuVVNL	Tariff Order			Claimed (FY 2018-19)		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-8: State Tube Wells	11524	202805.00	2899.35	11487	198674.00	1274.32
LMV-9: Temporary Supply	81	1471.00	18.72	90	558.00	4.32
LMV-10: Departmental Employees	29151	65457.00	110.14	25971	65757.00	95.96
HV-1: Non-Industrial Bulk Loads	744	232215.00	528.20	757	223250.90	459.35
HV-2: Large and Heavy Power	1311	576183.00	1484.10	1226	519015.10	1284.30
HV-3: Railway Traction	11	206118.00	619.19	10	202650.00	500.21
HV-4: Lift Irrigation	75	145614.00	909.41	69	123926.00	658.75
Bulk & Extra State	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>6638511</b>	<b>12838376.00</b>	<b>29410.88</b>	<b>10344244</b>	<b>12384964.90</b>	<b>24942.39</b>

TABLE 7-5: KESCO CONSUMPTION PARAMETERS AS SUBMITTED BY THE LICENSEE FOR FY 2018-19

KESCO	Tariff Order			Claimed (FY 2018-19)		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	551433	1256947.00	2001.90	504649	1151110.69	1628.92
LMV-2: Non-Domestic	85713	242422.00	408.26	79595	237888.67	361.01
LMV-3: Public Lamps	18	14493.00	62.61	18	31539.64	80.80
LMV-4: Institutions	872	16382.00	87.78	1229	222075.05	110.18
LMV-5: Private Tube Wells	-	-	-	-	-	-
LMV 6: Small and Medium Power	12423	196072.00	514.62	13371	191510.60	344.64
LMV-7: Public Water Works	571	47597.00	91.33	2349	41118.49	84.54
LMV-8: State Tube Wells	-	-	-	-	-	-
LMV-9: Temporary Supply	-	-	-	-	-	0.07
LMV-10: Departmental Employees	3346	10394.00	26.11	6023	18495.40	18.03
HV-1: Non-Industrial Bulk Loads	232	79575.00	180.95	275	85977.01	201.32
HV-2: Large and Heavy Power	649	228738.00	820.59	607	214138.00	566.04
HV-3: Railway Traction	-	-	-	-	-	-
HV-4: Lift Irrigation	-	-	-	-	-	-
Bulk & Extra State	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>655257</b>	<b>2092620.00</b>	<b>4194.16</b>	<b>608116</b>	<b>2193853.55</b>	<b>3395.54</b>



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7.2.5 The Commission has observed that, the Licensees have used certain assumptions in estimation of billing determinants, i.e. number of consumers (sub-category wise) / connected load / energy sales, for FY 2018-19 as shown under:

**i. LMV 1: Unmetered:**

The Licensees have projected a certain number of consumers in the unmetered categories as depicted in the paras above, using 2 /3-year CAGR. Then assumed that out of the total connections, only 50% shall remain unmetered. For the purpose of explanation, an example has been demonstrated as shown below:

DVVNL	Projections after considering 2 /3 year CAGR	Projections after considering 50% meterisation
LMV-1: Consumer getting supply as per "Rural Schedule"		
(i) Unmetered (Nos.)	529435.42 (A)	264717.71 (C= 50%*A)
(ii) Metered (Nos.)	1034888.78 (B)	1299606.49 D= (B+50%*A)
Supply at Single Point for Bulk Load (Nos.)	75.75	75.75
Other Metered Domestic Consumers (Nos.)	1735044.10	1735044.10
Life Line Consumers/BPL (Nos.)	250730.16	250730.16
Consumer getting supply as per "Rural Schedule" (Nos.)	<b>3550174.21</b>	<b>3550174.21</b>

**ii. LMV 1- Life line consumers / BPL:**

The Licensees have considered the consumer addition on account of Saubhagya Scheme for this category. The Commission in their deficiency note directed the Licensee to submit the basis of considering the target number of consumers under the Saubhagya scheme for all Discoms. In response the Licensee submitted the letter dated October 2, 2018 to justify the same. Accordingly, the number of consumers, sales (50 units per consumer) and connected load (1 kW per consumer) considered under the scheme is as shown under:

Particulars	No of consumers (Nos.)	Connected Load (kW)	Sales (MU)
DVVNL	1840000	1840000	368.00







Particulars	No of consumers (Nos.)	Connected Load (kW)	Sales (MU)
MVVNL	4486000	4486000	897.20
PVVNL	1203000	1203000	240.60
PuVVNL	4171000	4171000	834.20
Total	11700000	11700000	2340.00

iii. LMV-2 / LMV-5: Unmetered

The Licensee has projected a certain number of consumers in the unmetered categories as depicted in the paras above, using 2 / 3-year CAGR. Then assumed that out of the total connections, only 50% shall remain unmetered. For the purpose of explanation, an example has been demonstrated in the LMV-1 (unmetered) para above.

100% Metering of consumers

7.2.6 As stated in MYT Order dated November 30, 2017 para no 5.2.12:

Quote

*There are large proportions of electrified domestic registered consumers who haven't installed meters. As per FY 17 data, unmetered domestic consumers account for around 40% (70 Lakh) of the total domestic registered consumers. The unmetered consumption is one of the reasons behind the high loss levels in the state and hence it is of utmost importance. Though the DISCOMs have already submitted a 100% metering plan before the Commission, however since now the category and sub-category wise provisional no. of consumers till March, 2017 is available, the DISCOMs is under process of submitting a revised 100% metering plan to the Commission. It is planned to achieve 100% metering at all levels (consumers/DTs/feeders) to facilitate energy audit and extensive use of technology to improve efficiency and facilitate near real time monitoring and interventions to reduce AT&C losses. The DISCOMs have planned to get all the consumers metered by FY 2019. Accordingly, the Year-wise, DISCOM wise 100% metering plan is tabulated below:*

TABLE 7-6: DISCOM WISE METERING PLAN

Particulars	FY 2017-18	FY 2018-19	Total
DVVNL	7,48,366	2161	7,50,527



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Particulars	FY 2017-18	FY 2018-19	Total
PuVVNL	27,70,830	2,09,877	29,80,707
PVVNL	8,85,108	10,59,077	19,44,185
MVVNL	7,66,155	5,87,313	13,53,468
Total	51,70,459	18,58,427	70,28,886

Unquote

7.2.7 The Commission vide letter dated July 30, 2018 had directed the Discoms to submit the metering plan. However, despite several reminders the current plan has not yet been submitted. **The Commission directs the State Discoms to submit the Metering Plan at the earliest.**

7.2.8 For forecasting the consumption parameters of other categories of consumers, the Commission has adopted the same methodology as proposed by the Petitioner for FY 2018-19 as it seems fair and equitable. However, the Commission has also rectified few errors made by the Licensees. The Commission hereby approves the consumption parameters for FY 2018-19 as shown in the Tables below. The detailed sub-category wise consumption parameters have been provided as Annexures to this Order.

**TABLE 7-7: DVVNL CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19**

DVVNL	FY 2018-19		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	5390174	5543369.70	7770.59
LMV-2: Non-Domestic	226624	626674.63	1009.49
LMV-3: Public Lamps	836	40760.26	133.64
LMV-4: Institutions	24937	223638.20	408.21
LMV-5: Private Tube Wells	250639	2283179.57	4441.32
LMV 6: Small and Medium Power	41117	388932.80	680.24
LMV-7: Public Water Works	9077	91700.36	311.34
LMV-8: State Tube Wells	6489	150331.00	771.23
LMV-9: Temporary Supply	962	5856.00	16.37
LMV-10: Departmental Employees	17388	80882.22	149.20
HV-1: Non-Industrial Bulk Loads	375	102290.00	761.02
HV-2: Large and Heavy Power	3393	991575.31	2474.22
HV-3: Railway Traction	8	89750.00	297.73
HV-4: Lift Irrigation	41	33447.49	143.05





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

DVVNL	FY 2018-19		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
Bulk & Extra State	1	1083218.00	2127.01
<b>GRAND TOTAL</b>	<b>5972062</b>	<b>11735605.53</b>	<b>21494.67</b>

**TABLE 7-8: MVVNL CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19**

MVVNL	FY 2018-19		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	9399358	6489771.74	10557.95
LMV-2: Non-Domestic	338264	888855.11	1465.59
LMV-3: Public Lamps	3020	118244.21	435.01
LMV-4: Institutions	26140	209274.81	404.08
LMV-5: Private Tube Wells	205454	1107018.00	1854.01
LMV-6: Small and Medium Power	42056	327568.81	733.23
LMV-7: Public Water Works	3873	203398.34	788.64
LMV-8: State Tube Wells	10308	210817.13	1612.42
LMV-9: Temporary Supply	5097	15347.45	38.02
LMV-10: Departmental Employees	26369	79699.77	151.67
HV-1: Non-Industrial Bulk Loads	1035	372780.83	699.22
HV-2: Large and Heavy Power	1799	659174.89	1792.69
HV-3: Railway Traction	11	282331.30	290.39
HV-4: Lift Irrigation	25	29124.65	174.67
Bulk & Extra State	1	5000.00	41.04
<b>GRAND TOTAL</b>	<b>10062809</b>	<b>10998407.04</b>	<b>21038.64</b>

**TABLE 7-9: PVVNL CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19**

PVVNL	FY 2018-19		
	No. of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	5891489	10252420.43	13838.63
LMV-2: Non-Domestic	386510	1161293.38	1677.48
LMV-3: Public Lamps	1247	98575.91	285.86
LMV-4: Institutions	15688	184372.21	389.97
LMV-5: Private Tube Wells	416804	3078975.33	6599.65



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PVVNL	FY 2018-19		
	No. of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV 6: Small and Medium Power	52499	749594.00	1197.72
LMV-7: Public Water Works	3834	149037.66	666.03
LMV-8: State Tube Wells	5032	87329.72	628.86
LMV-9: Temporary Supply	4792	56015.70	98.69
LMV-10: Departmental Employees	23356	112874.52	208.77
HV-1: Non-Industrial Bulk Loads	1835	1144245.27	2017.40
HV-2: Large and Heavy Power	5589	1903440.00	5735.40
HV-3: Railway Traction	9	82033.53	163.76
HV-4: Lift Irrigation	2	311.00	0.38
Bulk & Extra State	-	-	-
<b>GRAND TOTAL</b>	<b>6808685</b>	<b>19060518.65</b>	<b>33508.59</b>

TABLE 7-10: PuVVNL CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19

PuVVNL	FY 2018-19		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	9513110	7951011.35	13207.16
LMV-2: Non-Domestic	370720	973702.08	2213.99
LMV-3: Public Lamps	322	49095.00	190.85
LMV-4: Institutions	19862	148878.00	449.49
LMV-5: Private Tube Wells	359007	1413210.73	3238.21
LMV 6: Small and Medium Power	38353	383051.66	799.90
LMV-7: Public Water Works	3260	132185.07	565.57
LMV-8: State Tube Wells	11487	198674.00	1274.32
LMV-9: Temporary Supply	90	558.00	4.32
LMV-10: Departmental Employees	25971	65757.02	95.96
HV-1: Non-Industrial Bulk Loads	757	223250.88	459.35
HV-2: Large and Heavy Power	1226	519015.13	1284.30
HV-3: Railway Traction	10	202650.02	500.21
HV-4: Lift Irrigation	69	123926.00	658.75
Bulk & Extra State	-	-	-
<b>GRAND TOTAL</b>	<b>10344244</b>	<b>12384964.93</b>	<b>24942.39</b>







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TABLE 7-11: KESCO CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19

KESCO	FY 2018-19		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
LMV-1: Domestic	504649	1151110.69	1628.92
LMV-2: Non-Domestic	79595	237888.67	361.01
LMV-3: Public Lamps	18	31539.64	80.80
LMV-4: Institutions	1229	222075.05	110.18
LMV-5: Private Tube Wells	-	-	-
LMV 6: Small and Medium Power	13371	191510.60	344.64
LMV-7: Public Water Works	2349	41118.49	84.54
LMV-8: State Tube Wells	-	-	-
LMV-9: Temporary Supply	-	-	0.07
LMV-10: Departmental Employees	6023	18495.40	18.03
HV-1: Non-Industrial Bulk Loads	275	85977.01	201.32
HV-2: Large and Heavy Power	607	214138.00	566.04
HV-3: Railway Traction	-	-	-
HV-4: Lift Irrigation	-	-	-
Bulk & Extra State	-	-	-
<b>GRAND TOTAL</b>	<b>608116</b>	<b>2193853.54</b>	<b>3395.53</b>

TABLE 7-12: CONSOLIDATED CONSUMPTION PARAMETERS APPROVED BY THE COMMISSION FOR FY 2018-19

CONSOLIDATED (5 Discoms)	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



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CONSOLIDATED (5 Discoms)	FY 2018-19		
	No of Consumers (Nos.)	Connected Load (kW)	Energy Sales (MU)
HV-3: Railway Traction	38	656764.85	1252.09
HV-4: Lift Irrigation	137	186809.14	976.85
Bulk & Extra State	2	1088218.00	2168.05
<b>GRAND TOTAL</b>	<b>33795916</b>	<b>56373349.70</b>	<b>104379.83</b>

### 7.3 DISTRIBUTION LOSSES

7.3.1 Regulation 18 of Distribution MYT Tariff Regulations, 2014 states as follows:

*“18 Treatment of Distribution Loss*

*18.1 Distribution Loss*

*Distribution loss shall be considered as a controllable parameter. Based on the assessment of metered and un-metered sales as per Regulations 16 and 17 of these regulations, the Commission shall update existing baseline of distribution losses.*

*Provided that circle-wise distribution loss reduction targets shall be approved by the Commission. On the basis of circle-wise distribution loss, circle-wise differential tariff by way of separate and distinct distribution loss surcharge may also be implemented by the Commission”*

7.3.2 The Licensees have proposed the Distribution loss for the DISCOMs as shown under:

**TABLE 7-13: 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%

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





#### 7.4 ENERGY BALANCE

7.4.1 The Licensees have projected the Power Purchase requirement considering the intra-state Transmission losses as 3.79%, for FY 2018-19, periphery losses up to interconnection point (inter-state losses) has been considered as 1.41%, for FY 2018-19, i.e. as approved in MYT Order dated November 30, 2017.

**TABLE 7-14: ENERGY BALANCE FOR FY 2018-19 AS CLAIMED BY DISTRIBUTION LICENSEE**

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
Retail Sales (MU)	21494.67	20951.65	33508.59	24942.39	3395.54	104292.84
Distribution Losses (%)	16.25%	16.09%	15.20%	16.43%	15.13%	15.89%
Energy at DISCOM Periphery for Retail Sales (MU)	25665.28	24969.20	39514.85	29846.10	4000.87	123996.30
Intra-State Transmission Losses (%)	3.79%	3.79%	3.79%	3.79%	3.79%	3.79%
Energy Requirement at State periphery for Transmission (MU)	26676.31	25952.81	41071.46	31021.83	4158.48	128880.88
Periphery Loss (Upto inter connection Point) (%)	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
Purchases Required & Billed Energy (MU)	27057.83	26323.98	41658.85	31465.49	4217.95	130724.09
Total Inter & Intra State Transmission Losses (%)	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%
<b>Total T&amp;D Losses in Retail Sales (MU) / (%)</b>	<b>5563.16</b>	<b>5372.32</b>	<b>8150.26</b>	<b>6523.11</b>	<b>822.41</b>	<b>20.22%</b>

7.4.2 The Commission in its computation of energy balance has considered the intra State-Transmission Losses at 3.60% for FY 2018-19, i.e. as approved in the Tariff Order dated January 8, 2019 for UPPTCL. The periphery losses up to interconnection point (inter-state losses) has been considered as 1.41%, for FY 2018-19.

7.4.3 Based on the above, the approved energy balance for FY 2018-19 for the State-owned Distribution Licensees is shown in the Table below:

**TABLE 7-15: 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



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Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO	Consolidated
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%
<b>Total T&amp;D Losses in Retail Sales (MU) / (%)</b>	<b>5509.83</b>	<b>5342.53</b>	<b>8068.15</b>	<b>6461.09</b>	<b>814.10</b>	<b>20.06%</b>

## 7.5 ENERGY AVAILABILITY

7.5.1 It is observed that in its current filings the Licensees has not submitted any detailed power purchase plan for FY 2018-19. The Licensees have proposed an energy requirement of 130724.09 MUs for FY 2018-19 as compared to 148145.64 MUs as approved vide MYT Order dated November 30, 2017. The Licensees in response to Commission's deficiency note had submitted that for FY 2018-19, the power procurement is from existing sources like (State, Central and IPP / Joint Venture generating Stations) with whom they have PPAs and balance energy has been procured through energy exchanges / UI / short-term contracts.

7.5.2 Clause 18 of the Distribution MYT Tariff Regulations, 2014 specifies the methodology for power planning and procurement of power as follows:

Quote

### **19. Power Purchase Quantum and Cost**

a) Based on the demand estimates the power purchase quantum and cost shall be calculated.

b) The approved Power Purchase cost shall be net of expected revenue from sale of surplus power, if any, during lean period.

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c) Revenue from sale of surplus power shall be estimated at per unit weighted average price of bilateral purchases and power exchange rates for the same quarter, subject to trueing up.

d) If there is a short term requirement of power by the Distribution Licensee over and above the quantum as approved by the Commission and such requirement is on account of any factor beyond the control of the Licensee (shortage / non availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned / forced outages of power generating units or acts of God), then the cost shall be directly passed on to the customer without prior approval of the Commission.

Provided that the cost of the additional power shall be capped by the lower of the weighted average price of power exchange rates or bilateral market purchases for the same quarter.

Provided further that in such a case, the Distribution Licensee shall inform the

Commission about the purchase of power over and above approved quantum with all the details. In case the Commission is not satisfied by the quantum and/or rates, the

Commission may disallow the same in the True Up.

### 19.1 Power Purchase Planning

(a) Comprehensive Power Procurement Plan shall be submitted as part of MYT petition to the Commission.

(b) The Distribution Licensee shall prepare a short term (less than 1 year) and a medium-term (5 years) plan, separately stated for peak and off-peak periods, for unrestricted demand of electricity for each consumer category in its area of operation as per Regulation 16 and Regulation 17 of these regulations. At the gross level, independent variables like Gross Domestic Product, Average tariff of electricity and population etc. shall be regressed through econometric modeling for estimating long term total demand forecasting. Long term forecasting shall be done based upon the following multiple log linear econometric regression formula:

$$\text{Log Et} = a_0 + a_1 \log(\text{GDPT}) - a_2 \log(\text{Tt}) + a_3 \log(\text{Pt})$$



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Where,

$E_t$  = Demand of electricity for the period 't'

$a_0$  = Constant term

$a_1$  = Percentage change in electricity demand for percentage change in GDP

$a_2$  = Price elasticity of electricity demand

$a_3$  = Percentage change in electricity demand for percentage change in population

$GDPT$  = Gross Domestic Product for period 't'

$T_t$  = Average Tariff of Electricity for period 't'

$P_t$  = Population for period 't'

Similarly, multiple log-linear regression analysis shall be carried out separately for each major category of consumers like domestic, agricultural, commercial and industrial.

Each of categories could be regressed with independent variables like –

- Per capita income and / or population and / or average domestic tariff for estimating residential demand

- GDP for agricultural and / or pump set and / or average agricultural tariff for estimating agricultural demand

- GDP for industry and / or Industrial output and / or average industrial tariff for estimating industrial demand

- GDP for service and / or average tariff for commercial category for estimating commercial demand

Based on the multiple log-linear regression analysis, statistically significant equation should be adopted for forecasting the demand.

(c) The demand projected as per above shall be augmented with distribution losses (as determined by Regulation 18 of these regulations) and transmission losses to arrive at power purchase requirement for the Distribution Licensee.

(d) The Distribution Licensee shall assess quantum of power available at its disposal from state's generating plants, central generating utilities, IPPs





etc. and month-wise deficit / surplus schedule shall be developed, separately stated for both peak and off peak period.

(e) The procurement plan for medium term shall be by way of competitive bidding.

(f) The Licensee with generation mix having less coal or hydro resource, shall explore Joint Ventures with coal bearing states and with states well-endowed with hydro for development of power plants, to ensure right mix of power procurement from coal and hydro based plants to have diversified procurement base and potential of addressing seasonal variations, peak demand.

(g) Long-term power procurement plan shall include proposals about acquisition of demand side resources through "standard bid" or "competitive demand side resource bidding process". The procurement plan shall also include power from plants using renewable sources of energy at least to the extent as stipulated by Commission.

(h) Due to in-firm nature of power from renewable sources of energy, alternate firm source of power (equivalent in terms of energy units) shall be specified in the procurement plan (over and above total energy required).

(i) Fixed cost pertaining to such alternate firm source of power shall be allowed to the Distribution Licensee and actual cost shall be Trued Up.

(j) If excess power beyond the procurement plan is required on long term basis, the Distribution Licensee shall invite bids through Case 1 or Case 2 bidding for power procurement in the "Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees" as notified by the Central Government from time to time.

(k) For the short term power requirement & procurement the Distribution Licensee will follow the guidelines issued by the Central Government from time to time.

Unquote

7.5.3 It is further observed that out of the energy requirement of 130,724.09 MU, the Licensees have shown power procurement from existing sources like (State, Central and IPP / Joint Venture generating Stations) to the tune of 119, 256.16 MU and the remaining have been procured through short term sources.



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- 7.5.4 The Commission in its deficiency note dated November 5, 2018 had sought the assumptions considered in determination of power purchase to be submitted in accordance to Regulation 19 of the Distribution MYT Tariff Regulations, 2014. Further, the Commission had also observed many discrepancies and mismatch in numbers submitted by the Licensees with respect to the power purchase details. After several deliberations with the Licensees, post submissions of their response with respect to the same, the Commission, has worked out the power purchase cost as discussed in the succeeding paras.
- 7.5.5 Accordingly, the Commission has considered the data in respect of power procurement provided in the ARR / Tariff Filings for FY 2018-19, as it is the most relevant data available for projecting the power purchase cost for FY 2018-19. Suitable modifications, wherever deemed necessary, have been made by the Commission to arrive at the approved power purchase cost for FY 2018-19 and the same has been discussed in the relevant sections subsequently.
- 7.5.6 The power purchase requirement of the Licensees, i.e. 130, 724.09 MUs, is less by 11.76 % as compared to that approved in the MYT Order dated November 30, 2017. Out of which 119,256.16 MU has been estimated to be procured from existing sources and remaining 11,467.93 MU through short term sources. The Commission has also prepared merit order dispatch schedule for power purchase for FY 2018-19 considering the above power purchase and sales projections.
- 7.5.7 The Licensees are however required to 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.
- 7.5.8 Since, the power purchase expense is the largest component in the ARR of a Distribution Licensees; 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, through bilateral power purchase agreements or Power Exchange etc. trying to replace expensive power with cheaper power whenever possible. Power Purchase cost being an un-controllable component

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of the ARR, the Distribution MYT Tariff Regulations, 2014 provides for the Fuel and Power Purchase Cost Adjustment (FPPCA) formula, which enables the Distribution Licensees to claim legitimate variances on account of power purchase cost.

## 7.6 POWER PROCUREMENT FROM STATE GENERATING STATIONS

- 7.6.1 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.
- 7.6.2 The Commission vide email dated November 5, 2018, directed the Licensees to submit the details of power purchase cost along with assumptions for consideration of power purchase cost along with the actual energy bills. In response, the Licensees submitted that for stations of UPRVUNL, the net Power Purchase Quantum for FY 2018-19 is considered based on the actual power purchase quantum from April, 2018 to June, 2018 and the average monthly Plant Load Factor of FY 2016-17 and FY 2017-18 for the rest of the months. The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.
- 7.6.3 The Licensees also submitted that for stations of UPJVNL, Net Power Purchase Quantum for the MYT Period for all power stations of UPJVNL has been considered based on the average bills for FY 2016-17 and FY 2017-18. The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.
- 7.6.4 The major assumptions considered by the Distribution Licensees while projecting the power purchase from the State-owned Thermal generating stations and Hydro stations are shown in the Tables below:





**TABLE 7-16: ASSUMPTIONS FOR POWER PURCHASE FROM UPRVUNL AS CONSIDERED BY THE DISTRIBUTION LICENSEES**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for FY 2018-19 is considered based on the actual power purchase quantum from April, 2018 to June, 2018 and the average monthly Plant Load Factor of FY 2016-17 and FY 2017-18 for the rest of the months. It is assumed that all the stations shall perform at the average PLF of previous two years in the corresponding months. It has also been assumed that 1 unit of Meja Thermal Project (Capacity share of 458 MW) shall be commissioned by 1 Oct, 2018 and shall generate power at the PLF of 85% thereafter.
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

**TABLE 7-17: ASSUMPTIONS FOR POWER PURCHASE FROM UPJVNL AS CONSIDERED BY THE DISTRIBUTION LICENSEES**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for the MYT Period for all power stations of UPJVNL has been considered based on the average bills for FY 2017-18 and FY 2016-17
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

7.6.5 Considering the above, the power purchase quantum and cost as projected by the Distribution Licensees from State Thermal and Hydro Generating Stations for the FY 2018-19 is as shown in the Tables below:

**TABLE 7-18: DETAILS OF POWER PURCHASE COST FROM UPRVUNL STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES**

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. / Crore)	(Rs. / kWh)	(Rs. / Crore)	(Rs. / kWh)	(Rs. / Crore)
<b>Procurement of power from State Sector Generating Stations</b>								
ANPARA-A	630.00	3483.03	0.88	306.96	1.87	650.43	2.75	957.39
ANPARA-B	1000.00	6885.31	0.45	307.88	1.63	1120.67	2.07	1428.55
PANKI*	210.00	80.31	17.67	141.90	0.32	2.57	21.87	175.65
PARICHHA	220.00	341.37	1.52	51.87	0.63	21.36	3.65	124.76
PARICHHA EXT.	420.00	2613.57	1.28	333.66	3.32	866.75	4.59	1200.41








*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*

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. / Crore)	(Rs. / kWh)	(Rs. / Crore)	(Rs. / kWh)	(Rs. / Crore)
OBRA-A	288.00	17.42	0.00	0.00	3.30	5.74	3.30	5.74
OBRA-B	1000.00	3401.74	0.82	277.56	0.51	173.71	1.33	451.27
HARDUAGANJ	165.00	349.64	2.26	78.98	1.08	37.93	4.53	158.23
HARDUAGANJ EXT.	500.00	3282.54	1.62	532.38	3.31	1087.43	4.93	1619.81
PARICHHA EXT. STAGE-II	500.00	3088.76	1.61	498.79	3.04	937.54	4.65	1436.33
ANPARA-D	1000.00	7536.67	1.32	998.02	2.74	2062.87	4.06	3060.89
Meja Thermal Project (JV NTPC and UPRVNL)#	458.00	1585.07	1.54	244.21	3.39	537.34	4.93	781.55
<b>Sub total - State Thermal</b>	<b>6391.00</b>	<b>32665.43</b>	<b>1.15</b>	<b>3772.21</b>	<b>2.30</b>	<b>7504.34</b>	<b>3.49</b>	<b>11400.58</b>

Note: \*Fixed charges per unit higher on the account of low offtake anticipated, # Expected CoD of 1<sup>st</sup> Oct 2018

**TABLE 7-19: DETAILS OF POWER PURCHASE COST FROM UPJVNL STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES**

Source of Power	MW Available	Quantum (MU)	Total Cost	
			(Rs. / kWh)	(Rs. / Crore)
RIHAND	255.00	518.35	0.99	51.54
OBRA (H)	99.00	227.49	1.34	30.53
MATATILA	20.00	71.01	1.38	9.80
KHARA	57.60	205.49	1.42	29.23
UGC	13.70	20.68	5.59	11.55
SHEETLA*	3.60	1.63	19.88	3.24
BELKA & BABAIL	6.00	1.90	3.94	0.75
<b>Sub Total – State Hydro</b>	<b>454.90</b>	<b>1046.54</b>	<b>1.31</b>	<b>136.64</b>

Note: \*Fixed charges per unit higher on the account of low offtake anticipated

7.6.6 The assumptions considered by the Commission while approving the power purchase from the State-owned Thermal generating stations and Hydro generating stations are given below in the following Tables:

**TABLE 7-20: ASSUMPTIONS FOR POWER PURCHASE FROM UPRVNL AS CONSIDERED BY THE COMMISSION**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for FY 2018-19 is considered based on the actual power purchase quantum from April, 2018 to June, 2018 and the average monthly Plant Load Factor of FY 2016-17 and FY 2017-18 for the rest of the months. It is assumed that all the stations shall perform at the average PLF of previous two years in the corresponding months.
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the



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S. No	Particulars	Assumptions
		actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

**TABLE 7-21: ASSUMPTIONS FOR POWER PURCHASE FROM UPJVNL AS CONSIDERED BY THE COMMISSION**

S. No.	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for the MYT Period for all power stations of UPJVNL has been considered based on the average bills for FY 2016-17 and FY 2017-18
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

7.6.7 The Commission has gone through the submissions of the Licensee. It is observed that the Licensee has projected lower power purchase cost as compared to that approved in MYT Order dated November 30, 2017. Against the approved power purchase quantum of 32699 MU the Licensees have projected 33711.98 MU for the State Generating stations. The total cost approved was Rs. 12675.16 Crore as compared to Rs. 11537.21 Crore projected by the Licensees for the State Generating stations.

7.6.8 In letter dated August 3, 2018 by Mr. Avadesh Kumar Verma, Chairman, U.P. Rajya Vidyut Upbhokta Parishad vide which it had been submitted that, as a result of extensive initiatives being taken by Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL) significant improvement in operational parameters are there. The below table provides a snapshot on the improvement in operational parameters and the benefit / profit that will be realized. The savings from the operational efficiency will amount to Rs. 1700 Crore approximately.

Parameters	FY 2016-17	FY 2017-18	FY 2018-19 (Up to June-18)
Plant Load Factor (%)	68.42	73.32	84.10
Sp. Oil Consumption (ml/ unit)	1.93	0.84	0.568
Auxiliary Power Consumption (%)	9.26	8.34	8.08
Sp. Coal Consumption (kg/unit)	0.734	0.68	0.662
Generation Cost (Rs/unit)	3.99	3.22	2.72 (April-18)
Bill cost (Rs/unit)	4.04	3.32	3.26 (April-18)










Parameters	FY 2016-17	FY 2017-18	FY 2018-19 (Up to June-18)
Profit (Rs/unit)	0.05	0.093	0.54 (April-18)

7.6.9 In the view of the above, the Commission held hearings in the matter on September 4, 2018 and September 11, 2018. The sequence of the proceedings in the said matter are as shown below:

Quote

UPPCL made the following submissions:

- That in the details submitted by Mr. Verma the profit @54 paise / unit in Q1 of FY 2018-19 has probably been computed on the basis of billed cost of power to UPPCL (Rs. 3.26 / unit) and actual generating cost of UPRVUNL (Rs.2.92 / unit). The per unit profit for UPRVUNL does not have direct bearing with the retail tariff of the DISCOM.
- That UPPCL gets less than 25% of the total power from UPRVUNL.
- That during Q1 of FY 2018-19, the power purchase rate from UPRVUNL was Rs.3.21 / unit vis-à-vis Rs.3.98 / unit as approved by the commission.
- That in fact, as far as power purchase from UPRVUNL is concerned distribution licensee has saved 77 paise / unit.
- That the overall power purchase cost for UPPCL during Q1 was Rs. 4.08 / unit vis-à-vis Rs. 4.01 / unit as approved by the Commission for FY 2018-19.
- That the savings achieved on account of cheaper power from UPRVUNL gets absorbed in the costs incurred in purchasing power from sources other than UPRVUNL.

.....

Mr Avadesh Verma, filed a counter reply on September 4, 2018 wherein he submitted that,

- UPPCL in its reply has mentioned that regulatory assets to the tune of Rs. 33000 Crore at the rate of 4.28% is allowed by the Commission. However, it is should be brought to the notice of the Commission that, in the order dated May 4, 2018 in Petition No. 1295 / 2018, (i.e. Review Petition against the MYT Order dated November 30, 2017, for Multi Year ARR / Tariff for FY 2017-18 to FY 2019-20 and True Up for FY 2014-15), with respect to Regulatory surcharge, the Commission has already directed the Licensees to submit the data for the last 7 years (Cost, Revenue and other related details) on basis of

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which it would attempt to do the exercise of making the amortization schedule, which has not yet been submitted by the Licensees.

- The Power Minister of Uttar Pradesh, in the Vidhan Sabha and through various other forums has stated that there has been a decrease in power purchase cost by 31 paise / unit for FY 2017-18 as compared to that of FY 2016-17.
- From the SLDC data of April to June 2018, it is evident that there has been decrease in the power purchase cost.

Accordingly, the Commission directed UPPCL to make the following submissions vide Order dated September 6, 2018, as stated below:

*Quote*

- Submit the details of Power purchase cost for the years FY 2016-17, 2017-18 and FY 2018-19 (latest available data), month wise, demonstrating the actual power cost incurred by the Licensee for each generating station.
- The information submitted should clearly depict the power purchase cost of those generators whose power purchase cost has increased, in reference to Commission's MYT Order.

*Unquote*

As per the above directions of the Commission, UPPCL made the following submissions vide letter dated September 11, 2018:

1. Details of actual power purchase cost in FY 2017-18, for the months April 2017 to March 2018, along with the comparison of rates approved vide MYT Order (i.e. Approval of Business Plan, MYT ARR and Tariff for State Discoms for FY 2017-18 to FY 2019-20 and True-up of FY 2014-15) dated 30.11.2017 for FY 2017-18.
2. Details of actual power purchase cost in FY 2018-19, for the months April, May and June 2018, along with the comparison of rates approved vide MYT Order (i.e. Approval of Business Plan, MYT ARR and Tariff for State Discoms for FY 2017-18 to FY 2019-20 and True-up of FY 2014-15) dated 30.11.2017, for FY 2018-19.
3. Summary of actual power purchase cost in FY 2016-17.



Mr Avadesh Verma, filed a counter reply to the above submissions made by UPPCL, on September 11, 2018 wherein he submitted the following:

1. In the data submitted, there is no bifurcation of Fixed and variable costs. Only total power purchase has been submitted by UPPCL.
2. During May 2018, it has been observed that, there are variations in the actual power purchase cost submitted by UPPCL, as compared to that in the SLDC website. For example:
  - a. Anpara-A, Actual total power purchase cost as submitted by UPPCL- Rs. 2.61 / unit, SLDC website, the cost is Rs. 2.49 / unit.
  - b. Anpara-B, Actual total power purchase cost as submitted by UPPCL- Rs. 2.13 / unit, SLDC website, the cost is Rs. 1.89 / unit.
  - c. Obra, Actual total power purchase cost as submitted by UPPCL- Rs. 2.53 / unit, SLDC website, the cost is Rs. 2.46 / unit.
3. Similar observations, can be seen with respect to other generating stations also. Further, in FY 2016-17, UPPCL had submitted that actual total power cost for Bajaj Generating station is Rs. 7.30 / unit. However, no breakup for fixed and variable costs has been submitted, whereas, in SLDC website, breakup of power purchase cost has been provided for every generating station.

Unquote

7.6.10 Based on the audited accounts of UPPCL for FY 2016-17 and provisional audited of FY 2017-18 and submissions of Licensees, the following is observed:

Particulars	Thermal Generating Stations	FY 2016-17	FY 2017-18	FY 2018-19
Tariff Order	Units Sold (MU)	38661	27778	31690
	Power Purchase Cost (Rs. Cr)	13020	10771	12597
	Per Unit Cost	3.37	3.88	3.98
Claimed	Units Sold (MU)	27087	28802	32665.43
	Power Purchase Cost (Rs. Cr)	10804	9993	11400.58
	Per Unit Cost	3.99	3.47	3.49
Balance Sheet	Units Sold (MU)	27020	28948	-
	Power Purchase Cost (Rs. Cr)	11799	9955	-



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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	Thermal Generating Stations	FY 2016-17	FY 2017-18	FY 2018-19
	Per Unit Cost (Rs/kWh)	4.37	3.44	-

- 7.6.11 Based on above, it can be verified from the provisional balance sheet of FY 2017-18, that there has been decrease in the power purchase cost per unit for the thermal generating stations of the state.
- 7.6.12 For FY 2018-19, the Commission observed that the Licensees have claimed Rs 124.03 Crore under other costs, for UPRVUNL stations. The Commission vide email dated December 12, 2018 had asked details of other costs of Rs 998.15 Cr included in the power purchase cost of the Discoms. In response the Licensees submitted the break-up of these costs generating station wise. The Commission is of the view that such costs are required to be verified in the Audited costs and shall be reviewed at the time of truing up for FY 2018-19. Hence the same is disallowed.
- 7.6.13 The Commission also observed that costs for certain generating stations like Panki, Harduaganj and Meja Thermal Project were not approved in the MYT Order dated November 30, 2017. The Licensees during deliberations with the Commission, were asked to submit the details of power availability of these stations. The Licensees provided that Panki was operational for only 3 months and due to low offtake, the total per unit cost was high. Meja Thermal Project was not operational. and no details on availability could be provided for Harduaganj. Hence, the Commission is not considering the projected power purchases from these stations.
- 7.6.14 Similarly, in certain generating stations of UPJVUNL like Sheetla, Belka and Babail, very high per unit total cost was observed. However, the Licensees during discussions with the Commission were unable to provide any detailed justification regarding the same. Hence, the Commission is not considering the projected power purchases from these stations.
- 7.6.15 The summary of approved cost of power purchase from UPRVUNL and UPJVUNL generating stations for FY 2018-19 is given in the following Tables:

TABLE 7-22: APPROVED COST OF POWER PURCHASE FROM UPRVUNL STATIONS FOR FY 2018-19





*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*

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
<b>Procurement of power from State Sector Generating Stations</b>								
ANPARA-A	630.00	3483.03	0.88	306.96	1.87	650.43	2.75	957.39
ANPARA-B	1000.00	6885.31	0.45	307.88	1.63	1120.67	2.07	1428.55
PANKI	210.00	-	-	-	-	-	-	-
PARICHHA	220.00	341.37	1.52	51.87	0.63	21.36	2.15	73.23
PARICHHA EXT.	420.00	2613.57	1.28	333.66	3.32	866.75	4.59	1200.41
OBRA-A	288.00	17.42	0.00	0.00	3.30	5.74	3.30	5.74
OBRA-B	1000.00	3401.74	0.82	277.56	0.51	173.71	1.33	451.27
HARDUAGANJ	165.00	-	-	-	-	-	-	-
HARDUAGANJ EXT.	500.00	3282.54	1.62	532.38	3.31	1087.43	4.93	1619.81
PARICHHA EXT. STAGE-II	500.00	3088.76	1.61	498.79	3.04	937.54	4.65	1436.33
ANPARA-D	1000.00	7536.67	1.32	998.02	2.74	2062.87	4.06	3060.89
Meja Thermal Project (JV NTPC and UPRVNL)	458.00	-	-	-	-	-	-	-
<b>Sub total - State Thermal</b>	<b>6391.00</b>	<b>30650.41</b>	<b>1.08</b>	<b>3307.12</b>	<b>2.26</b>	<b>6926.50</b>	<b>3.34</b>	<b>10233.63</b>

**TABLE 7-23: APPROVED COST OF POWER PURCHASE FROM UPJVNL STATIONS FOR FY 2018-19**

Source of Power	MW Available	Quantum (MU)	Total Cost	
			(Rs. / kWh)	(Rs. Crore)
RIHAND	255.00	518.35	0.99	51.54
OBRA (H)	99.00	227.49	1.34	30.53
MATATILA	20.00	71.01	1.38	9.80
KHARA	57.60	205.49	1.42	29.23
UGC	13.70	20.68	5.59	11.55
SHEETLA	3.60	-	-	-
BELKA & BABAIL	6.00	-	-	-
<b>Sub Total – State Hydro</b>	<b>454.90</b>	<b>1043.01</b>	<b>1.27</b>	<b>132.65</b>

**7.7 POWER PROCUREMENT FROM CENTRAL GENERATING STATIONS**

7.7.1 The Licensees procure 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). In addition to the firm share allocation, most of these stations have unallocated power. The distribution of this unallocated power among the constituents of Northern Region is decided from time to time based on power requirement and power shortage in different States. UPPCL also gets a substantial portion of the unallocated share.



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7.7.2 The assumptions considered by the Licensees while estimating the power purchase from NTPC, NHPC and NPCIL Stations are given in the following Tables:

**TABLE 7-24: ASSUMPTIONS FOR POWER PURCHASE FROM NTPC STATIONS AS CONSIDERED BY THE DISTRIBUTION LICENSEES for FY 2018-19**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for FY 2018-19 is considered based on the actual power purchase quantum from April, 2018 to June, 2018 and the average monthly Plant Load Factor of FY 2016-17 and FY 2017-18 for the rest of the months. It is assumed that all the stations shall perform at the average PLF of previous two years in the corresponding months. It has also been assumed that 1 unit of New Nabinagar TPS Stage I (Capacity share of 70 MW) shall be commissioned by 1 Jan, 2019 and shall generate power at the PLF of 85% thereafter.
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

**TABLE 7-25: ASSUMPTIONS FOR POWER PURCHASE FROM NHPC STATIONS AS CONSIDERED BY THE DISTRIBUTION LICENSEES**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for the MYT Period for all power stations of NHPC has been considered based on the average bills for FY 2017-18 and FY 2016-17. It has also been assumed that Kameng HEP (Capacity share of 56 MW) shall be commissioned by 1 Dec, 2018 and shall generate power at the PLF of 15% thereafter.
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

**TABLE 7-26: ASSUMPTIONS FOR POWER PURCHASE FROM NPCIL STATIONS AS CONSIDERED BY THE DISTRIBUTION LICENSEES**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for the MYT Period for all power stations of NPCIL has been considered based on the average bills for FY 2016-17 and FY 2017-18.



*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*

S. No	Particulars	Assumptions
2	Tariff (Single part)	The variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the variable charges for the rest of the months have been computed using the per unit rate corresponding to the actual variable charges in the month of July, 2018. No escalation has been considered on a month on month basis

7.7.3 The Licensees' submission of projected power purchase from NTPC, NHPC and NPCIL generating stations for FY 2018-19 is provided in the following Tables:

**TABLE 7-27: DETAILS OF POWER PURCHASE COST FROM NTPC STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES**

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
ANTA GPS	91.00	102.67	6.33	65.03	2.44	25.08	8.78	90.16
AURAIYA GPS*	213.00	103.23	11.64	120.17	3.44	35.53	15.09	155.82
DADRI GPS	246.00	449.54	2.91	130.72	3.48	156.43	6.39	287.29
Unchahar-I	250.00	1,386.32	1.35	187.76	2.84	394.05	4.19	581.16
Unchahar-II	129.00	776.88	1.21	94.31	2.84	220.84	4.09	318.12
Unchahar-III	63.00	359.28	1.91	68.50	2.85	102.46	4.78	171.89
FSTPS	33.00	130.34	1.46	19.04	0.63	8.17	2.42	31.58
Kahalgaon St. I	77.00	436.84	1.27	55.30	2.33	101.59	3.59	156.87
Kahalgaon St. II Ph. I	251.00	1,409.60	1.33	186.82	2.23	314.46	3.56	501.41
KOLDAM HPS	204.00	1,336.35	1.48	198.34	2.49	332.75	4.13	551.81
NCTPS-1	84.00	425.01	1.33	56.48	3.63	154.43	4.96	210.79
NCTPS-2	98.00	430.09	2.76	118.80	3.42	146.89	6.36	273.60
RIHAND-1	326.00	1,906.88	1.18	224.50	1.29	245.58	2.47	470.25
RIHAND-2	296.00	1,984.88	0.86	170.53	1.28	254.93	2.14	425.62
RIHAND-3	340.00	2,364.58	1.47	347.91	1.31	309.49	2.79	658.84
SINGRAULI	754.00	5,039.40	0.56	281.65	1.33	670.28	1.89	952.32
TANDA TPS	440.00	2,172.60	1.70	369.97	2.78	604.99	4.51	980.31
SINGRAULI SHPS*	3.00	10.66	249.70	266.25	5.04	5.37	254.74	271.62
NEW NABINAGAR STAGE I <sup>#</sup>	70.00	119.59	1.49	17.83	3.69	44.14	5.18	61.97
<b>Sub-Total NTPC</b>	<b>3968.07</b>	<b>20944.74</b>	<b>1.42</b>	<b>2979.91</b>	<b>1.97</b>	<b>4127.46</b>	<b>3.41</b>	<b>7151.42</b>



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**TABLE 7-28: DETAILS OF POWER PURCHASE COST FROM NHPC STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES**

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
SALAL	48.00	203.57	1.10	22.46	0.62	12.54	1.72	35.03
TANAKPUR	21.00	64.08	3.50	22.45	1.73	11.09	4.96	31.77
CHAMERA-I	109.00	393.43	1.10	43.28	1.14	44.89	2.24	88.25
URI	96.00	484.89	1.25	60.84	0.82	39.86	2.08	100.76
CHAMERA-II	62.00	346.07	1.32	45.77	1.00	34.78	2.33	80.60
DHAULIGANGA	56.00	239.99	1.57	37.61	1.21	29.16	3.11	74.72
DULHASTI	85.00	574.37	2.46	141.29	2.75	157.89	5.21	299.24
SEWA-II	27.00	107.01	3.73	39.90	2.16	23.16	5.89	63.06
CHAMERA-III	47.00	219.10	3.30	72.25	2.12	46.52	5.42	118.77
URI-II	51.00	312.78	4.07	127.41	2.37	74.22	6.45	201.66
PARBATI-III	105.00	153.14	3.13	47.87	2.74	41.93	5.87	89.82
KAMENG HEP#	56.00	24.19	-	-	1.69	4.09	1.69	4.09
<b>Total</b>	<b>763.00</b>	<b>3,123</b>	<b>2.12</b>	<b>661.11</b>	<b>1.67</b>	<b>520.13</b>	<b>3.80</b>	<b>1187.77</b>

Note: \*Fixed charges per unit higher on the account of low offtake anticipated, # Expected COD of Dec 1, 2018

**TABLE 7-29: DETAILS OF POWER PURCHASE COST FROM NPCIL STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES**

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
NAPP	138.00	1017.89	-	-	3.20	325.74	3.20	325.66
RAPP #3&4	66.00	529.25	-	-	3.49	184.54	3.49	184.54
RAPP#5&6	86.00	745.80	-	-	4.05	302.25	4.05	302.25
<b>Total</b>	<b>290.00</b>	<b>2292.94</b>	<b>-</b>	<b>-</b>	<b>3.54</b>	<b>812.53</b>	<b>3.54</b>	<b>812.45</b>

7.7.4 It is observed that the Licensees have claimed an amount of Rs 44.05 Crore on account of "other costs" in the power purchase cost under this head. The Commission vide email dated December 12, 2018 had asked details of other costs of Rs 998.15 Cr included in the power purchase cost of the Discoms. In response the Licensees submitted the break-up of these costs generating station wise. The Commission is of the view that such costs are required to be verified in the Audited costs and shall be reviewed at the time of trueing up for FY 2018-19. Hence the same is disallowed.










7.7.5 Further, the Commission observed that certain generating stations like that of Anta, Auriaya and Singrauli SHPS have very high total cost per unit. The Licensees during various deliberations with the Commission provided that there are no fixed costs for Singrauli SHPS and hence the amount claimed in fixed costs should be removed. No information was provided for Anta and Auriaya. Further, they provided that the generating stations of New Nabinagar Stage I and Kameng HEP are not yet operational. Hence, in view of the above the Commission has not considered the costs for Anta, Auriaya, New Nabinagar Stage I and Kameng HEP. The fixed costs claimed has been removed in the total power purchase cost for Singrauli SHPS.

7.7.6 The Commission's assumptions for approving the power purchase quantum and cost from the NTPC, NHPC and NPCIL Stations are given in the following Tables:

**TABLE 7-30: ASSUMPTIONS OF POWER PURCHASE FROM NTPC AS CONSIDERED BY THE COMMISSION**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for FY 2018-19 is considered based on the actual power purchase quantum from April, 2018 to June, 2018 and the average monthly Plant Load Factor of FY 2016-17 and FY 2017-18 for the rest of the months. It is assumed that all the stations shall perform at the average PLF of previous two years in the corresponding months.
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

**TABLE 7-31: ASSUMPTIONS OF POWER PURCHASE NHPC STATIONS AS APPROVED BY THE COMMISSION**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for the MYT Period for all power stations of NHPC has been considered based on the average bills for FY 2017-18 and FY 2016-17.



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*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*

S. No	Particulars	Assumptions
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

**TABLE 7-32: ASSUMPTIONS FOR POWER PURCHASE FROM NPCIL STATIONS AS APPROVED BY THE COMMISSION**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for the MYT Period for all power stations of NPCIL has been considered based on the average bills for FY 2017-18 and FY 2016-17.
2	Tariff (Single part)	The variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the variable charges for the rest of the months have been computed using the per unit rate corresponding to the actual variable charges in the month of July, 2018. No escalation has been considered on a month on month basis

**TABLE 7-33: DETAILS OF POWER PURCHASE COST FROM NTPC STATIONS FOR FY 2018-19 AS APPROVED BY THE COMMISSION**

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
ANTA GPS	91.00	-	-	-	-	-	-	-
AURAIYA GPS	213.00	-	-	-	-	-	-	-
DADRI GPS	246.00	449.54	2.91	130.72	3.48	156.43	6.39	287.15
Unchahar-I	250.00	1386.32	1.35	187.76	2.84	394.05	4.20	581.81
Unchahar-II	129.00	776.88	1.21	94.31	2.84	220.84	4.06	315.15
Unchahar-III	63.00	359.28	1.91	68.50	2.85	102.46	4.76	170.96
FSTPS	33.00	130.34	1.46	19.04	0.63	8.17	2.09	27.21
Kahalgaon St. I	77.00	436.84	1.27	55.30	2.33	101.59	3.59	156.89
Kahalgaon St. II Ph. I	251.00	1409.60	1.33	186.82	2.23	314.46	3.56	501.28
KOLDAM HPS	204.00	1336.35	1.48	198.34	2.49	332.75	3.97	531.09
NCTPS-1	84.00	425.01	1.33	56.48	3.63	154.43	4.96	210.91
NCTPS-2	98.00	430.09	2.76	118.80	3.42	146.89	6.18	265.69
RIHAND-1	326.00	1906.88	1.18	224.50	1.29	245.58	2.47	470.08
RIHAND-2	296.00	1984.88	0.86	170.53	1.28	254.93	2.14	425.46
RIHAND-3	340.00	2364.58	1.47	347.91	1.31	309.49	2.78	657.40
SINGRAULI	754.00	5039.40	0.56	281.65	1.33	670.28	1.89	951.93
TANDA TPS	440.00	2172.60	1.70	369.97	2.78	604.99	4.49	974.96

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Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
SINGRAULI SHPS	3.40	10.66	0.00	0.00	5.04	5.37	5.04	5.37
NEW NABINAGAR STAGE I	69.67	-	-	-	-	-	-	-
Sub-Total NTPC	3968.07	20619.25	1.22	2510.63	1.95	4022.71	3.17	6533.34

TABLE 7-34: DETAILS OF POWER PURCHASE COST FROM NHPC STATIONS FOR FY 2018-19 AS APPROVED BY THE COMMISSION

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
SALAL	48.00	203.57	1.10	22.46	0.62	12.54	1.72	35.00
TANAKPUR	21.00	64.08	3.50	22.45	1.73	11.09	5.23	33.54
CHAMERA-I	109.00	393.43	1.10	43.28	1.14	44.89	2.24	88.17
URI	96.00	484.89	1.25	60.84	0.82	39.86	2.08	100.69
CHAMERA-II	62.00	346.07	1.32	45.77	1.00	34.78	2.33	80.55
DHAULIGANGA	56.00	239.99	1.57	37.61	1.21	29.16	2.78	66.77
DULHASTI	85.00	574.37	2.46	141.29	2.75	157.89	5.21	299.18
SEWA-II	27.00	107.01	3.73	39.90	2.16	23.16	5.89	63.06
CHAMERA-III	47.00	219.10	3.30	72.25	2.12	46.52	5.42	118.76
URI-II	51.00	312.78	4.07	127.41	2.37	74.22	6.45	201.63
PARBATI-III	104.75	153.14	3.13	47.87	2.74	41.93	5.86	89.80
KAMENG HEP	56.00	-	-	-	-	-	-	-
<b>Total</b>	<b>762.75</b>	<b>3098.42</b>	<b>2.13</b>	<b>661.11</b>	<b>1.67</b>	<b>516.04</b>	<b>3.80</b>	<b>1177.15</b>

TABLE 7-35: DETAILS OF POWER PURCHASE COST FROM NPCIL STATIONS FOR FY 2018-19 AS APPROVED BY THE COMMISSION

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
NAPP	138.00	1017.89	-	-	3.20	325.74	3.20	325.66
RAPP #3&4	66.00	529.25	-	-	3.49	184.54	3.49	184.54
RAPP#5&6	86.00	745.80	-	-	4.05	302.25	4.05	302.25
<b>Total</b>	<b>290.00</b>	<b>2292.94</b>	<b>-</b>	<b>-</b>	<b>3.54</b>	<b>813</b>	<b>3.54</b>	<b>812.53</b>

## 7.8 POWER PROCUREMENT FROM IPPS / JVs

7.8.1 The cost of power purchase from IPPs within the State has been determined in accordance with UPERC (Terms and Conditions of Generation Tariff) Regulations, 2014.



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7.8.2 The assumptions considered by the Licensees while estimating the power purchase from the IPPs and Joint Ventures (JVs) for FY 2018-19 is provided in the Table below:

**TABLE 7-36: ASSUMPTIONS FOR POWER PURCHASE FROM IPPS / JVs AS CONSIDERED BY THE DISTRIBUTION LICENSEES**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for FY 2018-19 is considered based on the actual power purchase quantum from April, 2018 to June, 2018 and the average monthly Plant Load Factor of FY 2016-17 and FY 2017-18 for the rest of the months. It is assumed that all the stations shall perform at the average PLF of previous two years in the corresponding months.
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

7.8.3 The summary of power purchase quantum and cost estimated by Distribution Licensees for FY 2018-19 from IPP / JVs are as provided in the Table below:

**TABLE 7-37: DETAILS OF POWER PURCHASE COST FROM IPPS / JVs STATIONS FOR FY 2018-19 AS SUBMITTED BY DISTRIBUTION LICENSEES**

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
Anpara-C	1100.00	7088.64	0.86	607.96	1.74	1233.51	2.60	1841.47
IGSTPP, JHAJHAR	50.40	255.36	1.66	42.51	3.33	84.98	5.02	128.07
BEPL BARKHERA	80.10	282.39	3.92	110.70	3.65	103.10	8.56	241.84
BEPL KHAMBHAKHERA	80.10	262.75	4.26	111.87	3.68	96.82	8.01	210.51
BEPL KUNDRAKHI	80.10	336.22	3.31	111.37	3.37	113.35	6.72	225.95
BEPL MAQSOODAPUR	80.10	301.77	3.66	110.38	3.64	109.70	7.35	221.73
BEPL UTRAULA	80.10	301.43	3.80	114.55	3.41	102.91	7.30	220.02
KSK MAHANADI	1000.00	3189.01	3.29	1047.71	2.48	791.17	5.80	1849.49
LALITPUR	1866.00	7274.48	3.39	2468.86	3.16	2299.95	7.14	5195.34
M.B.POWER	361.00	1251.62	5.57	696.71	1.62	202.38	7.43	929.83
PRAYAGRAJ POWER	1648.00	7601.32	0.98	747.47	2.83	2153.64	3.82	2901.19
R.K.M.POWER	350.00	895.60	5.33	477.12	1.57	140.61	6.99	626.34

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*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*

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
ROSA-1	1200.00	6477.63	1.89	1221.27	1.61	1044.01	3.56	2308.83
SASAN	465.30	2853.76	0.20	56.26	1.15	326.87	1.37	390.30
SRI NAGAR HEP	290.40	1316.85	4.22	555.55	2.27	298.29	6.48	853.84
TRN ENERGY	390.00	2210.21	2.10	464.56	1.39	308.21	3.54	782.82
VISHNU PRAYAG	352.00	1731.82	0.14	24.48	1.23	213.69	1.73	300.15
KARCHAM	200.00	747.76	2.27	169.50	1.74	130.33	4.40	328.72
TEESTA-III	0.00	626.87	3.01	188.44	2.34	146.56	5.34	334.65
TEHRI	374.00	1239.58	2.08	257.52	2.66	329.23	5.98	741.77
KOTESHWAR	155.00	501.90	2.04	102.62	1.96	98.12	4.00	200.76
RAMPUR	56.68	288.75	2.29	66.07	1.61	46.58	3.90	112.64
NATHPA JHAKRI	221.00	1128.97	1.52	171.11	1.21	137.06	2.73	308.16
<b>Total</b>	<b>10480.28</b>	<b>48164.72</b>	<b>2.06</b>	<b>9924.59</b>	<b>2.18</b>	<b>10511.08</b>	<b>4.41</b>	<b>21254.41</b>

7.8.4 It is observed that the Licensees have claimed an amount of Rs 819.09 Crore on account of "other costs" in the power purchase cost under this head. The Commission vide email dated December 12, 2018 had asked details of other costs of Rs 998.15 Cr included in the power purchase cost of the Discoms. In response the Licensees submitted the break-up of these costs generating station wise. The Commission is of the view that such costs are required to be verified in the Audited costs and shall be reviewed at the time of trueing up for FY 2018-19. Hence the same is disallowed.

7.8.5 The Commission, on analysis observed that for BEPL generating stations and M.B Power, as shown above, the total per unit power purchase cost claimed by the Licensees is high. The power purchase rates proposed by the Licensees are higher on account of consideration of low PLF for calculation of power purchase cost. The Commission is of the view that the Licensees should procure power from generating stations at optimum PLF. This will reduce the per unit fixed cost. Hence, the Commission has increased to PLF for these stations and re-computed the power purchase cost. However, the same shall be reviewed at the time of True Up. The Commission's assumptions for approving the power purchase quantum and cost from the IPPs / JVs are given in the following Tables:

**TABLE 7-38: ASSUMPTIONS FOR POWER PURCHASE FROM IPPs / JVs AS CONSIDERED BY THE COMMISSION**

S. No	Particulars	Assumptions
1	Power Purchase Quantum	Net Power Purchase Quantum for FY 2018-19 is considered based on the actual power purchase quantum from April, 2018 to June, 2018 and the average monthly Plant Load Factor



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*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*

S. No	Particulars	Assumptions
		of FY 2016-17 and FY 2017-18 for the rest of the months. It is assumed that all the stations shall perform at the average PLF of previous two years in the corresponding months.
2	Fixed & Variable Charges	The fixed and variable charges for the months April, 2018 to June, 2018 have been considered as per actuals. Further, the fixed and variable charges for the rest of the months has been computed using the per unit rate corresponding to the actual variable charges and fixed charges in the month of July, 2018. No escalation has been considered on a month on month basis.

**TABLE 7-39: APPROVED COST OF POWER PURCHASE FROM IPPS / JVs FOR FY 2018-19**

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
Anpara-C	1100.00	7088.64	0.86	607.96	1.74	1233.51	2.60	1841.47
IGSTPP, JHAJHAR	50.40	255.36	1.66	42.51	3.33	84.98	4.99	127.49
BEPL BARKHERA	80.10	451.06	2.45	110.70	3.66	165.03	6.11	275.73
BEPL KHAMBHAKHERA	80.10	451.58	2.48	111.87	3.69	166.57	6.17	278.44
BEPL KUNDRAKHI	80.10	336.22	3.31	111.37	3.37	113.35	6.68	224.72
BEPL MAQSOODAPUR	80.10	450.30	2.45	110.38	3.64	163.91	6.09	274.29
BEPL UTRAULA	80.10	457.28	2.51	114.55	3.42	156.30	5.92	270.85
KSK MAHANADI	1,000.00	3189.01	3.29	1047.71	2.48	791.17	5.77	1838.88
LALITPUR	1,866.00	7274.48	3.39	2468.86	3.16	2299.95	6.56	4768.82
M.B.POWER	361.00	2520.88	2.76	696.71	1.63	411.15	4.39	1107.86
PRAYAGRAJ POWER	1,648.00	7601.32	0.98	747.47	2.83	2153.64	3.82	2901.11
R.K.M.POWER	350.00	895.60	5.33	477.12	1.57	140.61	6.90	617.73
ROSA-1	1,200.00	6477.63	1.89	1221.27	1.61	1044.01	3.50	2265.28
SASAN	465.30	2853.76	0.20	56.26	1.15	326.87	1.34	383.13
SRI NAGAR HEP	290.40	1316.85	4.22	555.55	2.27	298.29	6.48	853.84
TRN ENERGY	390.00	2210.21	2.10	464.56	1.39	308.21	3.50	772.78
VISHNU PRAYAG	352.00	1731.82	0.14	24.48	1.23	213.69	1.38	238.17
KARCHAM	200.00	747.76	2.27	169.50	1.74	130.33	4.01	299.84
TEESTA-III	0.00	626.87	3.01	188.44	2.34	146.56	5.34	335.00
TEHRI	374.00	1239.58	2.08	257.52	2.66	329.23	4.73	586.75
KOTESHWAR	155.00	501.90	2.04	102.62	1.96	98.12	4.00	200.74
RAMPUR	56.68	288.75	2.29	66.07	1.61	46.58	3.90	112.65
NATHPA JHAKRI	221.00	1128.97	1.52	171.11	1.21	137.06	2.73	308.17
<b>Total</b>	<b>10480.28</b>	<b>50095.86</b>	<b>1.98</b>	<b>9924.59</b>	<b>2.19</b>	<b>10959.13</b>	<b>4.17</b>	<b>20883.72</b>

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## 7.9 POWER PROCUREMENT FROM OTHER SOURCES

7.9.1 The Licensee's submission of power purchased from Co-generating stations, Solar energy sources and NTPC Vidyut Vyapar Nigam Ltd. (NVTNL) for the MYT Period is provided in the Table below:

**TABLE 7-40: POWER PURCHASE COST: STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19**

Source of Power	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
		(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
Captive and Cogen	5457.00	-	-	5.54	3025.31	5.54	3025.31
Renewable Energy	1731.30	-	-	7.71	1335.52	7.71	1335.52
NVTNL Solar	661.67	-	-	7.45	492.84	7.45	492.84
NVTNL Coal Power	372.82	-	-	2.81	104.87	2.81	104.87
<b>Total</b>	<b>8222.79</b>	<b>-</b>	<b>-</b>	<b>6.03</b>	<b>4958.55</b>	<b>6.03</b>	<b>4958.55</b>

**POWER PURCHASE COST: UPCOMING STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19**

Source of Power	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
		(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
Wind Based	1253.30	-	-	6.71	841.54	6.71	841.54
Solar Based	869.45	-	-	7.74	672.82	7.74	672.82
Bagasse Based	673.63	-	-	5.69	383.35	5.69	383.35
<b>Total</b>	<b>2796.38</b>	<b>-</b>	<b>-</b>	<b>6.79</b>	<b>1897.72</b>	<b>6.79</b>	<b>1897.72</b>

7.9.2 In an effort to encourage renewable generation, the Commission has mandated that the Distribution Licensees shall, based on availability, procure a minimum % of power from the renewable energy sources including Co-generating stations available in the State as well as from the solar energy sources.

7.9.3 It is observed that the Licensees have claimed an amount of Rs 4.52 Crore on account of "other costs" in the power purchase cost under this head. The Commission vide email dated December 12, 2018 had asked details of other costs of Rs 998.15 Cr included in the power purchase cost of the Discoms. In response the Licensees submitted the break-up of these costs generating station wise. The Commission is of the view that such costs are required to be verified in the Audited costs and shall be reviewed at the time of trueing up for FY 2018-19. Hence the same is disallowed.



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- 7.9.4 During various deliberations with the Licensees it has been observed that, Licensees had claimed 869.45 MU procurement from new upcoming state solar resources. However, the Licensees provided that the same has not been commissioned yet. The Commission has therefore not considered the cost for this station.
- 7.9.5 The Commission had initiated Suo Moto proceedings regarding meeting RPO targets by obligated entities. The Commission vide Order dated 21.08.2018 directed UPPCL to submit a complete road map showing how they have planned to meet their RPO backlog targets for FY 2015-16 to FY 2017-18. The same has already been discussed in the APR chapter for FY 2017-18. The same shall be taken up at the time of truing up of FY 2018-19. Accordingly, the Commission approves as shown below:

**TABLE 7-41: APPROVED POWER PURCHASE COST: STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19**

Source of Power	MU	Fixed Cost		Variable Cost		Total Cost	
		(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
Captive and Cogen	5457.00	-	-	5.54	3025.31	5.54	3025.31
Renewable Energy	1731.30	-	-	7.71	1335.52	7.71	1335.52
NVVN Solar	661.67	-	-	7.45	492.84	7.45	492.84
NVVN Coal Power	372.82	-	-	2.81	104.87	2.81	104.87
<b>Total</b>	<b>8222.79</b>	-	-	<b>6.03</b>	<b>4958.55</b>	<b>6.03</b>	<b>4958.55</b>

**POWER PURCHASE COST: UPCOMING STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19**

Source of Power	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
		(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
Wind Based	1253.30	-	-	3.50	438.65	3.50	438.65
Solar Based	-	-	-	-	-	-	-
Bagasse Based	673.63	-	-	5.69	383.35	5.69	383.35
<b>Total</b>	<b>1926.93</b>	-	-	<b>4.27</b>	<b>822.01</b>	<b>4.27</b>	<b>822.01</b>

#### 7.10 POWER PROCUREMENT FROM BILATERAL SOURCES

- 7.10.1 The Licensees have submitted that they will procure the short-term and peak power from Bilateral sources or power exchanges. The Licensee's submission of power purchase from bilateral sources for FY 2018-19 is provided in the Table below:







**TABLE 7-42: DETAILS OF POWER PURCHASE COST FROM IEX & PXIL / UI / BILATERAL AS SUBMITTED BY DISTRIBUTION LICENSEES**

Inter system exchange (Bilateral & PXIL) / UI	MU	Fixed Cost		Variable Cost		Total Cost	
		(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
FY 2018-19	11467.93	-	-	4.00	4587.17	4.00	4587.17

7.10.2 The Commission in its MYT Order dated November 30, 2017 had stated that

Quote

5.11.2 The Commission based on the submission of the Licensees has assessed the rate for Power purchase from other / emergency sources as Rs. 3.80 / kWh, Rs. 4.00/ kWh and Rs.4.20/ kWh for FY 2017-18, FY 2018-19 and FY 2019-20 respectively. In accordance with Regulation 19(c) of the Distribution MYT Tariff Regulations, 2014, the Commission hereby approves a maximum ceiling rate of as Rs. 3.80 / kWh, Rs. 4.00/ kWh and Rs.4.20/ kWh for FY 2017-18, FY 2018-19 and FY 2019-20 respectively towards power purchase cost from short term sources. Further, if at any point of time, the Licensees are required to purchase the power at the rate more than the above ceiling limit, the same should be done after obtaining prior approval of the Commission. It may be noted that the average power purchase rate from other / emergency sources should not be more than the specified ceiling limit.

Unquote

7.10.3 It is observed that the Licensee has claimed power purchase from bilateral sources / exchanges at Rs 4.00 / kWh. Considering the above, the approved power purchase from bilateral sources for FY 2018-19 is provided in the Table below:

**TABLE 7-43: APPROVED COST OF POWER PURCHASE FROM IEX & PXIL / UI / BILATERAL**

Inter system exchange (Bilateral & PXIL) / UI	MU	Fixed Cost		Variable Cost		Total Cost	
		(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
FY 2018-19	12625.90	-	-	4.00	5050.36	4.00	5050.36

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## 7.11 New Generating stations

7.11.1 The Licensees have provided a list of new upcoming generating stations, with their expected COD as shown in the Table below.

TABLE 7-44: LIST OF NEW GENERATING STATIONS AS SUBMITTED BY LICENSEES

Upcoming Units	Estimated CoD
Meja Thermal Project ( JV NTPC and UPRVNL)	01-Oct-18
New Nabinagar TPS Stage I (JV NTPC & BSTPGCL)	01-Jan-19
Parbati-II	01-Dec-20
Pakaldul	01-Oct-23
Kotlibhel Stage 1 A	01-Oct-23
Kotlibhel Stage 1 B	01-Oct-23
Kotlibhel Stage li	01-Oct-23
Vishnugad Peepalkothi HEP	01-Dec-21
Subansari Lower HEP	01-Dec-22
Lata Tapowan HEP	01-Oct-22
Topawan Vishnugad HEP	01-Dec-20

7.11.2 The Licensees have however not submitted any further details on the above. Thus, the same shall be evaluated during the time of truing up.

7.11.3 Further, it is to be mentioned that, the Commission through various orders in the matter of suo moto proceedings on allocation of PPA among Discoms, had directed the Discoms to submit the proposal for allocation of PPA. Thereafter the Commission conducted hearings on September 13, 2018 and December 11, 2018. The State Discoms submitted two approaches for allocation of PPA. The details have been annexed in this order. The Commission in view of the submissions made by the State Discoms gave the following directions:

Quote

*In view of the submission made by UPPCL, Commission is of the view that the Approach 2 submitted by UPPCL may be adopted as it allocates the existing PPA's, which already have a provision for allocation of power among the State Discoms, as per the allocation to the respective Discoms, while for the rest of the power purchase arrangements, the allocation is done, on the basis of through rate of respective Discoms.*





*It has already been brought to the consideration of the Commission in the submission made by UPPCL that as per the existing provisions of statutory framework the allocation of PPAs to Discoms is the specific prerogative of Govt. of Uttar Pradesh.*

*In view of the above following directions are given to UPPCL:*

- 1. The bulk supply tariff may be determined for different Discom as per the Approach No. 2 submitted by UPPCL. All the upcoming PPAs and power procurement arrangements should clearly indicate the share of each Discom.*
- 2. The Commission is aware that such an exercise will in a way cross subsidize the Discoms. However, consideration should also be given to the demography of the State given its size in terms of area and population as a result of which the consumer mix of every Discom is in huge contrast to each other. In view of this, linking the same with through rate of each Discom ensures that Discoms with a non-favourable consumer mix, which is uncontrollable factor, will have a level playing field.*
- 3. The Commission also directs UPPCL to seek the approval of Government of Uttar Pradesh for implementation of this approach.*
- 4. In case the same is approved by the Government of Uttar Pradesh, the allocation for power as per the approach approved by the Commission may be adopted in the proceedings for the determination of ARR / Tariff for FY 2019-20 as proceedings for the determination of ARR / Tariff for FY 2018-19 are already in advance stage. The window for public comments has already been closed. Public hearing at Kanpur has already been done.*

Unquote

- 7.11.4 **The Licensees are directed to comply with the above 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.**

**7.12 FUEL & POWER PURCHASE COST ADJUSTMENT SURCHARGE (FPPCA) / INCREMENTAL POWER PROCUREMENT COST**

- 7.12.1 Regulations 20 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 provides as follows:

Quote

**20. Treatment of Incremental Power procurement cost**



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*Kumar*

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## 20.1 Identification of Incremental cost and process of recovery

a) The Distribution Licensee shall recover the incremental cost incurred due to the following:

1. Cost due to variation in fuel surcharge rate
2. Cost of incremental power required over and above the plan approved by the Commission
3. Increase in Bulk Supply Tariff (BST) as may be specified by the Hon'ble Commission in the Tariff Order.

(b) The incremental cost on account of variation in fuel surcharge shall be computed and charged on the basis of actual variation in fuel surcharge rate vis-a-vis the cost approved in the tariff order and shall not be computed on the basis of estimated or expected variation in fuel surcharge.

(c) The incremental cost due to incremental power purchase for reasons stipulated in clause (d) of Regulation 19, shall be computed on the basis of formula provided in

Regulation 20.2 below, and shall be charged for the quarter (n), on the consumer from the first month of the (n+2) quarter itself within the ceiling of 10% of variable component of tariff, without prior approval of the Commission and under or over recovery shall be carried forward to the next quarter.

(d) The Distribution Licensee shall submit details of the incremental cost incurred and to be charged to all consumers for the entire quarter, along with the detailed computations and supporting documents as may be required for verification by the Commission within first 28 days of the quarter end.

(e) The Commission shall examine the incremental cost charged by the Distribution Licensee against supporting documents as submitted:

Provided that discrepancies, if any shall be notified to the Distribution Licensee before the end of the second quarter.

Provided further that the Distribution Licensee shall adjust for the discrepancy notified by the Commission in third quarter's charge computation.





(f) In case the Distribution Licensee is found guilty of charging unjustified adjustment cost to the consumers on regular basis, the Commission shall adjust the unjustified additional cost along with interest on the same.

(g) The interest rate shall be in accordance with the State Bank Advance Rate (SBAR) as of the date on which the application of determination of tariff is made and benefits shall be passed on to the consumers.

(h) The Distribution Licensee shall upgrade the billing and IT systems to incorporate Incremental Costs (IC) as a component in tariff design.

### 20.2 Formula for computation of Incremental cost

The formula for calculation of the incremental cost will be as under:

Variables shall be in INR crores unless otherwise stated.

$$ICq1 = Cq1 + Fq4 + Aq3$$

ICq1 = Incremental Cost incurred in Q1

Cq1 = Change in cost due to:

1. Variation in Fuel surcharge rate.
2. Total cost incurred to procure power over and above the plan as approved in Regulation 8 of these regulations (capped by weighted average cost of bilateral purchase and power exchange price).
3. Increase in Bulk Supply Tariff (BST) as may be specified by the Hon'ble Commission in the Tariff Order.

Explanation - 1: The norms for parameters such as station heat rate, auxiliary consumption, transit loss shall be approved by the Commission for each year as controllable factor at the time of determination of generation tariff for each State generating station. The change in fuel surcharge shall be considered only for the computation of incremental cost.

Fq4 = Carry forward factor for over-recovery / under-recovery of ICq3 in Quarter 4 from previous year.

Explanation - 2: Fuel adjustment cost to be incorporated in subsequent quarter shall be up to 10 % of variable cost of the quarter, any difference would roll into following quarter to be adjusted as Fq.

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Aq3 = Adjustments on the basis of the Commission's order pertaining to discrepancies, if any, in computation of ICq3 from previous year. Similarly IC for respective quarters will be computed.

### **20.3 Incremental cost per unit of electricity consumption**

a) Calculation of IC (INR / kWh) shall be as per the following formula:

$$IC \text{ (INR / kWh)} = (IC / (\text{Metered sales} + \text{Unmetered sales estimates} + \text{excess distribution losses})) * 10$$

Where IC is in INR lakh and Unit sales are in Million units

Excess distribution loss = Energy Input – Energy Sales – (distribution loss % as specified by the Commission \* Energy input)

(b) The Licensee shall provide information related to Incremental Cost per unit of electricity consumption so as to enable the Commission to expedite the process of validation of IC recovered from the consumers within a month on the basis of information furnished by end of previous month, for any discrepancy to be taken into account as detailed above.

(c) The Commission may notify ceiling of incremental charges that can be recovered from the consumers on monthly basis.

Unquote

- 7.12.2 The Commission in the Review Petition No. 893 of 2013 filed by UPPCL, MVVNL, PVVNL, PuVVNL, DVVNL and KESCO in the matter of "Review of the Mechanism for Fuel & Power Purchase Cost Adjustment formulated by the Commission", had approved the revised formula/procedure with respect to the applicability and recovery of Fuel and Power Purchase Cost Adjustment (FPPCA) in Tariff Order dated June 18, 2015 for FY 2015-16 as detailed below:

Quote

### **6.9 Fuel and Power Purchase Cost Adjustment (FPPCA):**

#### **1. Recovery Periodicity (Cycle):**

The cycle will be quarterly. The FPPCA for the quarter ending March will be calculated in next quarter i.e. up to June when the data / bills from generators

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/ suppliers and sale of energy data for the quarter under consideration are available and the same will be applicable to all categories w.e.f. July.

## 2. Fuel & Power Purchase Cost Adjustment Formula (FPPCA):

1. The distribution licensee shall recover FPPCA amount with effect from a date which would be issued by a separate Commission's order from all consumers. The formula is as follows:

### Step (A) Determination of Difference between Actual and Approved Power Purchase Cost in a quarter

$$PD = (P_{\text{actual}} - P_{\text{approved}})$$

Where,

PD = Difference in Actual and Approved Power Purchase Cost (RS. CRORE)

P actual = Actual Cost of Power Purchase (RS. CRORE)

P approved = Approved Cost of Power Purchase (RS. CRORE)

### Step (B) Determination of (E) Energy billed (in MUs) in a quarter after considering approved T&D losses.

Actual power purchased during the quarter (MUs) : X (MUs)

Approved T&D losses : Y%

Approved MUs billed after T&D losses (E) :  $X * (1 - Y / 100)$

### Step (C) Determination of Category wise Fuel & Power Purchase Cost Adjustment per unit based on approved T&D losses to be charged from consumers each month of the quarter

$$\text{Category wise FPPCA (Rs. / unit)} = \frac{ABR_C}{ABR_D} * FPPCA_A$$

Where,

FPPCA<sub>A</sub> is Average Fuel and Power Purchase Cost Adjustment (in Rs. / kWh) =  $(PD/E) * 10$

ABR<sub>C</sub> is Average Billing Rate or through rate of Consumer Category (in Rs. / kWh) as approved in Tariff Order for the year

ABR<sub>D</sub> is Average Billing Rate or through rate of Distribution Licensee (in Rs. / kWh) as approved in Tariff Order for the year

2. The variation in power purchase cost due to UI and other unapproved purchases from short term sources shall not be covered under FPPCA-

3. For the purpose of recovery of FPPCA, power purchase cost shall include all the bills received by the distribution licensee, from the suppliers of the power,

a



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during the previous FPPCA cycle irrespective of the period to which they pertain. This shall include arrears and refunds, if any, not settled earlier.

4. The total FPPCA recoverable, as per the formula specified above, shall be recovered from the actual sales and in case of unmetered consumers, it shall be recoverable based on estimated sales to such consumers, calculated in accordance with such methodology / mechanism as may be stipulated by the Commission.

5. Per unit rate of FPPCA shall be worked out in paisa after rounding off to the unit place.

6. In case of negative FPPCA, the credit shall be given to the consumers under the FPPCA head, so that the base tariff determined by the Commission effectively remains the same.

7. The Distribution licensee shall submit details to the Commission on a quarterly basis towards the computation of the FPPCA, which shall include the source wise power purchase quantum, power purchase cost incurred and power purchase rate, details of the FPPCA incurred and the FPPCA chargeable from the consumers for each month in such quarter, along with the detailed computations and supporting documents as may be required for approval by the Commission.

Provided that the above submission made to the Commission must be certified by a Chartered Accountant.

Provided further that the FPPCA applicable for each month shall be displayed prominently at the collection centres and the offices dealing with consumers and on the internet website of the Distribution Licensee.

Provided that the Distribution Licensee shall put up on his internet website such details of the FPPCA incurred and the FPPCA charged to all consumers for each month along with detailed computations.

8. In case of Minimum Charges, FPPCA shall be charged only on actual units consumed by the consumer during the relevant month in addition to the Minimum Charges amount.

9. In case Government of Uttar Pradesh decided to provide subsidy on FPPCA to a particular consumer category then, it should do the same as per the provisions of Section 65 of Electricity Act 2003. It shall be the responsibility of the licensee to seek prior approval of the State Government in this regard and maintain appropriate record of the same.

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10. The Commission may however suitably modify / change the proposed formula / procedure or adopt a different formula / procedure for the assessment of fuel surcharge if it considers it to be more appropriate.

Unquote

7.12.3 In Petition No. 1322 of 2018 filed by UPPCL in the matter of "Seeking amendments in UPERC MYT Distribution Tariff Regulations, 2014" wherein a number of issues have been raised by it. The Commission in the said matter of Petition No. 1322 of 2018 vide Order dated October 31, 2018 allowed the modifications suggested by the Licensees in many issues. The same has been annexed in this order. The Commission also gave directions to UPPCL to submit details on various remaining issues along with its revised detailed proposal on the same. The relevant extract of the Order is as follows:

Quote

**Issue No.2 - Change in nomenclature of the formula used in calculation of incremental cost**

In the petition the Licensee had submitted as stated below:

The Commission has provided formula for incremental cost for Q1, the confusion is created by usage of suffixes 1, 3 etc. The formula shall be universal and hence, applicable to all case scenarios.

The formula as specified in Regulation 20.2 has been quoted below:

Quote

$$ICQ_1 = Cq_1 + Fq_4 + Aq_3$$

ICQ<sub>1</sub> = Incremental cost incurred in Q<sub>1</sub>.

ICQ<sub>1</sub> = Change in cost due to:

1. Variation in Fuel surcharge rate.
2. Total cost incurred to procure power over and above the plan as approved in Regulation 8 of these regulations (capped by weighted average cost of bilateral purchase and power exchange price)
3. Increase in Bulk supply Tariff (BST) as may be specified by the Hon'ble Commission in the Tariff order.

Explanation-1: The norms for parameters such as station heat rate, auxiliary consumption, transit loss shall be approved by the Commission for each year as controllable factor at the time of determination of generation tariff for each State generating station. The change in fuel surcharge shall be considered only for the computation of incremental cost.

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*Fq4 = Carry forward factor for over recovery/under recovery of ICq3 in Quarter 4 from previous year.*

*Explanation-2: Fuel adjustment cost to be incorporated in subsequent quarter shall be up to 10% of variable cost of the quarter, any difference would roll into following quarter to be adjusted as Fq.*

*Aq3 = Adjustments on the basis of the Commission's order pertaining to discrepancies, if any, in computation of ICq3 from previous year. Similarly, IC for respective quarters will be computed.*

*Unquote*

*The Petitioner submitted that in the above formula for incremental cost, the confusion is created by usage of suffixes 1, 3 etc. For example, Fq4 is interpreted as carry forward factor for over-recovery/under recovery of ICq3 in Quarter 4 from previous year. When the formula is required to be used for 2nd, 3rd or 4th quarter of the year it will be needed to change manually for interpretation which creates confusion.*

*The Petitioner further submitted that, instead of adjustment in computation of ICq3 i.e. Aq3, adjustment for computation of ICq4 should form part of the formula i.e. Aq4. The formula shall be universal and hence, applicable to all case scenarios. The formula proposed by the licensee on same lines is as follows:*

*Quote*

$$ICq_n = Cq_n + Fq_{n-2} + Aq_{n-1}$$

*Where,*

*ICq<sub>n</sub> = Incremental cost incurred in nth quarter,*

*Cq<sub>n</sub> = Change in cost in nth quarter due to:*

- 1. Variation in Fuel surcharge rate.*
- 2. Total cost incurred to procure power over and above the plan as provided in Regulation 8 of these regulations (capped by weighted average cost of bilateral purchase and power exchange price.)*
- 3. Increase in Bulk Supply Tariff (BST) as may be specified by the Hon'ble commission in the Tariff order.*

*Explanation -1: The norms for parameters such as station heat rate, auxiliary consumption, transit loss shall be approved by the Commission for each year as controllable factor at the time of determination of generation*





tariff for each State generating station. The change in fuel surcharge shall be considered only for the computation of incremental cost.

$F_{qn-2}$  = Carry forward factor for over recovery/under recovery of  $IC_{qn-2}$  in  $n$ th quarter

Further, explanation -2 requires change as below:

Explanation – 2: Fuel adjustment cost to be incorporated in subsequent quarter shall be restricted up to 10% of variable cost of the quarter under consideration. The fuel adjustment cost over and above 10% restriction shall be rolled over into subsequent quarter(s) and adjusted as  $F_q$ .

$A_{qn-1}$  = Adjustments on the basis of Commission's order pertaining to discrepancies, if any, in computation of  $IC_{qn-1}$ .

The proposed amendments, with respect to bringing in universal formula, are in line with explanation provided in Regulation 20.1 (c) wherein UPERC has used  $n$ th quarter and  $(n+2)$ th quarter in its Regulations.

Unquote

Further, in the submission dated 04.09.2018 the Licensee has submitted the following:

The Petitioner has proposed change in the existing formula as shown below.

Quote

As per the Existing formula in the Regulation that is  $IC_{q1} = C_{q1} + F_{q4} + A_{q3}$  the same formula translates to universal formula  $IC_{qn} = C_{qn} + F_{q(n-1)} + A_{q(n-2)}$ .

The proposed change in the Formula is  $IC_{qn} = C_{qn} + F_{q(n-2)} + A_{q(n-1)}$

**The rationale is that  $F_q$  is the carry forward factor for over recovery/under recovery of  $IC_q$ . For  $IC_{qn}$  the carry forward factor for over recovery/under recovery is available only pertaining to  $(n-2)$ th quarter and not  $(n-1)$ th quarter.**

Whereas,  $A_q$  is the adjustments on the basis of Commission's order pertaining to discrepancies, if any in computation of previous quarter. Therefore,  $A_q$  for  $(n-1)$ th quarter will be available in  $(n+1)$ th quarter which is computation quarter of  $IC_{qn}$ .

For illustration purpose consider  $IC_q$  computation for Q3 FY 2017-18

Let us assume:

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Carry forward factor for under recovery in Quarter 1 of FY 2017-18 is Rs. 8 crore. That is  $Fq1 = Rs. 8$  crore.

Carry forward factor for under recovery in Quarter 2 of FY 2017-18 is Rs. 10 crore. That is  $Fq2 = Rs. 10$  crore.

Adjustment on the basis of the Commission's order pertaining to discrepancies in Quarter 1 of FY 2017-18 is Rs. 2 crore, that is  $Aq1 = Rs. 2$  crore, and

Adjustment on the basis of the Commission's order pertaining to discrepancies in Quarter 2 of FY 2017-18 is Rs. 1 crore, that is  $Aq2 = Rs. 1$  crore.

As per existing Formula  $ICq3 = Cq3 + Fq2 + Aq1$

Results in  $ICq3 = - Rs.532.57$  Crore + Rs. 10 crore + Rs. 2 crore = - Rs.520.57 crore

As per proposed Formula  $ICq3 = Cq3 + Fq1 + Aq2$

Results in  $ICq3 = - Rs. 532.57$  Crore + Rs. 8 crore + Rs. 1 crore = - Rs.523.57 Crore.

Therefore, the result differs based on suggested change in formula.

Unquote

The Commission is of the view that this concerns nomenclature, however in case the licensee is comfortable with the above, they may adopt the same. The Commission approves their proposal using the "Power to Remove Difficulties" in accordance to Regulation 42 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 which is shown below:

Quote

#### **42. Power to remove difficulties**

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

Unquote

#### **Issue No.4 - Removal/relaxation of cap on incremental power purchase**

In the petition, the Licensee has made the following submissions: -

*Q*



*Answer*

*2*



The petitioner submitted that additional cost incurred due to additional quantum of procurement of power is capped by the weighted average cost of bilateral purchase and power exchange price. Accordingly, the petitioner submitted that;

- (i) The power purchase plan approved by UPERC, includes power purchased under Long Term Arrangements ('say x' MU) and short-term arrangement-bilateral and power exchange ('say Y' MU). While projecting the power purchase quantum, the Commission has assumed plant wise PLF based on certain assumptions. In reality, the PLF of these plants will differ from the projected PLF, which may result in additional power procurement ('say  $\Delta x$ ' MU). The price payable by the Discom for this additional procurement of power is governed by long-term agreements/Tariff determined by CERC/UPERC. The existing provision puts a cap on the price of additional power procurement, which is based on the rate of short term power procurement approved by the Commission in Tariff Order. The petitioner submitted that, the procurement of additional Power under long term arrangements, should not be allowed at the cap price. Price as per PPA/CERC/UPERC determined rates should be considered. Therefore, a proviso for removal of this anomaly may be added in the Regulation.
- (ii) It is quite often that UPPCL has to back down the long term PPA based power plants having high variable cost (mostly gas based plants). The costlier power is replaced with cheaper power procured through bilateral arrangements/Power Exchange, the consideration being the procurement price of short term power should be cheaper than variable cost of the long-term plants (being backed down), resulting in benefit to the consumers. As per the existing provisions of Regulations 20.2, the total cost of power incurred over and above power procurement plan approved in the Tariff order by Hon'ble UPERC is capped by weighted average cost of bilateral purchase and power exchange price. In a situation wherein, power is available through bilateral sources/power exchange at a rate higher than that of the capped price by Hon'ble UPERC but lower than the variable cost of the long term PPA, this may deter the utility from replacing the costly power. **It is therefore, suggested that a proviso to allow short term power at higher than capped price but cheaper than variable cost of long term power should be added in the Regulations.**

Further, in the submission dated 04.09.2018 the Licensee has submitted the following:

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The Petitioner additionally submitted that:

- a) There would be anomaly of additional quantum of power procurement over and above the quantum approved by the Commission.

The Petitioner shown the example of NTPC Tanda TPS and assumed a case wherein 50 MU of additional power is procured. The approved total cost for the Station is Rs 4.71/ unit while the Regulations put a cap of Rs 4/unit in FY 2018-19 on average cost of power procured through Bilateral and Power exchange for procurement of additional power. Hence, submitted that the price cap be removed.

- b) Proviso to allow short term power procurement at a higher price than capped price as per the Regulations but cheaper than variable cost of long term power

The Petitioner shown the example of IGSTPP Jhajhar wherein the Commission has approved 119.97 MU of power from it at Rs 2.69/ unit of fixed cost, Rs 4.52/unit of variable cost and Rs 7.21/unit of average total cost for FY 2018-19. Further, for FY 2018-19 the approved average cost of power purchase through Bilateral and Power exchange is Rs 4/unit.

The Petitioner assumed a scenario where the power is available through Bilateral source or Power exchange at total cost of Rs 4.20/unit. In such a situation the DISCOMs can back down the power from Jhajhar plant and instead buy power from available at Rs 4.20/unit thus saving Rs 0.32/unit. However, the cap provided in the Regulations restricts the power purchase at rate higher than that specified for power purchase through Bilateral and Power exchange.

Hence, suggested a proviso to allow short term power procurement at a higher price than capped price as per the Regulations but cheaper than variable cost of long term power in the MYT Distribution Regulations, 2014.

The Commission enquired from the Licensee as to how would the Long-Term power be available in case of surplus requirement of power. Normally such requirement is taken care by short term and bilateral transactions. The Commission also feels that the present Regulations do not restrict the Licensee to buy power at cheaper rates. **However, the Licensee may still discuss this matter with its management and submit the exact amendment it wants.** It should ensure, that optimum power purchase price is maintained. **(Emphasis added)**





Unquote

7.12.4 Further, the Commission in its Deficiency Note dated December 21, 2018 directed the State Discoms to submit the following:

Quote

*This is to inform that certain information requirement are still pending on part of the Licensees despite several reminders. The Licensee should submit the following pending information by December 24, 2018 evening positively. The finalisation of models and subsequently the Tariff Orders is being delayed because of non-submission.*

3. **Other Pending Information Requirement:**

a. **Reference: Order in Petition No: 1322 of 2018 dated November 1, 2018**

S.N.	Issues	Commission's Directions	Remarks
2	Issue-2: Change in nomenclature of the formula used in calculation of incremental cost	<p>The Commission is of the view that this concerns nomenclature, however in case the licensee is comfortable with the above, they may adopt the same. The Commission approves their proposal using the "Power to Remove Difficulties" in accordance to Regulation 42 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 which is shown below:</p> <p>Quote</p> <p><b>42. Power to remove difficulties</b></p> <p>If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.</p> <p>Unquote</p>	Licensee should incorporate all the approvals given by the Commission in the said order and re-submit the revised proposed Regulation.
3	Issue No.4: Removal/relaxation of cap on incremental	The Commission enquired from the Licensee as to how would the Long-Term power be available in case of surplus requirement of power. Normally such requirement is taken care by short term and bilateral transactions. The Commission also feels that the present	No submission made yet

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S.N.	Issues	Commission's Directions	Remarks
	power purchase	Regulations do not restrict the Licensee to buy power at cheaper rates. However, the Licensee may still discuss this matter with its management and submit the exact amendment it wants. It should ensure, that optimum power purchase price is maintained.	

#### Unquote

- 7.12.5 However, the State Discoms / UPPCL have not submitted the details yet as directed by the Commission. Therefore, the Commission has found it appropriate to take up this matter once the State Discoms / UPPCL files the details as directed by the Commission.
- 7.12.6 Further, the Commission, through its various Tariff Orders Directions / Letters / Deficiency notes (during ARR processing) had been repeatedly asking the Licensee to file FPPCA in a timely and regular manner.
- 7.12.7 It is to be noted that the power purchase expenses being an uncontrollable expense, is a pass-through to the consumers, however, the difference between the actual cost of power procurement and the approved power purchase expenses, is being recovered by the Distribution Licensee at the time of truing up. The time lag in recovery of the variation in power purchase expenses adversely affects the cash flow of the Distribution Licensee and also puts additional burden on consumers on account of Carrying Cost.
- 7.12.8 Failure to file FPPCA / Incremental Cost in a timely manner has many repercussions such as higher accumulated Aggregate Revenue Requirement (ARR) on account of variation in Power Purchase Expenses and the carrying cost and higher increase in Tariff or allowance in the form of Regulatory Surcharge, leading to Tariff shock. Further, the delayed filing of the FPPCA / Incremental Cost and claiming of the additional power purchase expenses during the Truing-up process also put the burden of such additional power purchase expenses on the new consumers, who may not have been consumers during the respective year.
- 7.12.9 **The Commission once again directs the licensee that they should file FPPCA / Incremental Cost in a timely and regular manner failing which the Commission may have to resort to take strict action against the Licensees like disallowance of additional power purchase expenses and the associated carrying cost on**







account of additional Power Purchase expenses or any other action that the Commission may deem fit while doing the Truing up of the said year.

### 7.13 SUMMARY OF POWER PURCHASE

7.13.1 The total power purchase quantum available from State owned generating stations, central generating stations and other sources along with the quantum and cost as submitted by Licensees and approved by Commission for the MYT Period is presented in the Tables below:

**TABLE 7-45: SUMMARY OF POWER PURCHASE COST FOR FY 2018-19 AS SUBMITTED BY THE DISTRIBUTION LICENSEES FOR FY 2018-19**

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
<b>Procurement of power from State Sector Generating Stations</b>								
ANPARA-A	630.00	3483.03	0.88	306.96	1.87	650.43	2.75	957.39
ANPARA-B	1000.00	6885.31	0.45	307.88	1.63	1120.67	2.07	1428.55
PANKI <sup>1</sup>	210.00	80.31	17.67	141.90	0.32	2.57	21.87	175.65
PARICHHA	220.00	341.37	1.52	51.87	0.63	21.36	3.65	124.76
PARICHHA EXT.	420.00	2613.57	1.28	333.66	3.32	866.75	4.59	1200.41
OBRA-A	288.00	17.42	0.00	0.00	3.30	5.74	3.30	5.74
OBRA-B	1000.00	3401.74	0.82	277.56	0.51	173.71	1.33	451.27
HARDUAGANJ	165.00	349.64	2.26	78.98	1.08	37.93	4.53	158.23
HARDUAGANJ EXT.	500.00	3282.54	1.62	532.38	3.31	1087.43	4.93	1619.81
PARICHHA EXT. STAGE-II	500.00	3088.76	1.61	498.79	3.04	937.54	4.65	1436.33
ANPARA-D	1000.00	7536.67	1.32	998.02	2.74	2062.87	4.06	3060.89
Meja Thermal Project (JV NTPC and UPRVNL) <sup>2</sup>	458.00	1585.07	1.54	244.21	3.39	537.34	4.93	781.55
<b>Sub total - State Thermal</b>	<b>6391.00</b>	<b>32665.43</b>	<b>1.15</b>	<b>3772.21</b>	<b>2.30</b>	<b>7504.34</b>	<b>3.49</b>	<b>11400.58</b>
<b>Procurement of Power from UPJVUNL</b>								
RIHAND	255.00	518.35	0.44	23.03	0.55	28.51	0.99	51.54
OBRA (H)	99.00	227.49	0.53	12.00	0.81	18.53	1.34	30.53
MATATILA	20.00	71.01	0.73	5.18	0.65	4.62	1.38	9.80
KHARA	57.60	205.49	0.68	13.94	0.74	15.29	1.42	29.23
UGC	13.70	20.68	2.91	6.01	2.68	5.54	5.59	11.55
SHEETLA <sup>3</sup>	3.60	1.63	19.65	3.20	0.23	0.04	19.88	3.24
BELKA & BABAIL	6.00	1.90	1.85	0.35	2.08	0.40	3.94	0.75
<b>Sub Total – State Hydro</b>	<b>454.90</b>	<b>1046.54</b>	<b>0.61</b>	<b>63.71</b>	<b>0.70</b>	<b>72.92</b>	<b>1.31</b>	<b>136.64</b>
<b>Procurement of power from NTPC</b>								
ANTA GPS	91.00	102.67	6.33	65.03	2.44	25.08	8.78	90.16

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*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*

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
AURAIYA GPS <sup>3</sup>	213.00	103.23	11.64	120.17	3.44	35.53	15.09	155.82
DADRI GPS	246.00	449.54	2.91	130.72	3.48	156.43	6.39	287.29
Unchahar-I	250.00	1386.32	1.35	187.76	2.84	394.05	4.19	581.16
Unchahar-II	129.00	776.88	1.21	94.31	2.84	220.84	4.09	318.12
Unchahar-III	63.00	359.28	1.91	68.50	2.85	102.46	4.78	171.89
FSTPS	33.00	130.34	1.46	19.04	0.63	8.17	2.42	31.58
Kahalgaon St. I	77.00	436.84	1.27	55.30	2.33	101.59	3.59	156.87
Kahalgaon St. II Ph. I	251.00	1409.60	1.33	186.82	2.23	314.46	3.56	501.41
KOLDAM HPS	204.00	1336.35	1.48	198.34	2.49	332.75	4.13	551.81
NCTPS-1	84.00	425.01	1.33	56.48	3.63	154.43	4.96	210.79
NCTPS-2	98.00	430.09	2.76	118.80	3.42	146.89	6.36	273.60
RIHAND-1	326.00	1906.88	1.18	224.50	1.29	245.58	2.47	470.25
RIHAND-2	296.00	1984.88	0.86	170.53	1.28	254.93	2.14	425.62
RIHAND-3	340.00	2364.58	1.47	347.91	1.31	309.49	2.79	658.84
SINGRAULI	754.00	5039.40	0.56	281.65	1.33	670.28	1.89	952.32
TANDA TPS	440.00	2172.60	1.70	369.97	2.78	604.99	4.51	980.31
SINGRAULI SHPS <sup>3</sup>	3.40	10.66	249.70	266.25	5.04	5.37	254.74	271.62
NEW NABINAGAR STAGE I <sup>4</sup>	69.67	119.59	1.49	17.83	3.69	44.14	5.18	61.97
<b>Sub-Total NTPC</b>	<b>3968.07</b>	<b>20944.74</b>	<b>1.42</b>	<b>2979.91</b>	<b>1.97</b>	<b>4127.46</b>	<b>3.41</b>	<b>7151.42</b>
<b>Procurement of power from NHPC</b>								
SALAL	48.00	203.57	1.10	22.46	0.62	12.54	1.72	35.03
TANAKPUR	21.00	64.08	3.50	22.45	1.73	11.09	4.96	31.77
CHAMERA-I	109.00	393.43	1.10	43.28	1.14	44.89	2.24	88.25
URI	96.00	484.89	1.25	60.84	0.82	39.86	2.08	100.76
CHAMERA-II	62.00	346.07	1.32	45.77	1.00	34.78	2.33	80.60
DHAULIGANGA	56.00	239.99	1.57	37.61	1.21	29.16	3.11	74.72
DULHASTI	85.00	574.37	2.46	141.29	2.75	157.89	5.21	299.24
SEWA-II	27.00	107.01	3.73	39.90	2.16	23.16	5.89	63.06
CHAMERA-III	47.00	219.10	3.30	72.25	2.12	46.52	5.42	118.77
URI-II	51.00	312.78	4.07	127.41	2.37	74.22	6.45	201.66
PARBATI-III	104.75	153.14	3.13	47.87	2.74	41.93	5.87	89.82
KAMENG HEP <sup>5</sup>	56.00	24.19	0.00	0.00	1.69	4.09	1.69	4.09
<b>Total</b>	<b>762.75</b>	<b>3122.61</b>	<b>2.12</b>	<b>661.11</b>	<b>1.67</b>	<b>520.13</b>	<b>3.80</b>	<b>1187.77</b>
<b>Procurement of power from NPCIL</b>								
NAPP	138.00	1017.89	-	-	3.20	325.74	3.20	325.66
RAPP #3&4	66.00	529.25	-	-	3.49	184.54	3.49	184.54
RAPP#5&6	86.00	745.80	-	-	4.05	302.25	4.05	302.25

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*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*

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
<b>Total</b>	<b>290.00</b>	<b>2292.94</b>	-	-	<b>3.54</b>	<b>812.53</b>	<b>3.54</b>	<b>812.45</b>
<b>Procurement of power from IPPs</b>								
Anpara-C	1100.00	7088.64	0.86	607.96	1.74	1233.51	2.60	1841.47
IGSTPP, JHAJHAR	50.40	255.36	1.66	42.51	3.33	84.98	5.02	128.07
BEPL BARKHERA	80.10	282.39	3.92	110.70	3.65	103.10	8.56	241.84
BEPL KHAMBHAKHERA	80.10	262.75	4.26	111.87	3.68	96.82	8.01	210.51
BEPL KUNDRAKHI	80.10	336.22	3.31	111.37	3.37	113.35	6.72	225.95
BEPL MAQSOODAPUR	80.10	301.77	3.66	110.38	3.64	109.70	7.35	221.73
BEPL UTRAULA	80.10	301.43	3.80	114.55	3.41	102.91	7.30	220.02
KSK MAHANADI	1000.00	3189.01	3.29	1047.71	2.48	791.17	5.80	1849.49
LALITPUR	1866.00	7274.48	3.39	2468.86	3.16	2299.95	7.14	5195.34
M.B. POWER	361.00	1251.62	5.57	696.71	1.62	202.38	7.43	929.83
PRAYAGRAJ POWER	1648.00	7601.32	0.98	747.47	2.83	2153.64	3.82	2901.19
R.K.M POWER	350.00	895.60	5.33	477.12	1.57	140.61	6.99	626.34
ROSA	1200.00	6477.63	1.89	1221.27	1.61	1044.01	3.56	2308.83
SASAN	465.30	2853.76	0.20	56.26	1.15	326.87	1.37	390.30
SRI NAGAR HEP	290.40	1316.85	4.22	555.55	2.27	298.29	6.48	853.84
TRN ENERGY	390.00	2210.21	2.10	464.56	1.39	308.21	3.54	782.82
VISHNU PRAYAG	352.00	1731.82	0.14	24.48	1.23	213.69	1.73	300.15
KARCHAM	200.00	747.76	2.27	169.50	1.74	130.33	4.40	328.72
TEESTA-III	0.00	626.87	3.01	188.44	2.34	146.56	5.34	334.65
TEHRI	374.00	1239.58	2.08	257.52	2.66	329.23	5.98	741.77
KOTESHWAR	155.00	501.90	2.04	102.62	1.96	98.12	4.00	200.76
RAMPUR	56.68	288.75	2.29	66.07	1.61	46.58	3.90	112.64
NATHPA JHAKRI	221.00	1128.97	1.52	171.11	1.21	137.06	2.73	308.16
<b>Total</b>	<b>10480.28</b>	<b>48164.72</b>	<b>2.06</b>	<b>9924.59</b>	<b>2.18</b>	<b>10511.08</b>	<b>4.41</b>	<b>21254.41</b>
<b>Procurement of power from STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19</b>								
Captive and Cogen	-	5457.00	-	-	5.54	3025.31	5.54	3025.32
Renewable Energy	-	1731.30	-	-	7.71	1335.52	7.72	1336.27
NVVN Solar	-	661.67	-	-	7.45	492.84	7.46	493.59
NVVN Coal Power	-	372.82	-	-	2.81	104.87	2.90	108.24
<b>Total</b>	-	<b>8222.79</b>	-	-	<b>6.03</b>	<b>4958.55</b>	<b>6.04</b>	<b>4963.42</b>
<b>Procurement of power from UPCOMING STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19</b>								
Wind based	-	1253.30	-	-	6.71	841.54	6.71	841.54
Solar based	-	869.45	-	-	7.74	672.82	7.74	672.82
Bagasse based	-	673.63	-	-	5.69	383.35	5.69	383.35
<b>Total</b>	-	<b>2796.38</b>	-	-	<b>6.79</b>	<b>1897.72</b>	<b>6.79</b>	<b>1897.72</b>

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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

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
<b>Power Procurement from Bilateral Sources</b>								
FY 2018-19	-	11467.93	-	-	4.00	4587.17	4.00	4587.17
<b>Grand Total</b>	-	<b>130724.09</b>	-	<b>17401.54</b>	-	<b>34991.88</b>	<b>4.08</b>	<b>53391.57</b>

NOTE: <sup>1</sup>Fixed charges per unit higher on the account of low offtake anticipated

<sup>2</sup>Expected CoD of 1<sup>st</sup> Oct 2018

<sup>3</sup>Fixed charges per unit higher on the account of low offtake anticipated

<sup>4</sup>Expected CoD of 1<sup>st</sup> Jan 2019

<sup>5</sup>Expected CoD of 1<sup>st</sup> Dec, 2018

TABLE 7-46: SUMMARY OF APPROVED POWER PURCHASE COST FOR FY 2018-19

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
<b>Procurement of power from State Sector Generating Stations</b>								
ANPARA-A	630	3483.03	0.88	306.96	1.87	650.43	2.75	957.39
ANPARA-B	1000	6885.31	0.45	307.88	1.63	1120.67	2.07	1428.55
PANKI	210	-	-	-	-	-	-	-
PARICHHA	220	341.37	1.52	51.87	0.63	21.36	2.15	73.23
PARICHHA EXT.	420.00	2613.57	1.28	333.66	3.32	866.75	4.59	1200.41
OBRA-A	288.00	17.42	-	-	3.30	5.74	3.30	5.74
OBRA-B	1000.00	3401.74	0.82	277.56	0.51	173.71	1.33	451.27
HARDUAGANJ	165.00	-	-	-	-	-	-	-
HARDUAGANJ EXT.	500.00	3282.54	1.62	532.38	3.31	1087.43	4.93	1619.81
PARICHHA EXT. STAGE-II	500.00	3088.76	1.61	498.79	3.04	937.54	4.65	1436.33
ANPARA-D	1000.00	7536.67	1.32	998.02	2.74	2062.87	4.06	3060.89
Meja Thermal Project (JV NTPC and UPRVNL)	458.00	-	-	-	-	-	-	-
<b>Sub total - State Thermal</b>	<b>6391.00</b>	<b>30650.41</b>	<b>1.08</b>	<b>3307.12</b>	<b>2.26</b>	<b>6926.50</b>	<b>3.34</b>	<b>10233.63</b>
<b>Procurement of Power from UPJVUNL</b>								
RIHAND	255.00	518.35	0.44	23.03	0.55	28.51	0.99	51.54
OBRA (H)	99.00	227.49	0.53	12.00	0.81	18.53	1.34	30.53
MATATILA	20.00	71.01	0.73	5.18	0.65	4.62	1.38	9.80
KHARA	57.60	205.49	0.68	13.94	0.74	15.29	1.42	29.23
UGC	13.70	20.68	2.91	6.01	2.68	5.54	5.59	11.55
SHEETLA	3.60	-	-	-	-	-	-	-
BELKA & BABAIL	6.00	-	-	-	-	-	-	-
<b>Sub Total – State Hydro</b>	<b>454.90</b>	<b>1043.01</b>	<b>0.58</b>	<b>60.16</b>	<b>0.69</b>	<b>72.49</b>	<b>1.27</b>	<b>132.65</b>

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*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*

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
<b>Procurement of power from NTPC</b>								
ANTA GPS	91.00	-	-	-	-	-	-	-
AURAIYA GPS	213.00	-	-	-	-	-	-	-
DADRI GPS	246.00	449.54	2.91	130.72	3.48	156.43	6.39	287.15
Unchahar-I	250.00	1386.32	1.35	187.76	2.84	394.05	4.20	581.81
Unchahar-II	129.00	776.88	1.21	94.31	2.84	220.84	4.06	315.15
Unchahar-III	63.00	359.28	1.91	68.50	2.85	102.46	4.76	170.96
FSTPS	33.00	130.34	1.46	19.04	0.63	8.17	2.09	27.21
Kahalgaon St. I	77.00	436.84	1.27	55.30	2.33	101.59	3.59	156.89
Kahalgaon St.II Ph.I	251.00	1409.60	1.33	186.82	2.23	314.46	3.56	501.28
KOLDAM HPS	204.00	1336.35	1.48	198.34	2.49	332.75	3.97	531.09
NCTPS-1	84.00	425.01	1.33	56.48	3.63	154.43	4.96	210.91
NCTPS-2	98.00	430.09	2.76	118.80	3.42	146.89	6.18	265.69
Rihand-I	326.00	1906.88	1.18	224.50	1.29	245.58	2.47	470.08
Rihand-II	296.00	1984.88	0.86	170.53	1.28	254.93	2.14	425.46
Rihand-III	340.00	2364.58	1.47	347.91	1.31	309.49	2.78	657.40
SINGRAULI	754.00	5039.40	0.56	281.65	1.33	670.28	1.89	951.93
TANDA TPS	440.00	2172.60	1.70	369.97	2.78	604.99	4.49	974.96
SINGRAULI SHPS	3.40	10.66	-	-	5.04	5.37	5.04	5.37
NEW NABINAGAR STAGE I	69.67	-	-	-	-	-	-	-
<b>Sub-Total NTPC</b>	<b>3968.07</b>	<b>20619.25</b>	<b>1.22</b>	<b>2510.63</b>	<b>1.95</b>	<b>4022.71</b>	<b>3.17</b>	<b>6533.34</b>
<b>Procurement of power from NHPC</b>								
SALAL	48.00	203.57	1.10	22.46	0.62	12.54	1.72	35.00
TANAKPUR	21.00	64.08	3.50	22.45	1.73	11.09	5.23	33.54
CHAMERA-I	109.00	393.43	1.10	43.28	1.14	44.89	2.24	88.17
URI	96.00	484.89	1.25	60.84	0.82	39.86	2.08	100.69
CHAMERA-II	62.00	346.07	1.32	45.77	1.00	34.78	2.33	80.55
DHAULIGANGA	56.00	239.99	1.57	37.61	1.21	29.16	2.78	66.77
DULHASTI	85.00	574.37	2.46	141.29	2.75	157.89	5.21	299.18
SEWA-II	27.00	107.01	3.73	39.90	2.16	23.16	5.89	63.06
CHAMERA-III	47.00	219.10	3.30	72.25	2.12	46.52	5.42	118.76
URI-II	51.00	312.78	4.07	127.41	2.37	74.22	6.45	201.63
PARBATI-III	104.75	153.14	3.13	47.87	2.74	41.93	5.86	89.80
KAMENG HEP	56.00	-	-	-	-	-	-	-
<b>Total</b>	<b>762.75</b>	<b>3098.42</b>	<b>2.13</b>	<b>661.11</b>	<b>1.67</b>	<b>516.04</b>	<b>3.80</b>	<b>1177.15</b>
<b>Procurement of power from NPCIL</b>								
NAPP	138.00	1017.89	-	-	3.20	325.74	3.20	325.74





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

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
RAPP #3&4	66.00	529.25	-	-	3.49	184.54	3.49	184.54
RAPP#5&6	86.00	745.80	-	-	4.05	302.25	4.05	302.25
<b>Total</b>	<b>290.00</b>	<b>2292.94</b>	-	-	<b>3.54</b>	<b>812.53</b>	<b>3.54</b>	<b>812.53</b>
<b>Procurement of power from IPPs</b>								
Anpara-C	1100.00	7088.64	0.86	607.96	1.74	1233.51	2.60	1841.47
IGSTPP, JHAJHAR	50.40	255.36	1.66	42.51	3.33	84.98	4.99	127.49
BEPL BARKHERA	80.10	451.06	2.45	110.70	3.66	165.03	6.11	275.73
BEPL KHAMBHAKHERA	80.10	451.58	2.48	111.87	3.69	166.57	6.17	278.44
BEPL KUNDRAKHI	80.10	336.22	3.31	111.37	3.37	113.35	6.68	224.72
BEPL MAQSOODAPUR	80.10	450.30	2.45	110.38	3.64	163.91	6.09	274.29
BEPL UTRAULA	80.10	457.28	2.51	114.55	3.42	156.30	5.92	270.85
KSK MAHANADI	1000.00	3189.01	3.29	1047.71	2.48	791.17	5.77	1838.88
LALITPUR	1866.00	7274.48	3.39	2468.86	3.16	2299.95	6.56	4768.82
M.B. POWER	361.00	2520.88	2.76	696.71	1.63	411.15	4.39	1107.86
PRAYAGRAJ POWER	1648.00	7601.32	0.98	747.47	2.83	2153.64	3.82	2901.11
R.K.M POWER	350.00	895.60	5.33	477.12	1.57	140.61	6.90	617.73
ROSA	1200.00	6477.63	1.89	1221.27	1.61	1044.01	3.50	2265.28
SASAN	465.30	2853.76	0.20	56.26	1.15	326.87	1.34	383.13
SRI NAGAR HEP	290.40	1316.85	4.22	555.55	2.27	298.29	6.48	853.84
TRN ENERGY	390.00	2210.21	2.10	464.56	1.39	308.21	3.50	772.78
VISHNU PRAYAG	352.00	1731.82	0.14	24.48	1.23	213.69	1.38	238.17
KARCHAM	200.00	747.76	2.27	169.50	1.74	130.33	4.01	299.84
TEESTA-III	-	626.87	3.01	188.44	2.34	146.56	5.34	335.00
TEHRI	374.00	1239.58	2.08	257.52	2.66	329.23	4.73	586.75
KOTESHWAR	155.00	501.90	2.04	102.62	1.96	98.12	4.00	200.74
RAMPUR	56.68	288.75	2.29	66.07	1.61	46.58	3.90	112.65
NATHPA JHAKRI	221.00	1128.97	1.52	171.11	1.21	137.06	2.73	308.17
<b>Total</b>	<b>10480.28</b>	<b>50095.86</b>	<b>1.98</b>	<b>9924.59</b>	<b>2.19</b>	<b>10959.13</b>	<b>4.17</b>	<b>20883.72</b>
<b>Procurement of power from STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19</b>								
Captive and Cogen	-	5457.00	-	-	5.54	3025.31	5.54	3025.31
Renewable Energy	-	1731.30	-	-	7.71	1335.52	7.71	1335.52
NVVN Solar	-	661.67	-	-	7.45	492.84	7.45	492.84
NVVN Coal Power	-	372.82	-	-	2.81	104.87	2.81	104.87
<b>Total</b>	-	<b>8222.79</b>	-	-	<b>6.03</b>	<b>4958.55</b>	<b>6.03</b>	<b>4958.55</b>
<b>Procurement of power from UPCOMING STATE CO-GENERATION FACILITIES, SOLAR AND OTHER SOURCES FOR FY 2018-19</b>								
Wind based		1,253.30	-	-	3.50	438.65	3.50	438.65





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

Source of Power	MW Available	Quantum (MU)	Fixed Cost		Variable Cost		Total Cost	
			(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)	(Rs. / kWh)	(Rs. Crore)
Solar based	-	-	-	-	-	-	-	-
Bagasse based	-	673.63	-	-	5.69	383.35	5.69	383.35
<b>Total</b>	-	<b>1,926.93</b>	-	-	-	<b>822.01</b>	<b>4.27</b>	<b>822.01</b>
<b>Power Procurement from Bilateral Sources</b>								
FY 2018-19		12625.90			4.00	5050.36	4.00	5050.36
<b>Grand Total</b>		<b>130575.52</b>		<b>16463.62</b>		<b>34140.31</b>	<b>3.88</b>	<b>50603.93</b>

### 7.14 APPROVED MERIT ORDER DISPATCH

7.14.1 The Merit Order Dispatch as approved by the Commission after evaluating the power purchase cost is given in the Table below:

**TABLE 7-47: APPROVED MERIT ORDER DISPATCH FOR FY 2018-19**

Source of Power	Must Run/ Merit	Plant Type	Variable Cost (Rs. / kWh)
RIHAND	Must Run	UPJVNL-Hydro	0.55
SALAL	Must Run	NHPC-Hydro	0.62
MATATILA	Must Run	UPJVNL-Hydro	0.65
KHARA	Must Run	UPJVNL-Hydro	0.74
OBRA (H)	Must Run	UPJVNL-Hydro	0.81
URI	Must Run	NHPC-Hydro	0.82
CHAMERA-II	Must Run	NHPC-Hydro	1.00
CHAMERA-I	Must Run	NHPC-Hydro	1.14
DHAULIGANGA	Must Run	NHPC-Hydro	1.21
TANAKPUR	Must Run	NHPC-Hydro	1.73
CHAMERA-III	Must Run	NHPC-Hydro	2.12
SEWA-II	Must Run	NHPC-Hydro	2.16
URI-II	Must Run	NHPC-Hydro	2.37
UGC	Must Run	UPJVNL-Hydro	2.68
PARBATI-III	Must Run	NHPC-Hydro	2.74
DULHASTI	Must Run	NHPC-Hydro	2.75
NAPP	Must Run	NPCIL-Nuclear	3.20
RAPP #3&4	Must Run	NPCIL-Nuclear	3.49
Wind based	Must Run*	Renewable	3.50
RAPP#5&6	Must Run	NPCIL-Nuclear	4.05

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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

Source of Power	Must Run/ Merit	Plant Type	Variable Cost (Rs. / kWh)
Captive and Cogen	Must Run*	Renewable	5.54
Bagasse based	Must Run*	Renewable	5.69
Renewable Energy	Must Run*	Renewable	7.71
OBRA-B	Merit	UPRVUNL-Thermal	0.51
PARICHHA	Merit	UPRVUNL-Thermal	0.63
Farakka	Merit	NTPC-Thermal	0.63
SASAN	Merit	IPP/JV/Bilateral/Others	1.15
NATHPA JHAKRI	Merit	IPP/JV/Bilateral/Others	1.21
VISHNU PRAYAG	Merit	IPP/JV/Bilateral/Others	1.23
RIHAND-2	Merit	NTPC-Thermal	1.28
RIHAND-1	Merit	NTPC-Thermal	1.29
RIHAND-3	Merit	NTPC-Thermal	1.31
SINGRAULI	Merit	NTPC-Thermal	1.33
TRN ENERGY	Merit	IPP/JV/Bilateral/Others	1.39
R.K.M.POWER	Merit	IPP/JV/Bilateral/Others	1.57
ROSA	Merit	IPP/JV/Bilateral/Others	1.61
RAMPUR	Merit	IPP/JV/Bilateral/Others	1.61
ANPARA-B	Merit	UPRVUNL-Thermal	1.63
M.B.POWER	Merit	IPP/JV/Bilateral/Others	1.63
ANPARA-C	Merit	IPP/JV/Bilateral/Others	1.74
KARCHAM	Merit	IPP/JV/Bilateral/Others	1.74
ANPARA-A	Merit	UPRVUNL-Thermal	1.87
KOTESHWAR	Merit	IPP/JV/Bilateral/Others	1.96
Kahalgaon St.II Ph.I	Merit	NTPC-Thermal	2.23
SRI NAGAR HEP	Merit	IPP/JV/Bilateral/Others	2.27
Kahalgaon St. I	Merit	NTPC-Thermal	2.33
TEESTA-III	Merit	IPP/JV/Bilateral/Others	2.34
KSK MAHANADI	Merit	IPP/JV/Bilateral/Others	2.48
Koldam (Hydro)	Merit	NTPC-Thermal	2.49
TEHRI	Merit	IPP/JV/Bilateral/Others	2.66
ANPARA-D	Merit	UPRVUNL-Thermal	2.74
TANDA TPS	Merit	NTPC-Thermal	2.78
NVVN Coal Power	Merit	Renewable	2.81
PRAYAGRAJ POWER	Merit	IPP/JV/Bilateral/Others	2.83
Unchahar-I	Merit	NTPC-Thermal	2.84
Unchahar-II	Merit	NTPC-Thermal	2.84

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Source of Power	Must Run/ Merit	Plant Type	Variable Cost (Rs. / kWh)
Unchahar-III	Merit	NTPC-Thermal	2.85
PARICHA EXT. STAGE-II	Merit	UPRVUNL-Thermal	3.04
LALITPUR	Merit	IPP/JV/Bilateral/Others	3.16
OBRA-A	Merit	UPRVUNL-Thermal	3.30
HARDUAGANJ EXT.	Merit	UPRVUNL-Thermal	3.31
PARICHA EXT.	Merit	UPRVUNL-Thermal	3.32
IGSTPP, JHAJHAR	Merit	IPP/JV/Bilateral/Others	3.33
BEPL KUNDRAKHI	Merit	IPP/JV/Bilateral/Others	3.37
NCTPS-2	Merit	NTPC-Thermal	3.42
BEPL UTRAULA	Merit	IPP/JV/Bilateral/Others	3.42
DADRI GPS	Merit	NTPC-Thermal	3.48
Dadri Thermal	Merit	NTPC-Thermal	3.63
BEPL MAQSOODAPUR	Merit	IPP/JV/Bilateral/Others	3.64
BEPL BARKHERA	Merit	IPP/JV/Bilateral/Others	3.66
BEPL KHAMBHAKHERA	Merit	IPP/JV/Bilateral/Others	3.69
Power Procurement from Bilateral Sources	Merit	Exchange	4.00
SINGRAULI SHPS	Merit	NTPC-Thermal	5.04
NVVN Solar	Merit	Thermal	7.45

\*Up to Renewable Power Purchase Obligation

7.14.2 The Commission again directs the Distribution Licensees to procure power to meet demand on real time basis strictly following the merit order dispatch principles. The Distribution Licensees should also take into consideration the prevailing rates on the Energy Exchanges while procuring the power and should try to minimize the cost of power purchase as much as possible. It has been provided, that the power from short term sources should be procured at cheapest price and in any case, it should not be more than that approved by the Commission for the MYT Period taking into consideration the availability of power at lower prices in the market.

7.14.3 The Commission has been directing the Licensees in various proceeding to take advantage of the prevailing cheaper short-term power based on the availability. Further, in its Order dated June 9, 2016 in the matter of Suo-Moto proceeding regarding purchase of power from energy exchange has directed the Licensees to follow the philosophy of daily scheduling. Also, the Commission in the matter

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of Petition No. 1070 / 2015 has passed various orders (dt. June 21, 2016 etc.) regarding the merit order dispatch. The Licensees are hereby directed that they must strictly comply with the same in procuring the power.

#### 7.15 POWER PROCUREMENT COST

- 7.15.1 The MYT Distribution Regulations, 2014, provides that the distribution licensees shall have flexibility of procuring power from any source in the country. However, they shall procure power on least cost basis and as per merit order principle.
- 7.15.2 The Licensees have considered some key assumptions in forecasting power purchase units & costs as follows:
- Actual power purchase cost and units of FY 2015-16 and FY 2016-17
  - Provisional power purchase cost and units for April 2018 to June 2018
  - Power Purchase trends observed in the previous and current year.
  - Estimated growth in sales.
  - Conversion of Un-Metered Consumers to Metered Consumers
  - Share of expected capacity available from various generators to the UPPCL/DISCOM.
- 7.15.3 The Commission has run the merit order Dispatch schedule for power purchase for the FY 2018-19 after considering the availability of power. The power purchase quantum and cost approved by the Commission for FY 2018-19 as discussed in previous section.
- 7.15.4 The PGCIL charges have been considered as submitted by the Licensee i.e. Rs. 2971.40 Cr for FY 2018-19. The Commission further reiterates that the actual inter-State transmission charges for FY 2018-19 would be allowed as pass through during true-up process subject to prudence check by the Commission based on audited accounts.
- 7.15.5 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 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 7-48: 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
Total Power Procurement Cost (RS. CRORE)	$H=F+G$	61,833.40	56362.97	53575.33
<b>Bulk Supply Tariff (Rs./Unit)</b>	$I=(H/E)*10$	<b>4.40</b>	<b>4.55</b>	<b>4.32</b>

7.15.6 Based on the approved quantum, the Commission has approved power procurement cost for State Discoms for FY 2018-19 is as given in the tables below:

**Table 7-49: POWER PROCUREMENT COST FOR DVVNL FOR FY 2018-19**

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	29058.07	25665.28	25665.28
Bulk Supply Tariff (Rs. /kWh)	B	4.40	4.55	4.32
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	$C=A*B/10$	<b>12786.03</b>	<b>11662.46</b>	<b>11079.99</b>

**Table 7-50: POWER PROCUREMENT COST FOR MVVNL FOR FY 2018-19**

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	30061.03	24969.20	25072.86
Bulk Supply Tariff (Rs. /kWh)	B	4.40	4.55	4.32
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	$C=A*B/10$	<b>13227.35</b>	<b>11349.84</b>	<b>10824.23</b>

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Table 7-51: POWER PROCUREMENT COST FOR PUVNL FOR FY 2018-19

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	41270.06	39514.85	39514.85
Bulk Supply Tariff (Rs. /kWh)	B	4.40	4.55	4.32
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	<b>C=A*B /10</b>	<b>18159.50</b>	<b>17961.62</b>	<b>17059.00</b>

Table 7-52: POWER PROCUREMENT COST FOR PuVVNL FOR FY 2018-19

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	35194.46	29846.10	29846.10
Bulk Supply Tariff (Rs. /kWh)	B	4.40	4.55	4.32
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	<b>C=A*B /10</b>	<b>15486.14</b>	<b>13566.65</b>	<b>12884.89</b>

Table 7-53: POWER PROCUREMENT COST FOR KESCO FOR FY 2018-19

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	4941.62	4000.87	4000.86
Bulk Supply Tariff (Rs. /kWh)	B	4.40	4.55	4.32
<b>Power Procurement Cost from UPPCL (Rs. Crore)</b>	<b>C=A*B /10</b>	<b>2174.39</b>	<b>1818.61</b>	<b>1727.22</b>

## 7.16 TRANSMISSION AND SLDC CHARGES

7.16.1 The Licensees submitted that the Intra-State transmission charges for current year payable by the Licensees are on the basis of actual energy received and uniform charges are to be paid by all the Distribution Licensees proportionate to the energy delivered to them. However, the Licensees had submitted revised BST computations on November 19, 2018, due to errors in the earlier submitted figures. However, they had not revised the transmission charges in their new submissions.

7.16.2 The Transmission and SLDC charges for FY 2018-19 have been approved in concurrence with the ARR and Transmission tariff approved for UPPTCL for FY 2018-19 in the Commission's Order for determination of Intra-State





transmission charges approved for UPPTCL by the Commission. The approved transmission charges for all State DISCOMs for FY 2018-19 are given in tables below:

**Table 7-54: INTRA STATE TRANSMISSION CHARGES FOR DVVNL FOR FY 2018-19**

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	29058.07	25687.41	25665.28
Transmission Tariff (Rs. /kWh)	B	0.237	0.179	0.190
Transmission Cost (Rs. Crore)	$C=A*B/10$	689.99	460.63	488.81

**Table 7-55: INTRA STATE TRANSMISSION CHARGES FOR MVVNL FOR FY 2018-19**

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	30061.63	24969.20	25072.86
Transmission Tariff (Rs. /kWh)	B	0.237	0.178	0.190
Transmission Cost (Rs. Crore)	$C=A*B/10$	713.81	443.57	477.52

**Table 7-56: INTRA STATE TRANSMISSION CHARGES FOR PVVNL FOR FY 2018-19**

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	41270.06	39518.87	39514.85
Transmission Tariff (Rs. /kWh)	B	0.237	0.177	0.190
Transmission Cost (Rs. Crore)	$C=A*B/10$	979.97	700.30	752.58

**Table 7-57: INTRA STATE TRANSMISSION CHARGES FOR PuVVNL FOR FY 2018-19**

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	35194.46	29846.10	29846.10

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Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Transmission Tariff (Rs. /kWh)	B	0.237	0.179	0.190
<b>Transmission Cost (Rs. Crore)</b>	<b>C = A*B /10</b>	<b>835.70</b>	<b>533.04</b>	<b>568.43</b>

Table 7-58: INTRA STATE TRANSMISSION CHARGES FOR KESCO FOR FY 2018-19

Particulars	Derivation	FY 2018-19		
		Tariff Order	Claimed	Approved
Energy Input into Transmission-Distribution Interface (MU)	A	4941.62	3736.62	4000.86
Transmission Tariff (Rs. /kWh)	B	0.237	0.176	0.190
<b>Transmission Cost (Rs. Crore)</b>	<b>C = A*B /10</b>	<b>117.34</b>	<b>65.59</b>	<b>76.20</b>

## 7.17 O&M EXPENSES

7.17.1 The O&M expenses comprise of Employee costs, Administrative & General (A&G) Expenses and Repair & Maintenance (R&M) expenses. Regulation 25 of the Distribution MYT Tariff Regulations, 2014 mandates the Commission to stipulate a separate trajectory of norms for each of the components of O&M expenses viz., Employee cost, Repairs and maintenance (R&M) expense and Administrative and General Expense (A&G) expense. The relevant extract of the Regulations is as follows:

Quote

### **25. Operation & Maintenance Expenses**

(a) The Commission shall stipulate a separate trajectory of norms for each of the components of O&M expenses viz., Employee cost, Repairs and maintenance (R&M) expense and Administrative and General Expense (A&G) expense. Provided that such norms may be specified for a specific Distribution Licensee or a class of Distribution Licensees.

(b) Norms shall be defined in terms of combination of number of personnel per 1000 consumers and number of personnel per substation along with annual expenses per personnel for Employee cost; combination of A&G expense per personnel and A&G expense per 1000 consumers for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses:

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(c) One-time expenses such as expense due to change in accounting policy, arrears paid due to pay commissions etc., shall be excluded from the norms in the trajectory.

(d) The expenses beyond the control of the Distribution Licensee such as dearness allowance, terminal benefits etc. in Employee cost etc., shall be excluded from the norms in the trajectory.

(e) The One-time expenses and the expenses beyond the control of the Distribution Licensee shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.

(f) The norms in the trajectory shall be specified over the control period with due consideration to productivity improvements.

(g) The norms shall be determined at constant prices of base year and escalation on account of inflation shall be over and above the baseline.

(h) The Distribution Licensee specific trajectory of norms shall be identified by the Commission on the basis of simple average of previous five years audited figures, duly normalized for any abnormal variation.

(i) For new Distribution Licensee whose date of commercial operation is within the tariff period (i.e. April 1, 2015 to March 31, 2020), detailed project report shall be used by the Commission to estimate values of norms."

### 25.1 Employee Cost

Employee cost shall be computed as per the approved norm escalated by consumer price index (CPI), adjusted by provisions for expenses beyond the control of the Licensee and one-time expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears, Interim Relief etc., governed by the following formula:

$$EMP_n = (EMP_b * CPI \text{ inflation}) + Provision$$

Where:

EMP<sub>n</sub>: Employee expense for the year n.

EMP<sub>b</sub>: Employee expense as per the norm CPI inflation: is the average increase in the Consumer Price Index (CPI) for immediately preceding three financial years.

Provision: Provision for expenses beyond control of the Distribution Licensee and expected one-time expenses as specified above."

### 25.2 Repairs and Maintenance Expense

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Repairs and Maintenance expense shall be calculated as percentage (as per the norm defined) of Average Gross Fixed Assets for the year governed by following formula:

$$R\&Mn = Kb * GFAn$$

Where:

R&Mn: Repairs & Maintenance expense for nth year

GFAn: Average Gross Fixed Assets for nth year

Kb: Percentage point as per the norm.”

### 25.3 Administrative and General Expense

A&G expense shall be computed as per the norm escalated by wholesale price index (WPI) and adjusted by provisions for confirmed initiatives (IT etc. initiatives as proposed by the Distribution Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:

$$A\&Gn = (A\&Gb * WPI \text{ inflation}) + Provision$$

Where:

A&Gn: A&G expense for the year n

A&Gb: A&G expense as per the norm

WPI inflation: is the average increase in the Wholesale Price Index (WPI) for immediately preceding three financial years

Provision: Cost for initiatives or other one-time expenses as proposed by the Distribution Licensee and validated by the Commission. “

Unquote

- 7.17.2 The Licensees have submitted the O&M computations based the methodology as stated in the MYT Order dated November 30, 2017, in accordance to MYT Distribution Tariff Regulations, 2014. The norms for O&M Expenses for FY 2018-19 has been considered as approved in the MYT Order, the same has also been claimed by the Licensees. The Commission has currently considered the parameters like No of employees, no of sub-stations, no of consumers etc. as submitted by the Licensees. The same shall be reviewed at the time of truing up for FY 2018-19. Accordingly, the employee, A&G and R&M Expenses are approved as shown under:

- Employee Expenses

- 7.17.2.1 The approved employee expenses as described in MYT Order dated November 30, 2017.







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 7-59: EMPLOYEE EXPENSES AS APPROVED BY THE COMMISSION FOR FY 2018-19

	DVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
A	Norms per 1000 consumers (Rs. Crore)	0.168	0.168	0.168
B	Number of consumers (Nos.)	6343419	5972061	5972061
C	Employee Expenses (consumers) (F) (Rs. Crore)	1066.69	1003.31	1003.31
D	Norms per substation (Rs. Crore)	0.0021	0.002	0.002
E	Number of substations (Nos.)	348325	385910	385910
F	Employee Expenses (substation) (G) (Rs. Crore)	724.58	810.41	810.41
G	Gross Employee Expenses (F+G)/2 (Rs. Crore)	895.63	906.86	906.86
H	Less: Employee Expenses Capitalized (Rs. Crore)	134.34	465.90	465.90
	Add: Arrears (K)	47.11	-	-
I	Net Employee Expenses (G-H+K) (Rs. Crore)	808.40	440.96	440.96

	MVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
A	Norms per 1000 consumers (Rs. Crore)	0.240	0.240	0.240
B	Number of consumers (Nos.)	9102971	10062808	10062808
C	Employee Expenses (consumers) (F) (Rs. Crore)	2182.91	2415.07	2415.07
D	Norms per substation (Rs. Crore)	0.0045	0.005	0.005
E	Number of substations (Nos.)	285531.00	285531	285531
F	Employee Expenses (substation) (G) (Rs. Crore)	1273.93	1284.89	1284.89
G	Gross Employee Expenses (F+G)/2 (Rs. Crore)	1728.42	1849.98	1849.98
H	Less: Employee Expenses Capitalized (Rs. Crore)	271.98	214.15	214.15
	Add: Arrears (K)	84.74	-	-
I	Net Employee Expenses (G-H+K) (Rs. Crore)	1541.18	1635.83	1635.83

	PVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
A	Norms per 1000 consumers (Rs. Crore)	0.176	0.176	0.176
B	Number of consumers (Nos.)	9367365	6808685	6808685
C	Employee Expenses (consumers) (F) (Rs. Crore)	1652.74	1198.33	1198.33
D	Norms per substation (Rs. Crore)	0.003	0.003	0.003
E	Number of substations (Nos.)	277497	366426	366426

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	PVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
F	Employee Expenses (substation) (G) (Rs. Crore)	949.66	1245.85	1245.85
G	Gross Employee Expenses (F+G)/2 (Rs. Crore)	1301.20	1222.09	1222.09
H	Less: Employee Expenses Capitalized (Rs. Crore)	205.15	327.00	327.00
	Add: Arrears (K)	66.52	-	-
I	Net Employee Expenses (G-H+K) (Rs. Crore)	1162.56	895.09	895.09

	PuVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
A	Norms per 1000 consumers (Rs. Crore)	0.201	0.201	0.201
B	Number of consumers (Nos.)	6638511	10344244	10344244
C	Employee Expenses (consumers) (F) (Rs. Crore)	1331.95	2079.19	2079.19
D	Norms per substation (Rs. Crore)	0.0037	0.004	0.00370
E	Number of substations (Nos.)	389879	472200	472200
F	Employee Expenses (substation) (G) (Rs. Crore)	1437.43	1747.14	1747.14
G	Gross Employee Expenses (F+G)/2 (Rs. Crore)	1384.69	1913.17	1913.17
H	Less: Employee Expenses Capitalized (Rs. Crore)	207.70	369.63	369.63
	Add: Arrears (K)	86.69	-	-
I	Net Employee Expenses (G-H+K) (Rs. Crore)	1263.68	1543.54	1543.54

	KESCO	FY 2018-19		
		Tariff Order	Claimed	Approved
A	Norms per 1000 consumers (Rs. Crore)	0.321	0.321	0.321
B	Number of consumers (Nos.)	655257	594850	594850
C	Employee Expenses (consumers) (F) (Rs. Crore)	210.59	190.95	190.95
D	Norms per substation (Rs. Crore)	0.0407	0.041	0.041
E	Number of substations (Nos.)	5322.00	5322	5322
F	Employee Expenses (substation) (G) (Rs. Crore)	216.49	216.61	216.61
G	Gross Employee Expenses (F+G)/2 (Rs. Crore)	213.54	203.78	203.78
H	Less: Employee Expenses Capitalized (Rs. Crore)	32.03	13.27	13.27
	Add: Arrears (K)	14.46	-	-
I	Net Employee Expenses (G-H+K) (Rs. Crore)	195.97	190.51	190.51

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• Repair & Maintenance Expenses

7.17.3 The Repair & Maintenance (R&M) expenses have been calculated as a percentage of average GFA by dividing the total R&M expenses with GFA balance of the relevant year. To arrive at the percentage norm or the factor 'K<sub>b</sub>' for calculation of R&M expenses for FY 2018-19 the Licensees have referred to the methodology provided in MYT Order dated November 30, 2017, in accordance to MYT Distribution Tariff Regulations, 2014.

7.17.4 Further, as described in the subsequent sections, the average GFA approved is lower than the claimed average GFA for FY 2018-19, due to allowance of 70% of the claimed investments. Accordingly, the R&M Expenses computed for the DISCOMs are as shown below:

TABLE 7-60: R&M EXPENSES AS APPROVED BY THE COMMISSION FOR FY 2018-19

S. No	DVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
1	Average GFA for R&M (RS. CRORE)*	9964.58	9839.70	9284.77
2	K <sub>b</sub>	6.36%	6.36%	6.36%
3	R&M Expense (RS. CRORE)	633.44	625.81	590.22

S.No	MVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
1	Average GFA for R&M (RS. CRORE)*	9641.35	9433.13	8454.80
2	K <sub>b</sub>	5.24%	5.24%	5.24%
3	R&M Expense (RS. CRORE)	505.43	494.30	443.23

S.No	PVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
1	Average GFA for R&M (RS. CRORE)*	15213.34	14,769.64	12059.73
2	K <sub>b</sub>	3.70%	6.20%#	6.20%
3	R&M Expense (RS. CRORE)	563.51	915.72	747.70

# Error on part of Licensee

S. No	PuVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
1	Average GFA for R&M (RS. CRORE)*	10871.54	11,186.17	10329.29





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

S. No	PuVVNL	FY 2018-19		
		Tariff Order	Claimed	Approved
2	K <sub>b</sub>	6.20%	6.20%	6.20%
3	<b>R&amp;M Expense (RS. CRORE)</b>	<b>673.88</b>	<b>693.54</b>	<b>640.27</b>

S. No	KESCO	FY 2018-19		
		Tariff Order	Claimed	Approved
1	Average GFA for R&M (RS. CRORE)	956.33	849.79	876.66
2	K <sub>b</sub>	6.59%	6.59%	6.59%
3	<b>R&amp;M Expense (RS. CRORE)</b>	<b>63.06</b>	<b>56.00</b>	<b>57.77</b>

\* GFA for R&M includes asset value of Gol Grants not considered in investment

• **Administrative & General Expenses**

7.17.5 The Administrative & General Expenses (A&G) Expenses have been worked out considering the methodology provided in the MYT Order dated November 30, 2017. No amounts have been claimed under the entitlement "Provision" provided in the MYT Distribution Regulations, 2014. Accordingly, the approved A&G Expenses for the Licensees are as shown under:

TABLE 7-61: A&G EXPENSES AS APPROVED BY THE COMMISSION FOR FY 2018-19

DVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Norms per 1000 consumers (Rs. Crore)	0.031	0.031	0.031
Number of Consumers (Nos.)	6343419	5972061	5972061
<b>Administration &amp; General Expenses (consumers) (F) (Rs. Crore)</b>	<b>195.27</b>	<b>185.13</b>	<b>185.13</b>
Norms per Employee (RS. CRORE)	0.0133	0.013	0.013
Number of Employee (Nos.)	8892	4361	4361
<b>Administration &amp; General Expenses (Employee) (G) (Rs. Crore)</b>	<b>118.06</b>	<b>58.00</b>	<b>58.00</b>
<b>Total Administration &amp; General Expenses (F+G)/2 (Rs. Crore)</b>	<b>156.67</b>	<b>121.57</b>	<b>121.57</b>

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Norms per 1000 consumers (Rs. Crore)	0.0562	0.0562	0.0562
Number of Consumers (Nos.)	9102971	10062808	10062808
<b>Administration &amp; General Expenses (consumers) (F) (Rs. Crore)</b>	<b>511.50</b>	<b>565.53</b>	<b>565.53</b>
Norms per Employee (Rs. Crore)	0.0195	0.0195	0.0195
Number of Employee (Nos.)	12,038	12038	12038
<b>Administration &amp; General Expenses (Employee) (G) (Rs. Crore)</b>	<b>234.44</b>	<b>234.74</b>	<b>234.74</b>








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

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
<b>Total Administration &amp; General Expenses (F+G)/2 (Rs. Crore)</b>	<b>372.97</b>	<b>400.14</b>	<b>400.14</b>

PVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Norms per 1000 consumers (Rs. Crore)	0.0224	0.0224	0.0224
Number of Consumers (Nos.)	9367365	6808685	6808685
<b>Administration &amp; General Expenses (consumers) (F) (Rs. Crore)</b>	<b>209.90</b>	<b>152.51</b>	<b>152.51</b>
Norms per Employee (Rs. Crore)	0.0127	0.0127	0.0127
Number of Employee (Nos.)	6,426	6352	6352
<b>Administration &amp; General Expenses (Employee) (G) (Rs. Crore)</b>	<b>81.64</b>	<b>80.68</b>	<b>80.68</b>
<b>Total Administration &amp; General Expenses (F+G)/2 (Rs. Crore)</b>	<b>145.77</b>	<b>116.60</b>	<b>116.60</b>

PuVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Norms per 1000 consumers (Rs. Crore)	0.0246	0.0246	0.0246
Number of Consumers (Nos.)	6638511	10344244	10344244
<b>Administration &amp; General Expenses (consumers) (F) (Rs. Crore)</b>	<b>163.29</b>	<b>254.47</b>	<b>254.44</b>
Norms per Employee (Rs. Crore)	0.0128	0.0128	0.0128
Number of Employee (Nos.)	8862	7895	7895
<b>Administration &amp; General Expenses (Employee) (G) (Rs. Crore)</b>	<b>113.73</b>	<b>101.06</b>	<b>101.32</b>
<b>Total Administration &amp; General Expenses (F+G)/2 (RS. CRORE)</b>	<b>138.51</b>	<b>177.76</b>	<b>177.88</b>

KESCO	FY 2018-19		
	Tariff Order	Claimed	Approved
Norms per 1000 consumers (Rs. Crore)	0.0339	0.0339	0.0339
Number of Consumers (Nos.)	655257	594850	594850
<b>Administration &amp; General Expenses (consumers) (F) (Rs. Crore)</b>	<b>22.24</b>	<b>20.17</b>	<b>20.17</b>
Norms per Employee (Rs. Crore)	0.0133	0.0133	0.0133
Number of Employee (Nos.)	2281	1626	1626
<b>Administration &amp; General Expenses (Employee) (G) (Rs. Crore)</b>	<b>30.26</b>	<b>21.63</b>	<b>21.63</b>
<b>Total Administration &amp; General Expenses (F+G)/2 (Rs. Crore)</b>	<b>26.25</b>	<b>20.90</b>	<b>20.90</b>

7.17.6 The summary of O&M Expenses approved by the Commission for the DISCOMs are as shown under:



**TABLE 7-62: O&M EXPENSES AS APPROVED BY THE COMMISSION FOR FY 2018-19 (RS. CRORE)**

DVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Repair & Maintenance Expenses	633.44	625.81	590.22
Employee Expenses	942.74	906.86	906.86
Administrative and General Expenses	156.67	121.57	121.57
<b>Gross O&amp;M Expenses</b>	<b>1685.74</b>	<b>1654.23</b>	<b>1618.65</b>
Less:			
Employee Expenses capitalized	134.34	465.90	465.90
Administrative and General Expenses capitalized	23.50	-	-
<b>Expenses Capitalized</b>	<b>157.84</b>	<b>465.90</b>	<b>465.90</b>
<b>Net O&amp;M Expenses</b>	<b>1575.00</b>	<b>1188.33</b>	<b>1152.75</b>

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Repair & Maintenance Expenses	505.43	494.30	443.23
Employee Expenses	1813.16	1849.98	1849.98
Administrative and General Expenses	372.97	400.14	400.14
<b>Gross O&amp;M Expenses</b>	<b>2691.56</b>	<b>2744.41</b>	<b>2693.34</b>
Less:			
Employee Expenses capitalized	271.98	214.15	214.15
Administrative and General Expenses capitalized	55.94	-	-
<b>Expenses Capitalized</b>	<b>327.92</b>	<b>214.15</b>	<b>214.15</b>
<b>Net O&amp;M Expenses</b>	<b>2363.64</b>	<b>2530.26</b>	<b>2479.19</b>

PVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Repair & Maintenance Expenses	563.51	915.72	747.70
Employee Expenses	1367.72	1222.09	1222.09
Administrative and General Expenses	145.77	116.60	116.60
<b>Gross O&amp;M Expenses</b>	<b>2077.00</b>	<b>2254.40</b>	<b>2086.39</b>
Less :			
Employee Expenses capitalized	205.16	327.00	327.00
Administrative and General Expenses capitalized	21.87		
<b>Expenses Capitalized</b>	<b>227.02</b>	<b>327.00</b>	<b>327.00</b>
<b>Net O&amp;M Expenses</b>	<b>1849.98</b>	<b>1927.40</b>	<b>1759.39</b>

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PuVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Repair & Maintenance Expenses	673.88	693.54	640.27
Employee Expenses	1471.39	1913.17	1913.17
Administrative and General Expenses	138.51	177.76	177.88
<b>Gross O&amp;M Expenses</b>	<b>2197.09</b>	<b>2784.47</b>	<b>2731.32</b>
Less :			
Employee Expenses capitalized	207.70	369.63	369.63
Administrative and General Expenses capitalized	20.78		
<b>Expenses Capitalized</b>	<b>228.48</b>	<b>369.63</b>	<b>369.63</b>
<b>Net O&amp;M Expenses</b>	<b>2055.30</b>	<b>2414.84</b>	<b>2361.69</b>

KESCO	FY 2018-19		
	Tariff Order	Claimed	Approved
Repair & Maintenance Expenses	63.06	56.00	57.77
Employee Expenses	213.54	203.78	203.78
Administrative and General Expenses	26.25	20.90	20.90
<b>Gross O&amp;M Expenses</b>	<b>302.85</b>	<b>280.67</b>	<b>282.44</b>
Less :			
Employee Expenses capitalized	32.03	13.27	13.27
Administrative and General Expenses capitalized	3.94		
<b>Expenses Capitalized</b>	<b>35.97</b>	<b>13.27</b>	<b>13.27</b>
<b>Net O&amp;M Expenses</b>	<b>281.34</b>	<b>267.41</b>	<b>269.18</b>

## 7.18 GFA BALANCES AND CAPITAL FORMATION ASSUMPTIONS

7.18.1 The projected capital expenditure is proposed to be funded in a debt equity mix of 70:30, which is also in line with the Distribution MYT Regulations, 2014 and established philosophy of the Commission.

7.18.2 The Commission in its MYT Order dated November 30, 2017 had stated as shown under:

Quote

6.5.2 The Petitioners submitted that the following assumptions were used for projecting GFA and CWIP:

- 40% of the opening CWIP and 40% of investment made during the year, expenses capitalized & interest capitalized (40% of total investment) has been assumed to get capitalized during the year.

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- Investment through “deposit work “has been taken for capital formation. However, depreciation thereon has not been charged to the ARR in line with the policy adopted by the Commission in its previous Tariff Orders.
- The capital investment plan (net of deposit works) has been projected to be funded in the ratio of 70:30 (debt to equity).

.....

6.5.4 It is observed that the Licensees have claimed the Capital Expenditure Plan and Investment details with schemes such as Vyapar Vikas Nidhi Scheme, Ram Manohar Lohiya Scheme, U/G Cabelling, R-APDRP, Part B, IPDS, DDUGJY etc. The details of the Capital Expenditure submitted by the petitioners are annexed in this order.

6.5.5 Further, the Government of India (Gol) has launched two schemes i.e. Deen Dayal Upadhyay Gram Jyoti Yojna (DDUGJY) and Integrated Power Development Scheme (IPDS) under which 60% Grant is provided by Gol. It has been submitted by the licensees that 60% grant is converted to equity by Government of UP (GoUP) and therefore they have claimed the same as investments and have not reduced the value of grant from investments. However, the Commission observes that the intent of Gol is to provide relief to the consumers by providing the grant for the schemes. If the grant is also added in the investment and the same is allowed as 70:30 then the burden of the consumer by way of depreciation and interest would increase year after year. The Commission is of the view that the capital grants provided by Gol for capital investments should be deducted from the value of total investments and only balance should be taken by financing in the ratio of 70:30. Accordingly, the Commission has disallowed the 60% value of investments for IPDS and DDUGJY schemes. Further, the funding of schemes RAPDRP Part-A and Part-B are provided by Gol in form of loan initially and then converts to grant subject to achievement of targets. Hence, the same has been considered part of the capital investments. The above methodology would be applicable under the Distribution MYT Regulations, 2014 and the investments shall be reviewed at the time of Annual Performance Review / True-Up. The claimed investments are accordingly deducted by an amount equal to 60% of value of these schemes which is shown under:



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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

Scheme	DVVNL			MVVNL			PVVNL		
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2017-18	FY 2018-19	FY 2019-20	FY 2017-18	FY 2018-19	FY 2019-20
DDUGJY - Starts from 2016-17	354.61	472.82	0.00	443.24	0.00	0.00	1210.50	386.96	0.00
IPDS - Starts from 2016-17	137.74	183.65	0.00	259.20	0.00	0.00	532.31	88.72	0.00
<b>Total</b>	<b>492.35</b>	<b>656.47</b>	<b>0.00</b>	<b>702.44</b>	<b>0.00</b>	<b>0.00</b>	<b>1742.81</b>	<b>475.68</b>	<b>0.00</b>

Scheme	PuVVNL			KESCO			Total		
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2017-18	FY 2018-19	FY 2019-20	FY 2017-18	FY 2018-19	FY 2019-20
DDUGJY - Starts from 2016-17	641.56	600.00	0.00	0.00	0.00	0.00	2649.92	1459.78	0.00
IPDS - Starts from 2016-17	304.94	307.75	63.60	0.00	0.00	0.00	1234.20	580.12	63.60
<b>Total</b>	<b>946.51</b>	<b>907.75</b>	<b>63.60</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3884.12</b>	<b>2039.89</b>	<b>63.60</b>

• Further, for the MYT Control Period, the Commission observed that the capital investment claimed by the Licensees is not in accordance with the Distribution MYT Regulations, 2014 as reproduced above and hence, the Commission vide its deficiency notes sought the remaining information from the Licensees. The Licensees did not submit any of the sought information citing that the required information is under preparation. The Commission in its previous orders has been approving 70% of the claimed capital investment plan as the Licensees did not submit the capital investment plan as per the Regulations. However, the Commission observes that during the MYT Control Period, the Licensees have to undergo intensive capital investment for achieving the targets inked under UDAY and 24 x 7 Power for ALL schemes. Hence, in view of the above, the Commission approves full capital investment (apart from the grants from Gol as discussed above) as proposed by the Petitioners. **The Commission directs the petitioners to submit the complete capital investment plan at the time of APR for FY 2017-18. It is to be noted that in case the Licensees fail to submit the capital investment plan while filing the Annual Performance Review petitions the Commission may disallow, the 30% of proposed capital investment in order to reprimand the petitioners'.**

• Further, with a view to approve realistic levels of Gross Fixed Asset (GFA) 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., up to FY 2014-15 as per the audited accounts and for FY 2015-16 as per provisional accounts for FY 2015-16 and FY 2016-17 as per revised submission considered by the Licensees in their petitions. The capitalisation of expenses and interest has been considered as detailed in the sections dealing with O&M expenses and Interest on long term loans. Further, in line with the methodology adopted by the Commission in its previous Orders, 40% of the total investments including opening CWIP, expenses and interest capitalisation during the year have been projected to be capitalised in FY 2017-18 to FY 2019-20.

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7.18.3 In line with the above directions of the Commission it was observed that the Licensees have not submitted any capital investment plan. Therefore, the Commission has considered the following assumptions to arrive at the allowed GFA and CWIP:

- Considered 70% of the claimed capital investments for FY 2017-18 and FY 2018-19.
- Considered 40% of total investments as addition to GFA, where total investments is sum of opening CWIP, employee capitalisation, A&G capitalisation, interest capitalisation and investments during the year

7.18.4 Accordingly, the details of Capitalisation and Work-in-progress for the MYT Control Period are shown in the Table below:

**TABLE 7-63: CAPITALISATION & WIP FOR DVVNL UP TO FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening WIP as on 1 <sup>st</sup> April	2052.81	359.21	1141.44
Investments	2007.99	2266.11	1586.28
Employee Expenses Capitalisation	134.34	465.90	465.90
A&G Expenses Capitalisation	23.50	0.00	0.00
Interest Capitalisation on Interest on long term loans	100.28	149.75	142.77
<b>Total Investments including opening WIP</b>	<b>4318.92</b>	<b>3240.97</b>	<b>3336.39</b>
Transferred to GFA (Total Capitalisation)	1727.57	1727.57	1334.56
<b>Closing WIP</b>	<b>2591.35</b>	<b>1513.40</b>	<b>2001.83</b>





*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 7-64: CAPITALISATION & WIP FOR MVVNL UP TO FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening WIP as on 1 <sup>st</sup> April	2848.19	2063.53	1850.15
Investments	1431.66	1431.66	1002.16
Employee Expenses Capitalisation	271.98	214.15	214.15
A&G Expenses Capitalisation	55.94	0.00	0.00
Interest Capitalisation on Interest on long term loans	90.67	68.32	80.84
<b>Total Investments including opening WIP</b>	<b>4698.44</b>	<b>3777.66</b>	<b>3147.31</b>
Transferred to GFA (Total Capitalisation)	1879.38	1879.38	1258.92
<b>Closing WIP</b>	<b>2819.07</b>	<b>1898.28</b>	<b>1888.38</b>

**TABLE 7-65: CAPITALISATION & WIP FOR PVVNL UP TO FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening WIP as on 1 <sup>st</sup> April	5048.89	747.24	1521.84
Investments	2555.82	2555.82	1789.07
Employee Expenses Capitalisation	205.16	1048.98	327.00
A&G Expenses Capitalisation	21.87	0.00	0.00
Interest Capitalisation on Interest on long term loans	170.86	106.46	77.13
<b>Total Investments including opening WIP</b>	<b>8002.60</b>	<b>4458.50</b>	<b>3715.05</b>
Transferred to GFA (Total Capitalisation)	3201.04	3200.03	1486.02
<b>Closing WIP</b>	<b>4801.56</b>	<b>1258.47</b>	<b>2229.03</b>

**TABLE 7-66: CAPITALISATION & WIP FOR PuVVNL UP TO FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening WIP as on 1 <sup>st</sup> April	2296.21	1885.88	1989.08
Investments	1920.42	1920.42	1344.29
Employee Expenses Capitalisation	207.70	369.63	369.63
A&G Expenses Capitalisation	20.78	0.00	0.00
Interest Capitalisation on Interest on long term loans	115.80	88.97	68.45
<b>Total Investments including opening WIP</b>	<b>4560.91</b>	<b>4264.90</b>	<b>3771.46</b>
Transferred to GFA (Total Capitalisation)	1824.36	1824.28	1508.58
<b>Closing WIP</b>	<b>2736.54</b>	<b>2440.62</b>	<b>2262.88</b>

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TABLE 7-67: CAPITALISATION & WIP FOR KESCO UP TO FY 2018-19 (RS. CRORE)

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening WIP as on 1 <sup>st</sup> April	234.64	140.78	92.77
Investments	189.24	189.24	132.47
Employee Expenses Capitalisation	32.03	13.27	13.27
A&G Expenses Capitalisation	3.94	0.00	0.00
Interest Capitalisation on Interest on long term loans	4.48	0.00	0.00
<b>Total Investments including opening WIP</b>	<b>464.33</b>	<b>343.29</b>	<b>238.50</b>
Transferred to GFA (Total Capitalisation)	185.73	185.73	95.40
<b>Closing WIP</b>	<b>278.60</b>	<b>157.56</b>	<b>143.10</b>

### 7.19 FINANCING OF THE CAPITAL INVESTMENT

7.19.1 The Licensees have considered a normative debt:equity ratio 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 contribution, capital subsidies and grants has been separated as the depreciation and interest thereon would not be charged to the beneficiaries.

7.19.2 The amounts received as consumer contributions, capital subsidies and grants are traced from the provisional accounts for FY 2017-18. Further, the consumer contributions, capital subsidies and grants for the FY 2018-19 have been considered to be in the same ratio to the total investments, as received by the licensees in FY 2015-16 and FY 2016-17 for which audited accounts are available. Thus, the total capital investment proposed during FY 2018-19 after netting off the capital investment through deposit works, has been considered to be funded through debt and equity.

7.19.3 The Commission, on the similar lines, has re-worked the portion of capital expenditure financed through consumer contribution capital grants and subsidies. The Trued-up closing balance of consumer contribution, capital grants and subsidies of FY 2015-16 and FY 2016-17 based on the audited accounts has been considered and subsequent additions in FY 2017-18 as per the provisional accounts as submitted by the petitioners, have been considered to arrive at the opening amount of consumer contribution, capital grants and subsidies.





7.19.4 The Table below summarises the amounts considered towards consumer contributions, capital grants and subsidies from GoUP for the FY 2018-19:

**Table 7-68: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES from GoUP CONSIDERED FOR DVVNL FROM FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1603.30	1,977.61	1977.61
Additions during the year	327.21	327.21	327.21
Less: Amortization (Depreciation on assets created out of Consumer Contribution)	311.12	-	0.00
Closing Balance	1619.39	2,304.82	2304.82

**Table 7-69: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES from GoUP CONSIDERED FOR MVVNL FROM FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1644.35	1,682.82	1,682.82
Additions during the year	170.06	170.06	170.06
Less: Amortization (Depreciation on assets created out of Consumer Contribution)	203.01	203.01	203.01
Closing Balance	1611.41	1,649.87	1,649.87

**Table 7-70: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES from GoUP CONSIDERED FOR PVVNL FROM FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	2501.03	2,676.42	2,676.42
Additions during the year	372.29	372.29	372.29
Less: Amortization (Depreciation on assets created out of Consumer Contribution)	260.83	260.83	260.83
Closing Balance	2612.49	2,787.88	2,787.88

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**Table 7-71: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES from GoUP CONSIDERED FOR PuVVNL FROM FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1731.12	1,709.85	1,709.85
Additions during the year	346.98	346.98	346.98
Less: Amortization (Depreciation on assets created out of Consumer Contribution)	185.13	185.13	185.13
Closing Balance	1892.97	1,871.70	1,871.70

**Table 7-72: CONSUMER CONTRIBUTIONS, CAPITAL GRANTS AND SUBSIDIES from GoUP CONSIDERED FOR KESCO FROM FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	188.78	36.20	36.20
Additions during the year	23.24	23.24	23.24
Less: Amortization (Depreciation on assets created out of Consumer Contribution)	17.1	17.10	17.10
Closing Balance	194.91	42.34	42.34

7.19.5 Thus, the financing of the capital investment as considered by the Commission is shown in the Table below:

**Table 7-73: FINANCING OF THE CAPITAL INVESTMENTS FOR DVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Investment	2007.99	2266.11	1586.28
Less:			
Consumer Contribution and Capital Assets Subsidy from GoUP	327.21	327.21	327.21
Investment funded by debt and equity	1680.78	1938.90	1259.07
<b>Debt Funded</b>	<b>1176.54</b>	<b>1357.23</b>	<b>881.35</b>
<b>Equity Funded</b>	<b>504.23</b>	<b>581.67</b>	<b>377.72</b>

**Table 7-74: FINANCING OF THE CAPITAL INVESTMENTS FOR MVVNL FOR FY 2018-19 (RS. CRORE)**





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	FY 2018-19		
	Tariff Order	Claimed	Approved
Investment	1431.66	1431.66	1002.16
Less:			
Consumer Contribution and Capital Assets Subsidy from GoUP	170.06	170.06	170.06
Investment funded by debt and equity	1261.59	1261.60	832.10
<b>Debt Funded</b>	<b>883.12</b>	<b>883.12</b>	<b>582.47</b>
<b>Equity Funded</b>	<b>378.48</b>	<b>378.48</b>	<b>249.63</b>

Table 7-75: FINANCING OF THE CAPITAL INVESTMENTS FOR PVVNL FOR FY 2018-19 (RS. CRORE)

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Investment	2555.82	2555.82	1789.07
Less:			
Consumer Contribution and Capital Assets Subsidy from GoUP	372.29	372.29	372.29
Investment funded by debt and equity	2183.53	2183.53	1416.78
<b>Debt Funded</b>	<b>1528.47</b>	<b>1528.47</b>	<b>991.75</b>
<b>Equity Funded</b>	<b>655.06</b>	<b>655.06</b>	<b>425.04</b>

Table 7-76: FINANCING OF THE CAPITAL INVESTMENTS FOR PuVVNL FOR FY 2018-19 (RS. CRORE)

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Investment	1920.42	1920.42	1344.29
Less:			
Consumer Contribution and Capital Assets Subsidy from GoUP	346.98	346.98	346.98
Investment funded by debt and equity	1573.44	1573.44	997.31
<b>Debt Funded</b>	<b>1101.41</b>	<b>1101.41</b>	<b>698.12</b>
<b>Equity Funded</b>	<b>472.03</b>	<b>472.03</b>	<b>299.19</b>

Table 7-77: FINANCING OF THE CAPITAL INVESTMENTS FOR KESCO FOR FY 2018-19 (RS. CRORE)

Particulars	FY 2018-19		
	Approved	Claimed	Approved
Investment	189.24	189.24	132.47
Less:			
Consumer Contribution and Capital Assets Subsidy from GoUP	23.24	23.24	23.24
Investment funded by debt and equity	166.00	166.00	109.23
<b>Debt Funded</b>	<b>116.20</b>	<b>116.20</b>	<b>76.46</b>
<b>Equity Funded</b>	<b>49.80</b>	<b>49.80</b>	<b>32.77</b>



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## 7.20 DEPRECIATION EXPENSE

7.20.1 Regulation 26 of the Distribution MYT Regulations, 2014, specifies as under:

*"26. Treatment of Depreciation:*

*a) Depreciation shall be calculated for each year of the control period on the written down value of the fixed assets of the corresponding year.*

*b) Depreciation shall not be allowed on assets funded by consumer contributions or subsidies / grants.*

*c) Depreciation shall be calculated annually on the basis of rates as detailed in Annexure – C or as may be notified by the Commission vide a separate order.*

*d) The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset.*

*Provided that Land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.*

*e) Depreciation shall be charged from the first year of operation of the asset.*

*Provided that in case the operation of the asset is for a part of the year, depreciation shall be charged on proportionate basis.*

*f) Provision of replacement of assets shall be made in the capital investment plan."*

7.20.2 As per the above stated, the Regulation 26 of the MYT Distribution Regulations, 2014 provides for the calculation of depreciation based on the written down value of the fixed assets of the corresponding year, whereas the previous Distribution Tariff Regulations, 2006 provides for calculation of depreciation on Straight Line Method basis. Though the Commission has revised the methodology for calculation of depreciation, the rate of depreciation for each asset category as defined in Annexure – C of the Regulations, have not been revised. However, the Licensees following the same procedure as of previous Tariff Order for the purpose of computing the allowable depreciation has considered the same rates as specified in Annexure – C of the Distribution MYT Tariff Regulations, 2014.







- 7.20.3 The Licensees for the purpose of computing the allowable depreciation, have considered the opening GFA balance for FY 2016-17 equivalent to the closing GFA balance for FY 2015-16 as per the audited balance sheet and have thereafter added the capital additions for FY 2016-17 on the basis of audited balance sheets available. The Licensees further to project the GFA balances for FY 2017-18, have considered the capitalization methodology considering 40% of the opening CWIP and 40% of investment made during the year, expenses capitalized & interest capitalized (40% of total investment), assumed to get capitalized during the year.
- 7.20.4 The Licensees have followed a similar methodology to arrive at the Gross Fixed Asset balances for the FY 2018-19.
- 7.20.5 The Licensees have computed the weightage average rate of depreciation based on the closing gross fixed asset base for FY 2017-18 and the depreciation rates as prescribed in Annexure-C of the MYT Distribution Regulation, 2014 as mentioned below:

**TABLE 7-78: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 AS SUBMITTED BY DVVNL (RS. CRORE)**

Particulars	Rate of Depreciation (%) as per MYT Reg.	Normative GFA Opening 2018-19	Depreciation
Land & Land Rights			
i) Unclassified	0.00	1.25	0.00
ii) Freehold Land	0.00	-	-
Buildings	3.02	258.73	5.63
Other Civil Works	3.02	-	-
Plant & Machinery	7.79	3123.22	168.80
Lines, Cable Network etc.	7.91	6442.99	353.25
Vehicles	33.40	1.47	0.13
Furniture & Fixtures	12.77	7.72	1.42
Office Equipment's	12.77	4.37	0.37
<b>Total</b>		<b>9839.75</b>	<b>529.59</b>
<b>Weighted Average rate of Depreciation (%)</b>			<b>7.76%</b>

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**TABLE 7-79: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 AS SUBMITTED BY MVVNL (RS. CRORE)**

Particulars	Rate of Depreciation (%) as per MYT Reg.	Normative GFA Opening 2018-19	Depreciation
Land & Land Rights			
i) Unclassified	0	1.07	0.00
ii) Freehold Land	0	-	-
Buildings	3.02	197.84	4.32
Other Civil Works	3.02	16.95	0.37
Plant & Machinery	7.79	3327.24	180.77
Lines, Cable Network etc.	7.91	4878.93	268.91
Vehicles	33.40	6.93	1.29
Furniture & Fixtures	12.77	12.27	1.05
Office Equipments	12.77	115.12	9.85
<b>Total</b>		<b>8556.35</b>	<b>466.57</b>
<b>Weighted Average rate of Depreciation (%)</b>			<b>7.82%</b>

**TABLE 7-80: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 SUBMITTED BY PVVNL (RS. CRORE)**

Particulars	Rate of Depreciation (%) as per MYT Reg.	Normative GFA Opening 2018-19	Depreciation
Land & Land Rights			
i) Unclassified	0	2.66	0.00
ii) Freehold Land	0	-	-
Buildings	3.02	269.73	5.70
Other Civil Works	3.02	-	-
Plant & Machinery	7.79	3974.82	209.44
Lines, Cable Network etc.	7.91	8096.83	448.82
Vehicles	33.40	2.26	0.37
Furniture & Fixtures	12.77	10.43	0.81
Office Equipments	12.77	22.08	1.79
<b>Total</b>		<b>12378.81</b>	<b>666.94</b>
<b>Weighted Average rate of Depreciation (%)</b>			<b>7.78%</b>

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TABLE 7-81: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 SUBMITTED BY PuVVNL (RS. CRORE)

Particulars	Rate of Depreciation (%) as per MYT Reg.	Normative GFA Opening 2018-19	Depreciation
Land & Land Rights			
i) Unclassified	0	1.04	0.00
ii) Freehold Land	0	-	-
Buildings	3.02	168.97	3.34
Other Civil Works	3.02	-	-
Plant & Machinery	7.79	5638.91	285.28
Lines, Cable Network etc.	7.91	4456.16	222.67
Vehicles	33.40	1.57	0.23
Furniture & Fixtures	12.77	1.80	0.14
Office Equipments	12.77	5.57	0.48
Assets taken over from the Licensee pending final valuation	7.91	-	-
<b>Total</b>		<b>10274.03</b>	<b>512.14</b>
<b>Weighted Average rate of Depreciation (%)</b>			<b>7.77%</b>

TABLE 7-82: WEIGHTED AVERAGE RATE OF DEPRECIATION FOR FY 2018-19 SUBMITTED BY KESCO (RS. CRORE)

Particulars	Rate of Depreciation (%) as per MYT Reg.	Normative GFA Opening 2018-19	Depreciation
Land & Land Rights			
i) Unclassified	0	0.00	0.00
ii) Freehold Land	0	-	-
Buildings	3.02	36.82	0.65
Other Civil Works	3.02	-	-
Plant & Machinery	7.79	235.38	10.34
Lines, Cable Network etc.	7.91	462.45	20.60
Vehicles	33.40	4.27	0.64
Furniture & Fixtures	12.77	1.70	0.12
Office Equipments	12.77	16.30	1.13
<b>Total</b>		<b>756.92</b>	<b>33.47</b>
<b>Weighted Average rate of Depreciation (%)</b>			<b>7.85%</b>

7.20.6 The Licensees in line with the approach provided in MYT Distribution Regulations, 2014 have calculated the written down value of the fixed assets



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as on 1st April, 2017 and have netted off the Opening Gross Fixed Assets by the total depreciation allowed by the Commission in its previous true-up orders up to FY 2013-14 and the allowable depreciation calculated from FY 2014-15 to FY 2016-17, based on the methodology prescribed by the Commission in Distribution Tariff Regulations, 2006.

- 7.20.7 The Licensees' have computed the full year depreciation on the opening written down value of fixed assets and pro-rated depreciation on the additions during the year, considering the weighted average depreciation rate as computed above.
- 7.20.8 The Licensees' have reduced the equivalent depreciation in respect of depreciation on assets created out of consumer contributions, capital grants and subsidies from gross allowable depreciation to arrive at the net allowable depreciation. The detailed methodology adopted for computation of depreciation had been explained in the para 6.7.9 of the MYT Order dated November 30, 2017.

TABLE 7-83: GROSS ALLOWABLE DEPRECIATION FOR DVVNL FOR FY 2018-19 (RS. CRORE)

DVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening GFA	8969.50	9839.75	8486.20
Cumulative Dep	3436.17	3875.04	3796.23
Written Down Value: Opening	5533.34	5964.71	4689.96
Additions to GFA	1727.57	1727.57	1334.56
Deductions to GFA	-	-	-
Closing GFA	7260.90	11567.32	9820.75
<b>Gross Allowable Depreciation</b>	<b>493.36</b>	<b>529.59</b>	<b>415.36</b>
Less: Consumer Contribution	311.55	0.00	262.30
<b>Net Allowable Depreciation</b>	<b>181.81</b>	<b>529.59</b>	<b>153.06</b>

TABLE 7-84: GROSS ALLOWABLE DEPRECIATION FOR MVVNL FOR FY 2018-19

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening GFA	8702.48	8556.35	7811.19
Cumulative Depreciation	3272.94	3530.17	4058.01
Written Down Value: Opening	5429.55	5026.18	3753.18
Additions to GFA	1880.38	1879.38	1258.92
Closing GFA	7309.92	10435.73	9070.11





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

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Gross Allowable Depreciation	528.40	466.57	343.25
Less: Consumer Contribution	203.01	203.01	149.35
Net Allowable Depreciation	325.39	263.56	193.90

TABLE 7-85: GROSS ALLOWABLE DEPRECIATION FOR PVVNL FOR FY 2018-19

PVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening GFA	13517.62	12378.81	11606.42
Cumulative Depreciation	5022.10	5403.30	5271.41
Written Down Value: Opening	8495.52	6975.52	6335.01
Additions to GFA	3200.03	3200.03	1486.02
Closing GFA	11695.56	15578.84	13092.44
Gross Allowable Depreciation	816.01	666.94	550.13
Less: Consumer Contribution	260.83	260.83	260.83
Net Allowable Depreciation	555.18	406.11	289.30

TABLE 7-86: GROSS ALLOWABLE DEPRECIATION FOR PUVVNL FOR FY 2018-19

PuVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening GFA	9777.81	10274.03	8965.81
Cumulative Depreciation	4169.02	4591.88	4317.13
Written Down Value: Opening	5608.79	5682.15	4648.67
Additions to GFA	1824.28	1824.28	1508.58
Closing GFA	7433.07	12098.31	10474.39
Gross Allowable Depreciation	469.59	512.14	419.45
Less: Consumer Contribution	185.13	185.13	185.13
Net Allowable Depreciation	284.46	327.01	234.32

TABLE 7-87: GROSS ALLOWABLE DEPRECIATION FOR KESCO FOR FY 2018-19

KESCO	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening GFA	534.13	756.92	783.80
Cumulative Depreciation	368.71	423.51	424.67
Written Down Value: Opening	503.81	333.42	359.13
Additions to GFA	199.82	185.73	95.40
Closing GFA	703.63	942.65	879.20
Gross Allowable Depreciation	40.53	33.47	42.54

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KESCO	FY 2018-19		
	Tariff Order	Claimed	Approved
Less: Consumer Contribution	17.19	17.10	17.10
<b>Net Allowable Depreciation</b>	<b>23.34</b>	<b>16.37</b>	<b>25.44</b>

## 7.21 INTEREST CHARGES

### Interest on Long Term Loans

7.21.1 The Licensees have considered a normative approach with a debt: equity ratio of 70:30. In this approach, 70% of the capital expenditure undertaken in any year has been 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 has not been charged to the beneficiaries.

7.21.2 The Licensees have considered that the allowable depreciation for the year has been taken as normative loan repayment. The weighted average rate of interest of overall long-term loan portfolio for FY 2016-17 has been considered for FY 2018-19. The interest capitalization has been considered at a rate of 23% which is consistent with the rate considered by the Commission in previous Tariff Orders.

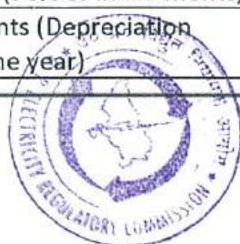
7.21.3 It is observed that the Licensees have computed interest on long term loan based on the normative approach adopted by the Commission in its previous Orders. Therefore, the Commission has approved the methodology adopted by the Licensees. However, the Commission has computed the interest on long term loan based on the revised opening and closing loan balances approved in earlier sections while doing up the Truing up of FY 2016-17. The allowable depreciation for the year has been considered as normative loan repayment.

7.21.4 The interest on long term loan as claimed by the Licensees and as approved by the Commission are as shown in the Tables below:

**Table 7-88: INTEREST ON LONG TERM LOANS FOR DVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Loan	3791.87	2948.45	2841.55
Loan Additions (70% of Investments)	1176.54	1357.23	881.35
Less: Repayments (Depreciation allowable for the year)	181.81	529.59	153.06

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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	FY 2018-19		
	Tariff Order	Claimed	Approved
Closing Loan Balance	4786.61	3776.09	3569.84
Weighted Average Rate of Interest	10.16%	10.95%	10.95%
Interest on long term loan	436.00	368.17	351.03
Interest Capitalization Rate	23.00%	40.67%	40.67%
Less: Interest Capitalized	100.28	149.75	142.77
Net Interest Charged	335.72	218.43	208.26

Table 7-89: INTEREST ON LONG TERM LOANS FOR MVVNL FOR FY 2018-19 (RS. CRORE)

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Loan	4241.89	3785.37	3077.51
Loan Additions (70% of Investments)	883.12	883.12	582.47
Less: Repayments (Depreciation allowable for the year)	326.22	263.56	193.90
Closing Loan Balance	4798.79	4404.93	3466.08
Weighted Average Rate of Interest	8.72%	10.75%	10.75%
Interest on long term loan	394.33	440.03	351.56
Interest Capitalisation Rate	22.99%	15.53%	22.99%
Less: Interest Capitalized	90.67	68.32	80.84
Net Interest Charged	303.66	371.71	270.72

Table 7-90: INTEREST ON LONG TERM LOANS FOR PVVNL FOR FY 2018-19 (RS. CRORE)

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Loan	6886.36	4377.26	3226.75
Loan Additions (70% of Investments)	1528.47	1528.47	991.75
Less: Repayments (Depreciation allowable for the year)	555.18	406.11	289.30
Closing Loan Balance	7859.65	5499.62	3929.20
Weighted Average Rate of Interest	10.08%	10.83%	10.83%
Interest on long term loan	742.87	534.91	387.55
Interest Capitalisation Rate	23.00%	19.90%	19.90%
Less: Interest Capitalized	170.86	106.46	77.13
Net Interest Charged	572.01	428.45	310.42

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**Table 7-91: INTEREST ON LONG TERM LOANS FOR PuVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	FY 2019-20		
	Approved	Claimed	Approved
Opening Loan	4796.65	5878.86	4589.18
Loan Additions (70% of Investments)	1101.41	1101.41	698.12
Less: Repayments (Depreciation allowable for the year)	284.46	327.01	234.32
<b>Closing Loan Balance</b>	<b>5613.60</b>	<b>6653.25</b>	<b>5052.98</b>
Weighted Average Rate of Interest	9.67%	10.82%	10.82%
<b>Interest on long term loan</b>	<b>503.48</b>	<b>678.17</b>	<b>521.78</b>
Interest Capitalisation Rate (%)	23.00%	13.12%	13.12%
Less: Interest Capitalized	115.80	88.97	68.45
<b>Net Interest Charged</b>	<b>387.68</b>	<b>589.19</b>	<b>453.32</b>

**Table 7-92: INTEREST ON LONG TERM LOANS FOR KESCO FOR FY 2018-19 (RS. CRORE)**

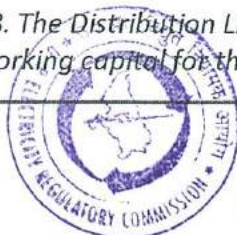
Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Loan	159.19	51.22	28.71
Loan Additions (70% of Investments)	116.20	116.20	76.46
Less: Repayments (Depreciation allowable for the year)	23.34	16.37	25.44
<b>Closing Loan Balance</b>	<b>252.06</b>	<b>151.06</b>	<b>79.72</b>
Weighted Average Rate of Interest	9.48%	10.50%	0.10
<b>Interest on long term loan</b>	<b>19.49</b>	<b>10.62</b>	<b>5.69</b>
Interest Capitalization Rate	23.00%	0.00%	0.00%
Less: Interest Capitalized	4.48	0.00	0.00
<b>Net Interest Charged</b>	<b>15.01</b>	<b>10.62</b>	<b>5.69</b>

## 7.22 INTEREST ON WORKING CAPITAL

- 7.22.1 The interest on working capital has been worked out by the Licensees based on the methodology specified in the Distribution MYT Regulations, 2014.
- 7.22.2 The MYT Distribution Regulations, 2014 provides for interest on the working capital requirement to be considered equal to the State Bank Advance Rate (SBAR) as notified on the current date i.e. 14.05%.
- 7.22.3 Regulation 28 of the MYT Distribution Regulations, 2014 lays down the norms and methodology for calculating interest on working capital, which is as follows:

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28. The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:







- a) O&M expenses for one month.  
b) Two months equivalent of expected revenue.  
c) Maintenance spares @ 40% of R&M expenses for two months.

Less:

Security deposits from consumers, if any.

Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank Advance Rate (SBAR) as of the date on which petition for determination of tariff is accepted by the Commission.

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- 7.22.4 In view of the above Regulation, the Commission has considered the interest on working capital at the rate of SBAR prevailing at the time acceptance of the petition i.e. at 14.05% as proposed by the Licensees, in accordance with the provisions of the Distribution MYT Regulations, 2014.
- 7.22.5 The interest on working capital as submitted by the Licensees and as approved by the Commission for the FY 2018-19 is shown in the Table below:

Table 7-93: INTEREST COST ON WORKING CAPITAL LOANS FOR DVVNL FOR FY 2018-19 (RS. CRORE)

DVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
O&M expenses for 1 month	131.25	99.03	96.06
Two months equivalent of expected revenue	2452.18	1979.62	2036.32
Maintenance spares @ 40% of R&M expenses for two months	42.23	41.72	39.35
<b>Gross Total</b>	<b>2625.66</b>	<b>2120.36</b>	<b>2171.73</b>
Less: Security deposits from consumers, if any	531.53	287.12	287.12
<b>Net Working Capital</b>	<b>2094.12</b>	<b>1833.25</b>	<b>1884.61</b>
State Bank Advance Rate (SBAR) %	14.05%	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>294.22</b>	<b>257.57</b>	<b>264.79</b>

Table 7-94: INTEREST COST ON WORKING CAPITAL LOANS FOR MVVNL FOR FY 2018-19 (RS. CRORE)

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
O&M expenses for 1 month	196.97	210.86	206.60
Two months equivalent of expected revenue	2547.02	2129.12	2161.72

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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

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Maintenance spares @ 40% of R&M expenses for two months	33.70	197.72	29.55
<b>Gross Total</b>	<b>2777.69</b>	<b>2537.69</b>	<b>2397.87</b>
Less: Security deposits from consumers, if any	467.21	547.52	547.52
<b>Net Working Capital</b>	<b>2310.48</b>	<b>1990.17</b>	<b>1850.34</b>
State Bank Advance Rate (SBAR) %	13.85%	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>320.00</b>	<b>279.62</b>	<b>259.97</b>

Table 7-95: INTEREST COST ON WORKING CAPITAL LOANS FOR PVVNL FOR FY 2018-19 (RS. CRORE)

PVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
O&M expenses for 1 month	154.17	160.62	146.62
Two months equivalent of expected revenue	3651.99	3098.72	3137.16
Maintenance spares @ 40% of R&M expenses for two months	37.57	61.05	49.85
<b>Gross Total</b>	<b>3843.72</b>	<b>3320.38</b>	<b>3333.62</b>
Less: Security deposits from consumers, if any	1794.78	1278.79	1278.79
<b>Net Working Capital</b>	<b>2048.94</b>	<b>2041.60</b>	<b>2054.84</b>
State Bank Advance Rate (SBAR) %	14.05%	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>287.88</b>	<b>286.84</b>	<b>288.70</b>

Table 7-96: INTEREST COST ON WORKING CAPITAL LOANS FOR PuVVNL FOR FY 2018-19 (RS. CRORE)

PuVVNL	FY 2018-19		
	Approved	Claimed	Approved
O&M expenses for 1 month	171.27	201.24	196.81
Two months equivalent of expected revenue	2764.89	2176.35	2225.86
Maintenance spares @ 40% of R&M expenses for two months	44.93	46.24	42.68
<b>Gross Total</b>	<b>2981.09</b>	<b>2423.82</b>	<b>2465.35</b>
Less: Security deposits from consumers, if any	837.53	381.01	381.01
<b>Net Working Capital</b>	<b>2143.57</b>	<b>2042.81</b>	<b>2084.34</b>
State Bank Advance Rate (SBAR) %	14.05%	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>301.17</b>	<b>287.02</b>	<b>292.85</b>

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**Table 7-97: INTEREST COST ON WORKING CAPITAL LOANS FOR KESCO FOR FY 2018-19 (RS. CRORE)**

KESCO	FY 2018-19		
	Tariff Order	Claimed	Approved
O&M expenses for 1 month	23.45	22.28	22.43
Two months equivalent of expected revenue	524.99	439.54	439.78
Maintenance spares @ 40% of R&M expenses for two months	4.20	22.40	3.85
<b>Gross Total</b>	<b>552.64</b>	<b>484.22</b>	<b>466.07</b>
Less: Security deposits from consumers, if any	140.15	130.83	130.83
<b>Net Working Capital</b>	<b>412.49</b>	<b>353.39</b>	<b>335.24</b>
State Bank Advance Rate (SBAR) %	14.05%	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>57.95</b>	<b>49.65</b>	<b>47.10</b>

### 7.23 INTEREST ON CONSUMER SECURITY DEPOSITS

7.23.1 As per the Regulation 28 of the Distribution MYT Regulation, 2014 and as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments / addendums & the new regulations made after repeal of the same, the Licensees have to pay interest to the consumers security deposits.

7.23.2 Further, in terms of the Commission's order dated 30.6.2017 the Licensees have to pay interest to the consumers at bank rate or more on the consumer security deposit.

7.23.3 The Licensees have computed the interest to consumers on the security deposits on the average of the opening and closing balance of the security deposits for the years at the State Bank of India Bank Rate of 9.36% for FY 2018-19.

7.23.4 As per MYT Distribution Regulations 2014, the interest on Security deposits shall be allowed as follows:

*"Provided further that interest shall be allowed on consumer security deposits as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments / addendums & the new regulations made after repeal of the same."*

7.23.5 It is observed that the Commission in its earlier orders has been allowing interest on Security deposits at RBI Bank Rate. However, the Licensees have claimed the interest on Security deposits at SBI Bank Rate. Further, the Commission's order dated June 30, 2017 also provides the bank rate as RBI Bank

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Rate. Hence, the Commission in line with the approach followed in its previous orders and its order dated June 30, 2017 approves the interest on consumer security deposit at the RBI Bank Rate of 7.75%. However, the actual interest payable on consumer security deposits would be at the Bank Rates notified by the RBI from time to time as per the provision of the Electricity Supply Code 2005 and its amendments. The same would be trued up based on audited accounts.

7.23.6 Accordingly, the Commission has approved interest on security deposits for FY 2018-19 as 7.75% as shown in the Table below:

**Table 7-98: INTEREST ON SECURITY DEPOSITS FOR DVVNL FOR FY 2018-19 (RS. CRORE)**

DVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance Security Deposits from Consumers	496.27	522.45	507.23
Additions	35.26	51.78	35.26
Projected Closing Balance Security Deposits from Consumers	531.53	574.23	542.49
Bank Rate (%)	7.75%	9.36%	7.75%
<b>Interest on Security Deposits</b>	<b>39.83</b>	<b>51.32</b>	<b>40.68</b>

**Table 7-99: INTEREST ON SECURITY DEPOSITS FOR MVVNL FOR FY 2018-19 (RS. CRORE)**

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance Security Deposits from Consumers	439.64	515.06	476.06
Additions	27.56	73.54	27.56
Projected Closing Balance Security Deposits from Consumers	467.21	579.98	503.62
Bank Rate (%)	7.75%	9.36%	7.75%
<b>Interest on Security Deposits</b>	<b>35.14</b>	<b>51.25</b>	<b>37.96</b>

**Table 7-100: INTEREST ON SECURITY DEPOSITS FOR PVVNL FOR FY 2018-19 (RS. CRORE)**

PVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance Security Deposits from Consumers	1240.86	1223.21	1262.30
Additions	553.92	111.15	553.92
Projected Closing Balance Security Deposits from Consumers	1794.78	1334.36	1816.22
Bank Rate (%)	7.75%	9.36%	7.75%

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PVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Interest on Security Deposits	117.63	119.69	119.29

Table 7-101: INTEREST ON SECURITY DEPOSITS FOR PuVVNL FOR FY 2018-19 (RS. CRORE)

PuVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance Security Deposits from Consumers	763.99	367.91	397.69
Additions	73.54	26.21	73.54
Projected Closing Balance Security Deposits from Consumers	837.53	394.11	471.23
Bank Rate (%)	7.75%	9.36%	7.75%
Interest on Security Deposits	62.06	35.66	33.67

Table 7-102: INTEREST ON SECURITY DEPOSITS FOR KESCO FOR FY 2018-19 (RS. CRORE)

KESCO	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Balance Security Deposits from Consumers	132.11	123.61	123.61
Additions	8.03	7.22	8.03
Projected Closing Balance Security Deposits from Consumers	140.14	130.83	131.64
Bank Rate (%)	7.75%	9.36%	7.75%
Interest on Security Deposits	10.55	12.25	9.89

7.23.7 The Commission has considered bank charges being the legitimate expense as for FY 2018-19 as finance charges.

#### 7.24 SUMMARY OF INTEREST CHARGES

7.24.1 In view of the above, the approved interest and finance costs including interest on working capital for the FY 2018-19 is summarised in the Table below:

TABLE 7-103: INTEREST CHARGES FOR DVVNL FOR FY 2018-19 (RS. CRORE)

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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

DVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Interest on Long Term Loans	436.00	368.17	351.03
Interest on Working Capital Loans	294.22	257.57	264.79
<b>Sub Total</b>	<b>730.23</b>	<b>625.75</b>	<b>615.82</b>
Interest on Consumer Security Deposits	39.83	51.32	51.32
Bank Charges	0.72	2.22	2.22
Discount to Consumers	0.00	0	0
<b>Sub Total</b>	<b>40.55</b>	<b>53.54</b>	<b>53.54</b>
<b>Gross Total Interest Charges</b>	<b>770.77</b>	<b>679.29</b>	<b>669.36</b>
Less: Capitalization of interest on Long Term Loans	100.28	149.75	142.77
% Capitalization	23.00%	23.00%	23.00%
<b>Net Interest Charges</b>	<b>670.49</b>	<b>529.54</b>	<b>526.59</b>

TABLE 7-104: INTEREST CHARGES FOR MVVNL FOR FY 2018-19 (RS. CRORE)

MVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Interest on Long Term Loans	394.33	440.03	351.56
Interest on Working Capital Loans	320.00	279.62	259.97
<b>Sub Total</b>	<b>714.33</b>	<b>719.65</b>	<b>611.54</b>
Interest on Consumer Security Deposits	35.14	51.25	51.25
Bank Charges	28.84	21.33	21.33
Discount to Consumers	-		0
<b>Sub Total</b>	<b>63.98</b>	<b>72.58</b>	<b>72.58</b>
<b>Gross Total Interest Charges</b>	<b>778.31</b>	<b>792.23</b>	<b>684.12</b>
Less: Capitalization of interest on Long Term Loans	90.67	68.32	80.84
% Capitalization	22.99%	23.00%	23.00%
<b>Net Interest Charges</b>	<b>687.64</b>	<b>723.91</b>	<b>603.28</b>

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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 7-105: INTEREST CHARGES FOR PVVNL FOR FY 2018-19 (RS. CRORE)

PVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Interest on Long Term Loans	742.87	534.91	387.55
Interest on Working Capital Loans	287.88	286.84	288.70
<b>Sub Total</b>	<b>1030.75</b>	<b>821.76</b>	<b>676.26</b>
Interest on Consumer Security Deposits	117.63	119.69	119.69
Bank Charges	53.67	12.38	12.38
Discount to Consumers	-	0.00	0.00
<b>Sub Total</b>	<b>171.30</b>	<b>132.07</b>	<b>132.07</b>
<b>Gross Total Interest Charges</b>	<b>1202.05</b>	<b>953.83</b>	<b>808.33</b>
Less: Capitalization of interest on Long Term Loans	170.86	106.46	77.13
% Capitalization	23.00%	23.00%	23.00%
<b>Net Interest Charges</b>	<b>1031.19</b>	<b>847.37</b>	<b>731.20</b>

TABLE 7-106: INTEREST CHARGES FOR PuVVNL FOR FY 2018-19 (RS. CRORE)

PuVVNL	FY 2018-19		
	Tariff Order	Claimed	Approved
Interest on Long Term Loans	503.48	678.17	521.78
Interest on Working Capital Loans	301.17	287.02	292.85
<b>Sub Total</b>	<b>804.65</b>	<b>965.18</b>	<b>814.63</b>
Interest on Consumer Security Deposits	62.06	35.66	35.66
Bank Charges	0.02	19.10	19.10
Discount to Consumers	-	0.00	0.00
<b>Sub Total</b>	<b>62.08</b>	<b>54.76</b>	<b>54.76</b>
<b>Gross Total Interest Charges</b>	<b>866.73</b>	<b>1019.94</b>	<b>869.39</b>
Less: Capitalization of interest on Long Term Loans	115.80	88.97	68.45
% Capitalization	23.00%	23.00%	23.00%
<b>Net Interest Charges</b>	<b>750.93</b>	<b>930.97</b>	<b>800.93</b>

TABLE 7-107: INTEREST CHARGES FOR KESCO FOR FY 2018-19 (RS. CRORE)

KESCO	FY 2018-19		
	Tariff Order	Claimed	Approved
Interest on Long Term Loans	19.49	10.62	5.69
Interest on Working Capital Loans	57.95	49.65	47.10
<b>Sub Total</b>	<b>77.45</b>	<b>60.27</b>	<b>52.79</b>





KESCO	FY 2018-19		
	Tariff Order	Claimed	Approved
Interest on Consumer Security Deposits	10.55	12.25	12.25
Bank Charges	0.00	21.75	21.75
Discount to Consumers	0.00	0.00	0.00
<b>Sub Total</b>	<b>10.55</b>	<b>33.99</b>	<b>33.99</b>
<b>Gross Total Interest Charges</b>	<b>88.00</b>	<b>94.26</b>	<b>86.78</b>
Less: Capitalization of interest on Long Term Loans	4.48	-	-
% Capitalization	23.00%	23.00%	23.00%
<b>Net Interest Charges</b>	<b>83.51</b>	<b>94.26</b>	<b>86.78</b>

## 7.25 PROVISION FOR BAD AND DOUBTFUL DEBTS

7.25.1 The State Discoms namely DVVNL, MVVNL, PVVNL, PuVVNL and KESCO have claimed Rs. 237.55 Crore, Rs. 255.49 Crore, Rs. 371.85 Crore, Rs. 261.16 Crore and Rs. 52.74 Crore respectively towards provision for bad and doubtful debts for FY 2018-19.

7.25.2 The Regulation 29 of the MYT Distribution Regulations, 2014 provides for expenses under bad and doubtful Debts to the extent of 2% of the revenue receivables as specified below:

Quote

### **29. Bad and Doubtful Debts:**

*Bad and Doubtful Debts shall be allowed as a legitimate business expense with the ceiling limit of 2% of the revenue receivables provided the distribution licensee actually identifies and writes off bad debts as per the transparent policy approved by the Commission. In case there is any recovery of bad debts already written off, the recovered bad debt will be treated as other income. (Emphasis Added)*

Unquote

7.25.3 The Commission's in its MYT Order dated November 30, 2017 had directed the Discoms to immediately submit the policy framework.

Quote

**6.9.10 In view of the above, the Commission directs the Petitioners to frame guidelines and procedures for identifying, physically verifying and**







**writing off the bad debts and also to fix responsibility of its employees in this regard immediately and submit the same to the Commission for its approval. 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 Licensees 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. The same shall be reviewed at the time of APR.**

Unquote

- 7.25.4 In view of the above directions, UPPCL submitted the policy framework for writing of bad and doubtful debts as on February 8, 2018 which has been discussed in the true up chapter for FY 2015-16.
- 7.25.5 The Commission observes that in accordance to MYT Distribution Regulations, 2014 the bad debts are subject to actual written off shall be allowed up to 2% of the revenue for the year under consideration. The Licensees have claimed bad debts for FY 2018-19 within 2% of the revenue billed during the year as per the transparent policy duly approved by the Commission.
- 7.25.6 The Commission considers it appropriate that since the Licensees have written off the bad debts in accordance to the MYT Distribution Regulations, 2014 the same may be allowed within 2% on the revenue approved by the Commission. Accordingly, the details of bad debts allowed by the Commission for FY 2018-19 are within 2% of the revenue approved. The same is depicted in the tables below:

**Table 7-108: PROVISION FOR BAD AND DOUBTFUL DEBT FOR DVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	Tariff Order	Claimed	Approved
Provision for Bad and Doubtful Debts	0.00	237.55	237.55

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**Table 7-109: PROVISION FOR BAD AND DOUBTFUL DEBT FOR MVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	Tariff Order	Claimed	Approved
Provision for Bad and Doubtful Debts	0.00	255.49	255.49

**Table 7-110: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	Tariff Order	Claimed	Approved
Provision for Bad and Doubtful Debts	0.00	371.85	371.85

**Table 7-111: PROVISION FOR BAD AND DOUBTFUL DEBT FOR PuVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	Tariff Order	Claimed	Approved
Provision for Bad and Doubtful Debts	0.00	261.16	261.16

**Table 7-112: PROVISION FOR BAD AND DOUBTFUL DEBT FOR KESCO FOR FY 2018-19 (RS. CRORE)**

Particulars	Tariff Order	Claimed	Approved
Provision for Bad and Doubtful Debts	0.00	52.74	52.74

## 7.26 NON-TARIFF INCOME

7.26.1 The non-tariff income includes incomes such as interest on loans & advances to employees, income from fixed rate investment deposits and other miscellaneous income from retail sources. Regulation 33 of the MYT Distribution Regulations, 2014, provides for treatment of non-tariff income, which is as follows:

Quote

Non-Tariff Income





a) All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee.

b) Interest earned on security deposits, in excess of the rate specified by the Commission shall be considered as Non-Tariff income of the Licensees.

c) The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee.

Provided further that any expenditure incurred for generating/ earning Non-Tariff Income may be reduced from such income.

Unquote

7.26.2 Accordingly, the Commission approves Non-Tariff Income as claimed by the Licensees for FY 2018-19 is as shown in the Table below:

**Table 7-113: NON-TARIFF INCOME FOR DVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Non-Tariff Income	30.94	23.01	23.01

**Table 7-114: NON-TARIFF INCOME FOR MVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Non-Tariff Income	29.61	40.36	40.36

**Table 7-115: NON-TARIFF INCOME FOR PVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Non-Tariff Income	27.48	39.40	39.40

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**Table 7-116: NON-TARIFF INCOME FOR PuVVNL FOR FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Non-Tariff Income	18.99	15.80	15.80

**Table 7-117: NON-TARIFF INCOME FOR KESCO FOR FY 2018-19 (RS. CRORE)**

Particulars	FY 2018-19		
	Tariff Order	Claimed	Approved
Non-Tariff Income	10.78	18.44	18.44

- 7.26.3 Further, any variation on this account would be taken up at the time of True-up based on the audited accounts.

## **7.27 INCOME FROM OTHER BUSINESS**

- 7.27.1 The Regulation 33 of the MYT Distribution Regulations, 2014, provides for treatment of non-tariff income, which is as follows:

Quote

*“Where the Licensee is engaged in any other business, the income from such business will be deducted from the Aggregate Revenue Requirement (ARR) in calculating the revenue requirement of the Licensee in the manner and in proposition as may be specified by the Commission. The proportion of revenue from Other Business that shall be utilized in the Distribution business shall be as stipulated in UPERC (Treatment of Income of Other Business of Transmission Licensees & Distribution Licensees) Regulations, 2004.*

*Provided that the Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Business and the Other Business and shall submit the Allocation Statement as approved by the Board of Directors to the Commission along with his application for determination of tariff.*

*Provided further that where the sum total of the direct and indirect costs of such Other Business exceed the revenues from such Other Business or for any other reason, no amount shall be allowed to be added to the aggregate revenue requirement of the Licensee on account of such Other Business.”*

Unquote





7.27.2 It is observed that the Licensees have not submitted any comments on the same. Accordingly, the Commission directs the Licensees to declare the income from other business, if any in terms of Regulation 34 of the MYT Distribution Regulations, 2014 at the time of True-Up.

## 7.28 RETURN ON EQUITY

7.28.1 The Licensees have claimed the Return on Equity by considering the Gross GFA less consumer contributions for FY 2018-19, which is in variation with the methodology approved by the Commission in its MYT Order dated November 30, 2017.

7.28.2 The methodology of computation of Return on Equity has been stated in the MYT Order dated November 30, 2017 as shown under:

Quote

6.12.1 The Petitioners submitted that as provided in Regulation 31 of the Distribution MYT Regulations, 2014, Return on Equity has to be computed on 30% of the capital base or actual equity, whichever is lower. However, in case of distribution licensees, as major portion of the assets is being funded through GoUP equity, the actual equity as per statement of accounts is higher than the equity being calculated at 30% of the Capital Base.

6.12.2 The petitioners submitted that since the Commission in its Distribution MYT Regulations, 2014 has not defined as how the 'Capital Base' should be determined for the purpose of equity calculations, the Petitioners have therefore considered the following approach to ascertain the equity balances for each year of the MYT period:

- Closing balance of Gross Fixed Assets for FY 2016-17 has been considered as the opening Gross Capital Base for FY 2017-18.
- Closing balance of consumer contribution, capital subsidies / grants for FY 2016-17 is then allocated in the ratio of closing CWIP and closing GFA balance for FY 2016-17.
- To work out the Net Capital Balance eligible for the purpose of calculation of return on equity, the allocated balance of consumer contribution, capital subsidies / grants towards GFA balance of FY 2016-17, is deducted from the opening Gross Capital Base for FY 2017-18.
- 30% of the so derived opening capital base is to be considered as the Opening Equity Balance for FY 2017-18
- Thereafter, to work out the addition in equity during FY 2017-18, the increase in GFA during the year is reduced by the % of consumer

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contribution, capital subsidies / grants considered in the capital expenditure proposed for the year.

- The Closing Equity balance so determined for FY 2017-18 would become the opening equity balance for next year i.e. 2018-19 and so on, considering the additions in equity year on year, as defined above

Unquote

7.28.3 Accordingly, the equity base has been computed in accordance to the methodology stipulated in MYT Order dated November 30, 2017 as shown under:

- Closing balance of Gross Fixed Assets for FY 2017-18 has been considered as the opening Gross Capital Base for FY 2018-19.
- Closing balance of consumer contribution, capital subsidies / grants for FY 2017-18 is then allocated in the ratio of closing CWIP and closing GFA balance for FY 2017-18.
- To work out the Net Capital Balance eligible for the purpose of calculation of return on equity, the allocated balance of consumer contribution, capital subsidies / grants towards GFA balance of FY 2017-18, is deducted from the opening Gross Capital Base for FY 2018-19.
- 30% of the so derived opening capital base is to be considered as the Opening Equity Balance for FY 2018-19
- Thereafter, to work out the addition in equity during FY 2018-19, the increase in GFA during the year is reduced by the % of consumer contribution, capital subsidies / grants considered in the capital expenditure proposed for the year.
- The Closing Equity balance so determined for FY 2018-19 would become the opening equity balance for next year i.e. 2019-20 and so on, considering the additions in equity year on year, as defined above.

TABLE 7-118: OPENING EQUITY BASE FOR DVVNL AS APPROVED FOR FY 2018-19 (RS. CRORE)

Particulars	Formulae	2018-19
Opening GFA Balance	A	7,725.24
Opening balance of consumer contribution, capital subsidies / grants	B	1,992.79
<b>Allocation of balance of consumer contribution, capital subsidies / grants</b>		
Balance of consumer contribution towards GFA	C	1,882.68
Net Opening Balance of Capital Base	D = A-C	5,842.55



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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	Formulae	2018-19
Opening Balance of Equity Base	E= 30% of D	1,752.77

TABLE 7-119: OPENING EQUITY BASE FOR MVVNL AS APPROVED FOR FY 2018-19 (RS. CRORE)

Particulars	Formulae	2018-19
Opening GFA Balance	A	6,591.91
Opening balance of consumer contribution, capital subsidies / grants	B	1,494.06
Allocation of balance of consumer contribution, capital subsidies / grants		
Balance of consumer contribution towards GFA	C	1,184.21
Net Opening Balance of Capital Base	D = A-C	5,407.70
Opening Balance of Equity Base	E= 30% of D	1,622.31

TABLE 7-120: OPENING EQUITY BASE FOR PVVNL AS APPROVED FOR FY 2018-19 (RS. CRORE)

Particulars	Formulae	2018-19
Opening GFA Balance	A	10207.02
Opening balance of consumer contribution, capital subsidies / grants	B	1924.46
Allocation of balance of consumer contribution, capital subsidies / grants		
Balance of consumer contribution towards GFA	C	1803.30
Net Opening Balance of Capital Base	D = A-C	8403.72
Opening Balance of Equity Base	E= 30% of D	2521.12

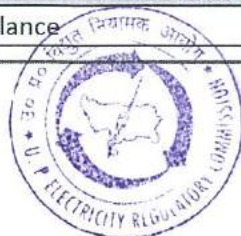
Table 7-121: OPENING EQUITY BASE FOR PUVVNL AS APPROVED FOR FY 2018-19 (RS. CRORE)

Particulars	Formulae	2018-19
Opening GFA Balance	A	8,067.39
Opening balance of consumer contribution, capital subsidies / grants	B	1,467.69
Allocation of balance of consumer contribution, capital subsidies / grants		
Balance of consumer contribution towards GFA	C	1,209.78
Net Opening Balance of Capital Base	D = A-C	6,857.61
Opening Balance of Equity Base	E= 30% of D	2,057.28

Table 7-122: OPENING EQUITY BASE FOR KESCO AS APPROVED FOR FY 2018-19 (RS. CRORE)

Particulars	Formulae	2018-19
Opening GFA Balance	A	721.95

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Particulars	Formulae	2018-19
Opening balance of consumer contribution, capital subsidies / grants	B	9.45
<b>Allocation of balance of consumer contribution, capital subsidies / grants</b>		
Balance of consumer contribution towards GFA	C	9.09
Net Opening Balance of Capital Base	D = A-C	712.85
Opening Balance of Equity Base	E= 30% of D	213.86

7.28.4 Regulation 31 of the MYT Distribution Regulations, 2014 provides for return on equity @16% as specified below:

Quote

*"31 Treatment of Return on equity*

*a) Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower:*

*Provided that assets funded by consumer contribution, capital subsidies / grants and corresponding depreciation shall not form part of the capital base. Actual equity infused in the Distribution Licensee as per book value shall be considered as perpetual and shall be used for computation in these regulations.*

*b) 16% (sixteen) post-tax return on equity shall be considered irrespective of whether the Distribution Licensee has claimed return on equity in the ARR petition."*

Unquote

7.28.5 The Commission has not been allowing any return on equity in previous years considering the under recovery under the distribution segment and not to burden the consumers by allowing return on equity as it will further increase the gap. However, it can be observed that the MYT Distribution Regulations, 2014, provide for 16% post tax return on equity irrespective of whether the distribution licensees have claimed return on equity in the ARR filings.

7.28.6 In line with provision of the MYT Distribution Regulations, 2014, the Commission has allowed Return on equity (RoE) considering the capital base in accordance to the methodology specified in MYT Order dated November 30, 2017. The approved RoE is as shown below:





TABLE 7-123: RETURN OF EQUITY FOR DVVNL FOR FY 2018-19 (RS. CRORE)

Particulars (DVVNL)	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Equity	2241.23	4674.12	1923.58
Additions (30% of Capitalization)	518.27	581.67	400.37
Less: Consumer Contribution	72.56	0.00	72.56
Closing Equity	2686.94	5255.79	2251.38
Rate of Return on Equity (%)	16.00%	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>394.25</b>	<b>794.39</b>	<b>334.00</b>

TABLE 7-124: RETURN OF EQUITY FOR MVVNL FOR FY 2018-19 (RS. CRORE)

Particulars (MVVNL)	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Equity	2182.53	2458.25	1992.34
Additions (30% of Capitalization)	378.48	378.48	377.68
Less: Consumer Contribution	52.99	0.00	203.01
Closing Equity	2508.02	2836.73	2167.01
Rate of Return on Equity (%)	16.00%	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>375.24</b>	<b>453.88</b>	<b>332.75</b>

TABLE 7-125: RETURN OF EQUITY FOR PVVNL FOR FY 2018-19 (RS. CRORE)

Particulars (PVVNL)	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Equity	3461.72	3832.32	2653.58
Additions (30% of Capitalization)	960.31	655.06	445.81
Less: Consumer Contribution	162.29	-	162.29
Closing Equity	4259.74	4487.38	2937.09
Rate of Return on Equity (%)	16.00%	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>617.72</b>	<b>717.98</b>	<b>447.25</b>

TABLE 7-126: RETURN OF EQUITY FOR PuVVNL FOR FY 2018-19 (RS. CRORE)

Particulars (PuVVNL)	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Equity	2487.08	3718.39	2389.77
Additions (30% of Capitalization)	547.31	472.03	452.58
Less: Consumer Contribution	76.62	0.00	185.13

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Particulars (PuVVNL)	FY 2018-19		
	Tariff Order	Claimed	Approved
Closing Equity	2957.76	4190.42	2657.22
Rate of Return on Equity (%)	16.00%	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>435.59</b>	<b>670.47</b>	<b>403.76</b>

TABLE 7-127: RETURN OF EQUITY FOR KESCO FOR FY 2018-19 (RS. CRORE)

Particulars (KESCO)	FY 2018-19		
	Tariff Order	Claimed	Approved
Opening Equity	208.09	234.44	225.84
Additions (30% of Capitalization)	55.72	49.80	28.62
Less: Consumer Contribution	6.45	0.00	6.45
Closing Equity	257.36	284.24	248.01
Rate of Return on Equity (%)	16.00%	16.00%	16.00%
<b>Allowable Return on Equity</b>	<b>37.24</b>	<b>41.49</b>	<b>37.91</b>

## 7.29 CONTRIBUTION TO CONTINGENCY RESERVE

7.29.1 The MYT Distribution Regulations, 2014 provides for the contribution to the contingency reserves upto a sum not less than 0.25 per cent and not more than 0.5 per cent of the original cost of fixed assets shall be allowed annually towards such appropriation in the calculation of ARR. The Licensees shall invest the Contingency Reserve so created in securities authorized under the Indian Trusts Act, 1882 within a period of six months of close of the financial year and provided that no diminution in the value of contingency reserve be allowed to be adjusted as a part of tariff. However, the use of such reserve is only with the prior permission of the Commission.

7.29.2 Since 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. The Licensees have not claimed any contribution to contingency reserve for the year under review.

7.29.3 In view of the same, the Commission has not approved any amounts under the said component in the present Order for FY 2018-19.

## 7.30 APPORTIONMENT OF O&M EXPENSES AND INTEREST & FINANCE CHARGES OF UPPCL

7.30.1 The Licensees have claimed the share of apportionment of O&M charges of UPPCL for FY 2018-19 Discoms wise (DVVNL is Rs. 45.03 crore, MVVNL is Rs.

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38.72 crore, PVVNL is Rs. 62.98 crore, PuVVNL is Rs. 47.93 crore, KESCO is Rs. 7.47 crore) respectively and same have been considered as part of the ARR to be recovered from retail consumers.

7.30.2 The Commission in its tariff order for FY 2016-17, noted as follows:

Quote

*"The Commission in this Order while computing the Bulk Supply Tariff for FY 2013-14 has allowed such expenses based on actual based on the audited accounts of UPPCL. Further, as discussed in the Truing-up section, since, the above expenses have been incurred by UPPCL, mostly for procuring the power for the Licensees, the above expenses have been allowed while doing the Truing up of FY 2013-14. However, it may be noted that procurement of power is the responsibility of the Distribution Licensees and the Commission allows considerable amount of O&M Expenses and the interest on working capital to the Licensees for this purpose. The Commission has allowed such expenses for the past years, but in its Tariff Order for FY 2014-15 dated October 1, 2014 the Commission has specifically mentioned that, such expense will not be allowed for future years i.e., FY 2014-15 onwards. The relevant extract of the aforementioned Order is reproduced below:*

*"The Commission has allowed such expenses for the past years, however for future years, i.e., from FY 2014-15 onwards, the Commission disallows the claim of additional expenses towards allocation of O&M expenses for UPPCL and directs the Petitioner to manage such additional Expenses for procuring the power from the O&M Expenses allowed to it for the relevant year."*

*Thus, the Commission has not considered the claim of additional expenses towards allocation of O&M expenses for UPPCL for FY 2016-17."*

Unquote

7.30.3 Thus, from above, it can be observed that the Commission categorically took view to not to allow any additional expenditure on the apportionment of O&M expense for UPPCL for FY 2016-17 and the same is followed in FY 2017-18. Hence, in line with the same, the Commission has disallowed the Licensees' claim of additional expense towards the apportionment of O&M Expense for UPPCL for FY 2018-19.

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### 7.31 GoUP SUBSIDY

- 7.31.1 Regulation 38 of the Distribution MYT Regulations, 2014 provides that the Commission shall determine the ARR of the licensees without considering the subsidy provided by GoUP.
- 7.31.2 The Commission vide its first deficiency note dated November 5, 2018 directed the Licensees to submit the details of the subsidy to be received along with the tariff proposal. The Licensees in response, submitted the details of the subsidy to be received along with its break up in Discom wise as follows:

TABLE 7-128: DETAILS OF GoUP SUBSIDY AS SUBMITTED BY THE LICENSEES (RS. CRORE)

Particulars	Subsidy for Rural Consumers - LMV-1	Subsidy for Agriculture Consumers - LMV-5	Total
DVVNL	2758.50	102.92	2861.42
MVVNL	2009.15	50.96	2060.11
PVVNL	1255.95	143.29	1399.24
PuVVNL	2508.11	71.11	2508.11
KESCO	-	-	-
<b>Total</b>	<b>8531.71</b>	<b>368.29</b>	<b>8899.99</b>

- 7.31.3 Clause 38 of the Distribution MYT Regulations, 2014 specifies as under:

Quote

*38. Subsidy*

*a) The Commission shall determine the ARR and Tariff without considering subsidy.*

*Provided that if the State Government declares subsidy for the categories of consumers after notification of Tariff Order, the licensee shall incorporate the same in the tariff and intimate the Commission with the revised Tariff Schedule that shall be charged if the subsidy is received in advance.*

*Provided further that in case the State Government declares subsidy in advance or during tariff filing proceedings and the licensee incorporates the subsidy in the petition, the Commission shall notify two tariff schedules, one with subsidy and the other without subsidy.*





*Provided also that the Government's subsidy provided for or declared shall be supported by documentary evidence of time schedule of payment, mode of the payment of the subsidy and categorization of the subsidy amount into subsidized consumer categories.*

*b) The Commission may clarify in the tariff order, post the declaration from the Government, the quantum of Government's subsidy as applicable to the fuel cost adjustment along with the range (%) of variable cost upto which the fuel adjustment cost shall not be passed to the consumers, category wise classification, mode of payment and schedule of payment etc.*

*c) In case of no disbursement or delayed disbursement of subsidy by the Government, the licensee shall charge consumers as per the tariff schedule which is approved by the Commission without consideration of subsidy.*

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- 7.31.4 The Commission has considered the total subsidy allocation of Rs. 8899.99 Crore, for FY 2018-19 respectively from GoUP as submitted by the Licensees and its allocation shown above.
- 7.31.5 However, it is observed that the Licensees has not submitted any details on the basis of allocation of the subsidy amount to the Discoms. Hence, the Commission has considered the subsidy bifurcation in proportion to the sales of the Discoms. Hence, the subsidy amounts considered are as shown below:

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	Consolidated
Tariff Order	1007.88	1093.35	2274.31	1124.46	5500.00
Claimed	2861.42	2060.11	1399.24	2579.22	8899.99
Approved	1838.13	1350.73	3043.84	2667.29	8899.99

#### 7.32 ADDITIONAL SUBSIDY REQUIREMENT

7.32.1 As discussed in the earlier chapters of Truing up of FY 2015-16, the Distribution Licensees had filed an Appeal before the Hon'ble APTEL on applicability of additional subsidy to which the Hon'ble APTEL gave its Judgment dated November 23, 2015 and allowed for Additional Subsidy Requirement.

7.32.2 It can be observed from the earlier section that; the Licensees have projected the billing determinants for various categories for the FY 2018-19. Accordingly,

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the Commission has also approved the billing determinants for FY 2018-19. The Commission has computed the additional subsidy requirement for FY 2018-19 as shown in the Tables below.

LMV-1: DOMESTIC LIGHT FAN & POWER (Rural Domestic)	DVVNL	MVVNL	PVVNL	PuVVNL	Total
Sales (MU)	3392.66	3902.69	6372.93	8129.55	21797.83
Cost of Service (Rs. /Unit)	6.53	7.23	6.42	7.06	27.24
Total Cost of Service (Rs. Crore)	2215.742	2821.911	4090.43	5737.145	14865.23
Actual Revenue (Rs. Crore)	1402.84	1867.45	2940.21	3389.40	9599.91
Shortfall from LMV1 Rural (Rs. Crore)	812.90	954.47	1150.22	2347.74	5265.32

LMV-5: PTW	DVVNL	MVVNL	PVVNL	PuVVNL	Total
Sales (MU)	4441.32	1854.01	6599.65	3238.21	16133.19
Cost of Service (Rs. /Unit)	6.53	7.23	6.42	7.06	27.24
Total Cost of Service (Rs. Crore)	2900.619	1340.578	4235.948	2285.253	10762.40
Actual Revenue (Rs. Crore)	1688.00	382.37	1026.18	610.82	3707.36
Shortfall from LMV 5 (Rs. Crore)	1212.62	958.21	3209.77	1674.44	7055.04

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	Total
Shortfall from LMV1 Rural (Rs. Crore)	812.90	954.47	1150.22	2347.74	5265.32
Shortfall from LMV 5 (Rs. Crore)	1212.62	958.21	3209.77	1674.44	7055.04
Total Shortfall (Rs. Crore)	2025.52	1912.67	4359.99	4022.18	12320.36
Subsidy Available (Rs. Crore)	1838.13	1350.73	3043.84	2667.29	8899.99
<b>Additional Subsidy Required (Rs. Crore)</b>	<b>187.38</b>	<b>561.94</b>	<b>1316.15</b>	<b>1354.89</b>	<b>3420.36</b>

7.32.3 The Commission has decided again consider the matter of appropriate allocation of additional subsidy to the DISCOM s for FY 2018-19 in the true up exercise based on the actual audited figures.

### 7.33 REVENUE FROM SALE OF ELECTRICITY

7.33.1 For the FY 2018-19, the Licensees have estimated the revenue from existing tariffs to the tune of Rs. 10754.93 Crore for DVVNL, Rs. 10066.48 Crore for MVVNL, Rs. 15225.69 Crore for PVVNL, Rs. 11034.89 Crore for PuVVNL and Rs. 2706.32 Crore for KESCO, i.e., based on approved Tariff as per MYT Order dated November 30, 2017.

7.33.2 The Commission has computed the revenue at existing tariffs as per the tariff rates approved in MYT Order dated November 30, 2017 and the approved sales for FY 2018-19. The category-wise details of the revenue at revised tariff for




FY 2018-19 are annexed in this order. The following Table summarizes the revenue approved by Commission for FY 2018-19 at existing tariff:

**Table 7-129: APPROVED TARIFF REVENUE FOR DVVNL (RS. CRORE)**

Consumer Categories (DVVNL)	FY 2018-19
	Approved (At Existing Tariff)
LMV-1: Domestic	4137.46
LMV-2: Non-Domestic	783.39
LMV-3: Public Lamps	152.38
LMV-4: Institutions	406.99
LMV-5: Private Tube Wells	1688.00
LMV 6: Small and Medium Power	625.60
LMV-7: Public Water Works	286.44
LMV-8: State Tube Wells	667.59
LMV-9: Temporary Supply	22.53
LMV-10: Departmental Employees	74.87
HV-1: Non-Industrial Bulk Loads	611.67
HV-2: Large and Heavy Power	1594.26
HV-3: Railway Traction	232.52
HV-4: Lift Irrigation	110.26
<b>Sub-total</b>	<b>11393.96</b>
Extra state & Bulk	823.97
<b>Total</b>	<b>12217.93</b>

**Table 7-130: APPROVED TARIFF REVENUE FOR MVVNL (RS. CRORE)**

Consumer Categories (MVVNL)	FY 2018-19
	Approved (At Existing Tariff)
LMV-1: Domestic	5491.64
LMV-2: Non-Domestic	1550.81
LMV-3: Public Lamps	404.60
LMV-4: Institutions	419.79
LMV-5: Private Tube Wells	382.37
LMV 6: Small and Medium Power	610.00
LMV-7: Public Water Works	713.62
LMV-8: State Tube Wells	1165.50
LMV-9: Temporary Supply	34.20
LMV-10: Departmental Employees	75.96
HV-1: Non-Industrial Bulk Loads	574.95
HV-2: Large and Heavy Power	1170.29
HV-3: Railway Traction	226.87
HV-4: Lift Irrigation	133.82

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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

Consumer Categories (MVVNL)	FY 2018-19
	Approved (At Existing Tariff)
<b>Sub-total</b>	<b>12954.42</b>
Extra state & Bulk	15.90
<b>Total</b>	<b>12970.32</b>

Table 7-131: APPROVED TARIFF REVENUE FOR PVVNL (RS. CRORE)

Consumer Categories (PVVNL)	FY 2018-19
	Approved (At Existing Tariff)
LMV-1: Domestic	7513.38
LMV-2: Non-Domestic	1689.04
LMV-3: Public Lamps	302.82
LMV-4: Institutions	379.00
LMV-5: Private Tube Wells	1026.18
LMV 6: Small and Medium Power	1097.33
LMV-7: Public Water Works	604.50
LMV-8: State Tube Wells	467.48
LMV-9: Temporary Supply	125.19
LMV-10: Departmental Employees	105.59
HV-1: Non-Industrial Bulk Loads	1654.73
HV-2: Large and Heavy Power	3734.54
HV-3: Railway Traction	122.90
HV-4: Lift Irrigation	0.30
<b>Sub-total</b>	<b>18822.97</b>
Extra state & Bulk	0.00
<b>Total</b>	<b>18822.97</b>

Table 7-132: APPROVED TARIFF REVENUE FOR PuVVNL (RS. CRORE)

Consumer Categories (PuVVNL)	FY 2018-19
	Approved (At Existing Tariff)
LMV-1: Domestic	5768.30
LMV-2: Non-Domestic	2004.62
LMV-3: Public Lamps	188.88
LMV-4: Institutions	419.84
LMV-5: Private Tube Wells	610.82
LMV 6: Small and Medium Power	681.32
LMV-7: Public Water Works	503.42
LMV-8: State Tube Wells	1022.96
LMV-9: Temporary Supply	3.60
LMV-10: Departmental Employees	50.02
HV-1: Non-Industrial Bulk Loads	374.99










Consumer Categories (PuVVNL)	FY 2018-19
	Approved (At Existing Tariff)
HV-2: Large and Heavy Power	829.80
HV-3: Railway Traction	392.79
HV-4: Lift Irrigation	503.78
<b>Sub-total</b>	<b>13355.14</b>
Extra state & Bulk	-
<b>Total</b>	<b>13355.14</b>

Table 7-133: APPROVED TARIFF REVENUE FOR KESCO (RS. CRORE)

Consumer Categories	FY 2018-19
	Approved (At Existing Tariff)
LMV-1: Domestic	1027.08
LMV-2: Non-Domestic	413.73
LMV-3: Public Lamps	124.16
LMV-4: Institutions	145.09
LMV-5: Private Tube Wells	0.00
LMV 6: Small and Medium Power	303.31
LMV-7: Public Water Works	87.10
LMV-8: State Tube Wells	0.00
LMV-9: Temporary Supply	0.06
LMV-10: Departmental Employees	9.69
HV-1: Non-Industrial Bulk Loads	164.15
HV-2: Large and Heavy Power	364.33
HV-3: Railway Traction	-
HV-4: Lift Irrigation	-
<b>Sub-total</b>	<b>2638.70</b>
Extra state & Bulk	-
<b>Total</b>	<b>2638.70</b>

### 7.34 APPROVED ARR SUMMARY, REVENUE FROM TARIFFS AND RESULTANT GAP

7.34.1 In the preceding Sections, the Commission has detailed the expenses claimed by the Licensees and that approved by the Commission under various heads for FY 2018-19. The Commission has also approved the revenue from existing tariffs.

7.34.2 The Commission has assessed the ARRs for FY 2018-19 on standalone basis. Based on the above, the approved ARR and the revenue from tariffs for FY 2018-19 are summarized in the tables below:

Table 7-134: ARR, REVENUE AND GAP SUMMARY FOR DVVNL FOR FY 2018-19 (RS. CRORE)



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
Power Purchase Expenses	12786.03	11666.25	11079.99
Transmission Expenses	689.99	460.63	488.81
Apportionment of O&M Expenses of UPPCL	-	45.03	-
<b>Gross O&amp;M Expenses</b>	<b>1732.84</b>	<b>1654.23</b>	<b>1618.65</b>
Employee Expenses	895.63	906.86	906.86
R&M Expenses	680.55	625.81	590.22
A&G Expenses	156.67	121.57	121.57
Gross Interest on Long Term Loans	436.00	368.17	351.03
Interest on Bonds	-	-	-
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
Add: Sharing of Gains	-	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-	-
Depreciation	181.81	529.59	153.06
Other Miscellaneous Expenses	-	-	-
Prior Period Expenses	-	-	-
Interest on GPF	-	-	-
Provision for Bad and Doubtful Debts	-	237.55	237.55
<b>Gross Expenditure</b>	<b>16161.44</b>	<b>15272.58</b>	<b>14247.42</b>
Less:			
Employee Capitalisation	134.34	465.90	465.90
A&G Capitalisation	23.50	-	-
Interest Capitalisation	100.28	149.75	142.77
<b>Total Capitalisation</b>	<b>258.12</b>	<b>615.65</b>	<b>608.68</b>
<b>Net Expenditure</b>	<b>15903.32</b>	<b>14656.93</b>	<b>13638.74</b>
Add: Return on Equity	394.25	794.39	334.00
Less: Non-tariff Incomes	30.94	23.01	23.01
<b>Annual Revenue Requirement</b>	<b>16266.63</b>	<b>15428.31</b>	<b>13949.73</b>
Less: Revenue from Tariff including 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
<b>Net Revenue Gap / (Surplus)</b>	<b>545.68</b>	<b>689.20</b>	<b>(261.49)</b>







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 7-135: 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	-	38.72	-
<b>Gross O&amp;M Expenses</b>	<b>2691.56</b>	<b>2744.41</b>	<b>2693.34</b>
Employee Expenses	1813.16	1849.98	1849.98
R&M Expenses	505.43	494.30	443.23
A&G Expenses	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
Add: Sharing of Gains	-	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-	-
Depreciation	326.22	263.56	193.90
Other Miscellaneous Expenses	-	-	-
Prior Period Expenses	-	-	-
Interest on GPF	-	-	-
Provision for Bad and Doubtful Debts	-	255.49	255.49
<b>Gross Expenditure</b>	<b>17737.24</b>	<b>15887.83</b>	<b>15128.61</b>
Less:			
Employee Capitalisation	271.98	214.15	214.15
A&G Capitalisation	55.94	-	-
Interest Capitalisation	90.67	68.32	80.84
<b>Total Capitalisation</b>	<b>418.59</b>	<b>282.47</b>	<b>294.99</b>
<b>Net Expenditure</b>	<b>17318.64</b>	<b>15605.35</b>	<b>14833.62</b>
Add: Return on Equity	375.24	453.88	332.75
Less: Non-tariff Incomes	29.61	40.36	40.36
<b>Annual Revenue Requirement</b>	<b>17664.28</b>	<b>16018.87</b>	<b>15126.01</b>
Less: Revenue from Tariff including 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

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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
Net Revenue Gap / (Surplus)	1288.81	1184.06	266.65

Table 7-136: ARR, REVENUE AND GAP SUMMARY FOR PVVNL FY 2018-19 (RS. CRORE)

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	-	62.98	-
<b>Gross O&amp;M Expenses</b>	<b>2077.00</b>	<b>2254.40</b>	<b>2086.39</b>
Employee Expenses	1367.72	1222.09	1222.09
R&M Expenses	563.51	915.72	747.70
A&G Expenses	145.77	116.60	116.60
Gross Interest on Long Term Loans	742.87	534.91	387.55
Interest on Bonds	-	-	-
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
Add: Sharing of Gains	-	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-	-
Depreciation	555.18	406.11	289.30
Other Miscellaneous Expenses	-	-	-
Prior Period Expenses	-	-	-
Interest on GPF	-	-	-
Provision for Bad and Doubtful Debts	-	371.85	371.85
<b>Gross Expenditure</b>	<b>22973.70</b>	<b>22711.09</b>	<b>21367.44</b>
Less:			
Employee Capitalisation	205.16	327.00	327.00
A&G Capitalisation	21.87	-	-
Interest Capitalisation	170.86	106.46	77.13
<b>Total Capitalisation</b>	<b>397.88</b>	<b>433.46</b>	<b>404.13</b>
<b>Net Expenditure</b>	<b>22575.82</b>	<b>22277.63</b>	<b>20963.31</b>



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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
Add: Return on Equity	617.72	717.98	447.25
Less: Non-tariff Incomes	27.48	39.40	39.40
<b>Annual Revenue Requirement</b>	<b>23166.05</b>	<b>22956.21</b>	<b>21371.16</b>
Less: Revenue from Tariff including DPS	21911.92	18592.31	18822.97
Less:GoUP Subsidy	2274.31	1399.24	3043.84
Revenue Gap / (Surplus)	<b>(1020.18)</b>	<b>2964.66</b>	<b>(495.64)</b>
Less: Additional Subsidy to be provided by GoUP			1263.45
<b>Net Revenue Gap / (Surplus)</b>	<b>(1020.18)</b>	<b>2964.66</b>	<b>(1759.09)</b>

Table 7-137: 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	Claimed	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	-	47.93	-
<b>Gross O&amp;M Expenses</b>	<b>2283.78</b>	<b>2784.47</b>	<b>2731.32</b>
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	-	-	-
Interest on security deposit	62.06	35.66	35.66
Finance/Bank Charges	0.02	19.10	19.10
Interest on Working Capital	301.17	287.02	292.85
Add: Sharing of Gains	-	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-	-
Depreciation	284.46	327.01	234.32
Other Miscellaneous Expenses	-	-	-
Prior Period Expenses	-	-	-
Interest on GPF	-	-	-
Provision for Bad and Doubtful Debts	-	261.16	261.16
<b>Gross Expenditure</b>	<b>19756.80</b>	<b>18540.21</b>	<b>17549.51</b>
Less:			

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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	Claimed	Approved
Employee Capitalisation	207.70	369.63	369.63
A&G Capitalisation	20.78	-	-
Interest Capitalisation	115.80	88.97	68.45
<b>Total Capitalisation</b>	<b>344.28</b>	<b>458.60</b>	<b>438.08</b>
<b>Net Expenditure</b>	<b>19412.52</b>	<b>18081.61</b>	<b>17111.42</b>
Add: Return on Equity	435.59	670.47	403.76
Less: Non-tariff Incomes	18.99	15.80	15.80
<b>Annual Revenue Requirement</b>	<b>19829.12</b>	<b>18736.27</b>	<b>17499.38</b>
Less: Revenue from Tariff including 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
<b>Net Revenue Gap / (Surplus)</b>	<b>2115.29</b>	<b>3098.96</b>	<b>168.92</b>

Table 7-138: 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	Claimed	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	-	7.47	-
<b>Gross O&amp;M Expenses</b>	<b>317.31</b>	<b>280.67</b>	<b>282.44</b>
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	-	-	-
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	-	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-	-
Depreciation	23.34	16.37	25.44
Other Miscellaneous Expenses	-	-	-



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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	Claimed	Approved
Prior Period Expenses	-	-	-
Interest on GPF	-	-	-
Provision for Bad and Doubtful Debts	-	52.74	52.74
<b>Gross Expenditure</b>	<b>2720.37</b>	<b>2335.71</b>	<b>2250.83</b>
Less:			
Employee Capitalisation	32.03	13.27	13.27
A&G Capitalisation	3.94	-	-
Interest Capitalisation	4.48	-	-
<b>Total Capitalisation</b>	<b>40.45</b>	<b>13.27</b>	<b>13.27</b>
<b>Net Expenditure</b>	<b>2679.93</b>	<b>2322.44</b>	<b>2237.56</b>
Add: Return on Equity	37.24	41.49	37.91
Less: Non-tariff Incomes	10.78	18.44	18.44
<b>Annual Revenue Requirement</b>	<b>2706.38</b>	<b>2345.50</b>	<b>2257.04</b>
Less: Revenue from Tariff including DPS	3149.94	2637.21	2638.70
Less: GoUP Subsidy	-	-	-
Revenue Gap / (Surplus)	(443.55)	(291.71)	(381.66)
Less: Additional Subsidy to be provided by GoUP	-	-	-
<b>Net Revenue Gap / (Surplus)</b>	<b>(443.55)</b>	<b>(291.71)</b>	<b>(381.66)</b>

Table 7-139: CONSOLIDATED ARR, REVENUE AND GAP SUMMARY FOR ALL DISCOMS (all 5) FOR FY 2018-19 (RS. CRORE)

Particulars (Consolidated 5 Discoms)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Claimed	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	-
<b>Gross O&amp;M Expenses</b>	<b>9102.49</b>	<b>9718.19</b>	<b>9412.14</b>
Employee Expenses	5775.90	6095.87	6095.87
R&M Expenses	2486.43	2785.36	2479.20
A&G Expenses	840.17	836.96	837.07
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

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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 5 Discoms)	FY 2018-19		
	MYT Tariff Order Dated Nov. 30, 2017	Claimed	Approved
Add: Sharing of Gains	-	-	-
Add: Contribution to contingency reserve on account of better Performance	-	-	-
Depreciation	1370.99	1542.63	896.02
Other Miscellaneous Expenses	-	-	-
Prior Period Expenses	-	-	-
Interest on GPF	-	-	-
Provision for Bad and Doubtful Debts	-	1178.80	1178.80
<b>Gross Expenditure</b>	<b>79349.55</b>	<b>74747.40</b>	<b>70543.80</b>
Less:			
Employee Capitalisation	851.21	1389.95	1389.95
A&G Capitalisation	126.02	-	-
Interest Capitalisation	482.10	413.50	369.20
<b>Total Capitalisation</b>	<b>1459.33</b>	<b>1803.45</b>	<b>1759.14</b>
<b>Net Expenditure</b>	<b>77890.22</b>	<b>72943.96</b>	<b>68784.66</b>
Add: Return on Equity	1860.04	2678.21	1555.67
Less: Non-tariff Incomes	117.81	137.01	137.01
<b>Annual Revenue Requirement</b>	<b>79632.45</b>	<b>75485.16</b>	<b>70203.32</b>
Less: Revenue from Tariff including 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
<b>Net Revenue Gap / (Surplus)</b>	<b>2486.04</b>	<b>7645.15</b>	<b>(1966.67)</b>

7.34.3 Treatment of the above approved revenue gap / (surplus) has been discussed subsequently in this Order.







## 8. OPEN ACCESS CHARGES

### 8.1 BACKGROUND:

- 8.1.1 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 7<sup>th</sup> June, 2005 to operationalize long term and short-term open access in the State. The Regulations also provides that effective from 1<sup>st</sup> April, 2008 any consumer with demand of above 1 MW can avail open access of transmission and distribution systems.
- 8.1.2 Subsequently, the Commission has also made / finalized the necessary regulatory framework as below:
- 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;
  - Model Bulk Power Wheeling Agreement (BPWA) for availing wheeling services of Distribution Licensee(s);
  - 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.
- 8.1.3 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.
- 8.1.4 In absence of procedures and guidelines from State Transmission Utility (in short 'STU') and State Load Dispatch Centre (in short 'SLDC'), the Commission, on its own motion, has made detailed procedures for long term and short term open access which covers all aspects, which the Regulations direct by way of an amendment. The "Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Open Access) (First Amendment) Regulations, 2009 dated 18.6.09", came into force from the date it is notified in the Gazette.

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- 8.1.5 The said amendment, which includes procedures for Long-Term Open Access and Short-Term Open Access mainly, focuses on:
- a. Operationalisation of long-term and short-term use of intra-State transmission and distribution system by generating companies including captive plants /renewable energy plants, distribution / trading Licensees and open access customers with sustained development of transmission and distribution systems in 'proper and coordinated' manner for conveyance of electricity.
  - b. Operationalisation of time-block wise accounting of the quantity of electricity transmitted through State grid and stating the responsibilities of STU for weekly metering and of SLDC for scheduling, dispatch and energy accounting including UI accounting.
  - c. Requirement of Bulk Power Transmission Agreement for use of transmission network and Bulk Power Wheeling Agreement for use of distribution network for long-term open access transactions.
- 8.1.6 The Electricity Act, 2003 has defined the Open Access as non-discriminatory provisions for use of transmission lines or distribution system or associated facilities. Having regards to operation constraints and other relevant factors, the Commission directs that the Open Access shall be allowed by the Distribution Licensees as per the provisions outlined by the Commission in its Regulations and amendments from time to time.
- 8.1.7 The Commission has finalized the model Bulk Power Transmission Agreement (BPTA) and Supplementary BPTA for availing transmission services of UPPTCL.
- 8.1.8 The Commission has also finalized model Bulk Power Wheeling Agreement (BPWA) which is to be signed between a Distribution Licensees and long-term customer to agree therein, inter alia, to make payment of wheeling charge, surcharge and additional surcharge, if any, for use of the distribution system.

## **8.2 OPEN ACCESS CHARGES**

- 8.2.1 The Commission in the Tariff Order for UPPTCL has determined the Transmission Charges payable by Open Access users for use of UPPTCL transmission network for transmission of electricity. Similarly, the Commission has also determined the wheeling charges payable by the Open Access users for utilising the distribution network of the Distribution Licensees for wheeling of electricity.





### 8.3 WHEELING CHARGES

8.3.1 The Distribution MYT Regulations, 2014, embarks upon maintaining separate books of accounts for Wheeling and Retail Supply Business. Also, for such period until the accounts are segregated and separate books are maintained, the Distribution MYT Regulations mandates the Commission to stipulate the ratio of allocation of all expenses and return component based on the data obtained from the licensees. The extract of the relevant portion of the Regulations is as follows:

***“36. Segregation of Wheeling Business and Retail Supply Business***

*The Distribution Licensee shall maintain separate books of accounts for Wheeling Business and Retail Supply Business. For such period until accounts are segregated and separate books of accounts are maintained, the Commission shall stipulate the ratio of allocation of all expenses and return component, based on data obtained from the Distribution Licensees. The following broad principles shall be followed for allocation of costs towards wheeling business and supply business, out of the total Aggregate Revenue Requirements determined:*

*(a) Power purchase cost shall be allocated to the Supply business.*

*(b) Operation and Maintenance expenses shall be segregated between wheeling and supply businesses in such manner as may be determined by the Commission.*

*(c) Majority of the capital expenditure related expenses, viz., depreciation, interest and return on equity, shall be included under the wheeling business.*

*Note - The Supply Business would require only a small component of the capital expenditure towards billing and collection activity.”*

8.3.2 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. The same is being reproduced below:

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7.3.2 The Licensees, in their Petitions have followed the allocation in accordance with the approach followed by the Commission in the previous Order. As there is no basis submitted by the Licensees in their filing, the Commission finds merit in considering the allocation into Retail Supply and Wheeling Function as per the methodology adopted in the previous Tariff Order. The allocation of ARR for DVVNL, MVVNL, PVVNL and PuVVNL into wheeling function and retail function as approved by the Commission for FY 2017-18 to FY 2019-20 is as shown in the Table below:

**Table 7-1: WHEELING & RETAIL SUPPLY ARR FOR FY 2017-18 (RS. CRORE)**

Particulars	Allocation %		Allocation FY 2017-18		
	Wheeling	Supply	Wheeling	Supply	Total
Power Purchase Expenses (incl PGCIL charges)	0%	100%	0.00	48376.89	48376.89
Apportionment of O&M Expenses & Interest & Finance Charges of UPPCL	0%	100%	0.00	0.00	0.00
Transmission Charges - Intra state (incl SLDC Charges)	0%	100%	0.00	2650.81	2650.81
<b>Gross O&amp;M Expenses</b>			<b>3888.00</b>	<b>2937.36</b>	<b>6825.36</b>
Gross Employee cost	60%	40%	2575.72	1717.15	4292.87
Gross A&G expenses	40%	60%	773.57	1160.36	1933.93
Gross R&M expenses	90%	10%	538.70	59.86	598.56
Gross Interest & Finance charges	90%	10%	2489.71	276.63	2766.34
Depreciation	90%	10%	1024.78	113.86	1138.64
<b>Total Expenditure</b>			<b>7402.48</b>	<b>54355.57</b>	<b>61758.05</b>
<b>Expense capitalization</b>			<b>599.94</b>	<b>476.83</b>	<b>1076.77</b>
Employee cost capitalized	60%	40%	373.02	248.68	621.69
Interest capitalized	90%	10%	80.81	8.98	89.79
A&G expenses capitalized	40%	60%	146.12	219.17	365.29
<b>Net Expenditure</b>			<b>6802.54</b>	<b>53878.74</b>	<b>60681.28</b>
Provision for Bad & Doubtful debts	0%	100%	0.00	0.00	0.00
Provision for Contingency Reserve	0%	100%	0.00	0.00	0.00
<b>Total net expenditure with provisions</b>			<b>6802.54</b>	<b>53878.74</b>	<b>60681.28</b>
Add: Return on Equity	90%	10%	1374.36	152.71	1527.07
Less: Non Tariff Income	0%	100%	0.00	113.39	113.39
<b>Aggregate Revenue Requirement (ARR)</b>			<b>8176.91</b>	<b>53918.06</b>	<b>62094.96</b>

**Table 7-2: WHEELING & RETAIL SUPPLY ARR FOR FY 2018-19 (RS. CRORE)**

Particulars	Allocation %		Allocation FY 2018-19		
	Wheeling	Supply	Wheeling	Supply	Total
Power Purchase Expenses (incl PGCIL charges)	0%	100%	0.00	61833.40	61833.40

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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	Allocation %		Allocation FY 2018-19		
	Wheeling	Supply	Wheeling	Supply	Total
Apportionment of O&M Expenses & Interest & Finance Charges of UPPCL	0%	100%	0.00	0.00	0.00
Transmission Charges - Intra state (incl SLDC Charges)	0%	100%	0.00	3336.80	3336.80
<b>Gross O&amp;M Expenses</b>					
Gross Employee cost	60%	40%	3465.54	2310.36	5775.90
Gross A&G expenses	40%	60%	994.57	1491.86	2486.43
Gross R&M expenses	90%	10%	756.15	84.02	840.17
Gross Interest & Finance charges	90%	10%	3335.27	370.59	3705.85
Depreciation	90%	10%	1233.90	137.10	1370.99
<b>Total Expenditure</b>			<b>9785.42</b>	<b>69564.13</b>	<b>79349.55</b>
<b>Expense capitalization</b>			<b>995.02</b>	<b>464.31</b>	<b>1459.33</b>
Employee cost capitalized	60%	40%	510.73	340.48	851.21
Interest capitalized	90%	10%	433.89	48.21	482.10
A&G expenses capitalized	40%	60%	50.41	75.61	126.02
<b>Net Expenditure</b>			<b>8790.40</b>	<b>69099.82</b>	<b>77890.22</b>
Provision for Bad & Doubtful debts	0%	100%	0.00	0.00	0.00
Provision for Contingency Reserve	0%	100%	0.00	0.00	0.00
<b>Total net expenditure with provisions</b>			<b>8790.40</b>	<b>69099.82</b>	<b>77890.22</b>
Add: Return on Equity	90%	10%	1674.03	186.00	1860.04
Less: Non-Tariff Income	0%	100%	0.00	117.81	117.81
<b>Aggregate Revenue Requirement (ARR)</b>			<b>10464.43</b>	<b>69168.02</b>	<b>79632.45</b>

Table 7-3: WHEELING & RETAIL SUPPLY ARR FOR FY 2019-20 (RS. CRORE)

Particulars	Allocation %		Allocation FY 2019-20		
	Wheeling	Supply	Wheeling	Supply	Total
Power Purchase Expenses (incl PGCIL charges)	0%	100%	0.00	75314.11	75314.11
Apportionment of O&M Expenses & Interest & Finance Charges of UPPCL	0%	100%	0.00	0.00	0.00
Transmission Charges - Intra state (incl SLDC Charges)	0%	100%	0.00	4077.43	4077.43
<b>Gross O&amp;M Expenses</b>					
Gross Employee cost	60%	40%	4221.23	2814.15	7035.38
Gross A&G expenses	40%	60%	1194.71	1792.07	2986.78
Gross R&M expenses	90%	10%	959.69	106.63	1066.32
Gross Interest & Finance charges	90%	10%	3919.30	435.48	4354.78
Depreciation	90%	10%	1430.59	158.95	1589.55
<b>Total Expenditure</b>			<b>11725.52</b>	<b>84698.82</b>	<b>96424.33</b>
<b>Expense capitalization</b>			<b>998.85</b>	<b>770.69</b>	<b>1769.54</b>
Employee cost capitalized	60%	40%	633.18	422.12	1055.30
Interest capitalized	90%	10%	143.95	15.99	159.95
A&G expenses capitalized	40%	60%	221.72	332.58	554.29
<b>Net Expenditure</b>			<b>10726.67</b>	<b>83928.12</b>	<b>94654.79</b>

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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	Allocation %		Allocation FY 2019-20		
	Wheeling	Supply	Wheeling	Supply	Total
Provision for Bad & Doubtful debts	0%	100%	0.00	0.00	0.00
Provision for Contingency Reserve	0%	100%	0.00	0.00	0.00
<b>Total net expenditure with provisions</b>			<b>10726.67</b>	<b>83928.12</b>	<b>94654.79</b>
Add: Return on Equity	90%	10%	1966.06	218.45	2184.51
Less: Non-Tariff Income	0%	100%	0.00	122.39	122.39
<b>Aggregate Revenue Requirement (ARR)</b>			<b>12692.73</b>	<b>84024.18</b>	<b>96716.91</b>

8.3.3 Based on the above, the wheeling charges for FY 2017-18 to FY 2019-20 are as shown in the Table below:

**Table 7-4: WHEELING CHARGES FOR FY 2017-18**

S. No	Particulars	Units	Approved FY 2017-18
1	Wheeling ARR	Rs. Crore	8176.91
2	Retail sales (PVVNL, DVVNL, MVVNL, PuVVNL and KESCO)	MU	92093.81
3	Average Wheeling charge	Rs./kWh	<b>0.888</b>

**Table 7-5: WHEELING CHARGES FOR FY 2018-19**

S. No	Particulars	Units	Approved FY 2018-19
1	Wheeling ARR	Rs. Crore	10464.43
2	Retail sales (PVVNL, DVVNL, MVVNL, PuVVNL and KESCO)	MU	118163.19
3	Average Wheeling charge	Rs./kWh	<b>0.886</b>

**Table 7-6: WHEELING CHARGES FOR FY 2019-20**

S. No	Particulars	Units	Approved FY 2019-20
1	Wheeling ARR	Rs. Crore	12692.73
2	Retail sales (PVVNL, DVVNL, MVVNL, PuVVNL and KESCO)	MU	144871.94
3	Average Wheeling charge	Rs. / kWh	<b>0.876</b>

7.3.4 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

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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.

7.3.5 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 Distribution Licensees and that for wheeling at voltages above 11 kV shall be 50% of the average wheeling charges. Further, as specified in the Tariff Order of UPPTCL for FY 2017-18 to FY 2019-20, the Commission has considered the transmission open access charges for short term open access at the same level as approved for Long term open access. In view of the same the Commission has approved the short-term distribution wheeling charges same as long term wheeling charges.

**Table 7-7: APPROVED VOLTAGE-WISE WHEELING CHARGES FOR FY 2017-18**

S. No.	Particulars	Units	Approved FY 2017-18
1	Connected at 11 kV		
I	Long Term (@ 80% of Average Wheeling Charge)	Rs. / kWh	0.710
II	Short Term (@ 80% of Average Wheeling Charge)	Rs. / kWh	0.710
2	Connected above 11 kV		
I	Long Term (@ 50% of Average Wheeling Charge)	Rs. / kWh	0.444
II	Short Term (@ 50% of Average Wheeling Charge)	Rs. / kWh	0.444

**Table 7-8: 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

**Table 7-9: APPROVED VOLTAGE-WISE WHEELING CHARGES FOR FY 2019-20**

S. No.	Particulars	Units	Approved FY 2019-20
1	Connected at 11 kV		
I	Long Term (@ 80% of Average Wheeling Charge)	Rs. / kWh	0.701
II	Short Term (@ 80% of Average Wheeling Charge)	Rs. / kWh	0.701

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S. No.	Particulars	Units	Approved FY 2019-20
2	Connected above 11 kV		
I	Long Term (@ 50% of Average Wheeling Charge)	Rs. / kWh	0.438
II	Short Term (@ 50% of Average Wheeling Charge)	Rs. / kWh	0.438

7.3.6. 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.

7.3.7 The Commission has considered the wheeling loss applicable for Open Access transactions entailing drawl at 11 kV voltage level as 8%, and that for drawl at voltages above 11 kV voltage level as 4% which in in line with the approach adopted by the Commission in its Tariff Order for FY 2016-17 as well as submitted by Petitioners during the proceedings in the matter of ARR / Tariff determination of FY 2017-18 to FY 2019-20.

7.3.8 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 Licensees.

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

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#### 8.4 CROSS SUBSIDY SURCHARGE

8.4.1 The Commission has computed the cross-subsidy surcharge for Open Access consumers in accordance with the methodology specified in Regulations 39 of the Distribution MYT Regulations, 2014.







- 8.4.2 As per Regulation 39 (f), 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 Licensees to supply electricity to the consumers of the applicable class. In case of a consumer opting for open access, the Distribution Licensees 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 Commission adjusted for average loss compensation of the relevant voltage level and (b) the distribution wheeling charges as determined in the preceding section.
- 8.4.3 The Commission has computed the cross-subsidy surcharge for the relevant consumer categories as computed in MYT Order dated November 30, 2017 using the following formula:

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

Where

S is the 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.

D is the wheeling charges.

L is the system losses for the applicable voltage level, expressed as a percentage, which is considered as 4% for HT Categories (above 11 KV) and 8% for HT Categories (at 11 KV) as submitted by the Licensees in its reply to deficiency.

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

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7.4.4. As per the above formula, the cost of the Distribution Licensees to supply electricity to the consumers of the HV-2 category (above 11 KV) and HV-2 category (at 11 KV) is working out as shown in the Table below:

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**Table 7-10: COST OF SUPPLY APPROVED BY THE COMMISSION FOR FY 2017-18**

S No.	Categories	Wheeling Charge (D)	Wt. Avg. Power Purchase Cost (C)	System Loss (L)	Total Cost
1	HV Categories above 11 KV	0.444	5.99	4.00%	6.67
2	HV Categories at 11 KV	0.710	5.99	8.00%	7.18

**Table 7-11: COST OF SUPPLY APPROVED BY THE COMMISSION FOR FY 2018-19**

S No.	Categories	Wheeling Charge (D)	Wt. Avg. Power Purchase Cost (C)	System Loss (L)	Total Cost
1	HV Categories above 11 KV	0.443	5.96	4.00%	6.65
2	HV Categories at 11 KV	0.708	5.96	8.00%	7.15

**Table 7-12: COST OF SUPPLY APPROVED BY THE COMMISSION FOR FY 2019-20**

S No.	Categories	Wheeling Charge (D)	Wt. Avg. Power Purchase Cost (C)	System Loss (L)	Total Cost
1	HV Categories above 11 KV	0.438	6.73	4.00%	7.43
2	HV Categories at 11 KV	0.701	6.73	8.00%	7.96

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

7.4.6 The Commission has approved levy of Regulatory Surcharge for recovery of cumulative regulatory assets created for the Licensees, which is a part of the tariff charged to different consumer categories. Hence, the Cross-Subsidy Surcharge has been computed by subtracting the avoidable cost of supply for the Open Access consumers from the tariff applicable for the relevant consumer, which also includes the applicable Regulatory Surcharge.

7.4.7 The category-wise Cross Subsidy Surcharge approved by the Commission for FY 2017-18 to FY 2019-20 is as given in the Table below:

**Table 7-13: CROSS SUBSIDY SURCHARGE APPROVED BY THE COMMISSION FOR FY 2017-18**

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)	10.01	10.44	7.18	3.26
2	HV-1 (Supply above 11 kV)	10.73	11.19	6.67	4.52
3	HV-2 (Supply at 11 kV)	7.80	8.14	7.18	0.96

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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.	Categories	Average Billing Rate	Average Billing Rate (inclusive of Regulatory Surcharge) "T"	Cost of Supply for computing CSS	Cross Subsidy Surcharge "CSS"
4	HV-2 (Supply above 11 kV)	6.98	7.27	6.67	0.60
5	HV-3 (Supply above 11 kV)	8.80	9.18	6.67	2.51
6	HV-4 (Supply at 11 kV)	8.11	8.46	7.18	1.28
7	HV-4 (Supply above 11 kV)	7.93	8.27	6.67	1.60

Table 7-14: 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

Table 7-15: CROSS SUBSIDY SURCHARGE APPROVED BY THE COMMISSION FOR FY 2019-20

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)	10.41	10.86	7.96	2.90
2	HV-1 (Supply above 11 kV)	11.37	11.86	7.43	4.43
3	HV-2 (Supply at 11 kV)	7.80	8.14	7.96	0.17
4	HV-2 (Supply above 11 kV)	6.98	7.28	7.43	0.00
5	HV-3 (Supply above 11 kV)	9.36	9.76	7.43	2.32
6	HV-4 (Supply at 11 kV)	8.35	8.71	7.96	0.74
7	HV-4 (Supply above 11 kV)	8.16	8.51	7.43	1.08

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8.4.5 The Commission observes the State owned DISCOMs have filed a Petition No. 1323 / 2018, in the matter of seeking recall of the order dated November 30, 2017, contained specifically in paragraphs 7.4.8 to 7.4.17 and paragraph 7.5.

8.4.6 In the said petition, the petitioner has raised issues with regard to two petitions as follows;

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- a) **Petition No.1142 of 2016** dated October 21, 2016, seeking review in Tariff Order dated August 1, 2016 in Petition No. 1066/2015 (PuVVNL), Petition No. 1064/2015 (PVVNL), Petition No. 1063/2015 (MVVNL), Petition No. 1065/2015 (DVVNL) and Petition No. 1059/2015 (KESCO) approved the true up for FY 2013-14 and Aggregate Revenue Requirement (ARR) & Distribution Tariff for FY 2016-17 for State Distribution Licensees of Uttar Pradesh (State Discoms).
- b) **Petition No. 1264 of 2017** dated November 6, 2017 related to various charges applicable on open access consumers.

8.4.7 In **Petition No.1142 of 2016**, the petitioner had submitted that, Section 95 of the Electricity Act, 2003, provides for, "**Proceedings before Commission-** All proceedings before the Appropriate Commission shall be deemed to be judicial proceedings within the meaning of sections 193 and 228 of the Indian Penal Code (45 of 1860) and the Appropriate Commission shall be deemed to be a Civil Court for the purposes of Sections 345 and 346 of the Code of Criminal Procedure, 1973 (2 of 1974)". The Law Lexicon (P Ramantha Aiyer) has defined proceeding as "In its general acceptation proceeding means the form in which actions are to be brought and defended, the manner of intervening in suits, of conducting them, the mode of deciding them, of opposing judgments and of executing. "Ordinary proceedings intend the regular and usual mode of carrying on a suit by due course of common law."

8.4.8 The petitioner submitted that in any proceeding, opportunity to be heard forms an integral part of Principles of Natural Justice. The petitioner submitted that no opportunity of being heard was given by the Commission in case of Petition No. 1142 of 2016, in reaching the decision as recorded in paragraph 7.4.15 of the MYT order dated November 30, 2017. It is an ex-parte order; that too, without recording as to why opportunity of being heard was not provided to the affected party namely, UPPCL. The petitioner submitted that the Commission was fully empowered in terms of Section 94 of the Electricity Act, to follow the due course of procedure.

8.4.9 In Petition No. 1264 of 2017 five issues were raised by the Discoms (PVVNL, DVVNL, MVVNL, PuVVNL and KESCO) as shown below:

- a. Issue linked with Transmission & wheeling charges for Open Access consumers as determined by the Commission in Tariff Order for FY 2016-17.



- b. Issue linked with cross subsidy surcharge
- c. Additional surcharge
- d. Issue linked with determination of Reactive energy charges
- e. Standby charges.

Issue (b) & (c) were addressed by the Commission in MYT order dated November 30, 2017 i.e. Approval of Business plan, Determination of Multi-Year Aggregate Revenue Requirement (ARR) and Tariff for the First Control Period (FY 2017-18 to FY 2019-20) as shown below:

Quote

.....

*7.4.16 Further, the Commission is in receipt of a Petition No. 1264 of 2017 filed by the petitioners regarding various issues. The issues concerned with respect to this order are (i) issue linked with cross-subsidy surcharge & (ii) additional surcharge and have been dealt in this order, while the other issues / prayers related to other issues will be addressed appropriately, separately.*

.....

#### **7.5 ADDITIONAL SURCHARGE**

*7.5.1 The petitioners have filed a Petition no. 1264 of 2017 regarding issue of additional surcharge stating the Commission in its Tariff Order FY 2016-17 dated 01-08-2016 at clause No. 6.5 approved additional surcharge as nil, stating that there is considerable amount of load shedding which implied that there is power deficit scenario. However, under "Power For All" scheme, the petitioners are committed to provide 24X7 power round the year to all consumer. Under this changed scenario, if any consumer opts for open access, the petitioner's commitment to procure the power under long term PPA will have financial impact in terms of payments of fixed cost obligations and this cost will remain stranded. The petitioners accordingly request the Commission to formulate a mechanism for recovery of this stranded cost as is also allowed under clause 42(4) of the Electricity Act as additional surcharge.*

*7.5.2 Regulation 39 (f) of Distribution MYT Regulations, 2014 provides as under:*

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ii. Additional Surcharge shall be determined on 'case to case' basis and shall be payable only if the Licensee is able to conclusively demonstrate the incidence of any stranded costs.

iii. Cross-subsidy surcharge and additional surcharge shall be shown as revenue from tariff from the consumer categories which are permitted open access and such amount shall be utilized to meet the cross-subsidy requirements of subsidized categories and fixed costs of the Licensee arising out of his obligation to supply. The Licensee shall provide the details in its annual filings during the transition period and MYT filings during the control period.

..."

7.5.3 In view of the Regulations above, and on referring to the Merit Order Dispatch of Power Purchase approved for the MYT Control Period, the Commission observes that a lot of power has been proposed by the petitioners to be bought through power exchanges i.e 862.48 MU in FY 2017-18, 5710.53 MUs in FY 2018-19 and 17180.95 MUs in FY 2019-20. Under this changed scenario, if any / some consumers opt for open access, the petitioner's commitment to procure the power under long term PPA will not have any major financial impact in terms of payments of fixed cost obligations as a lot of power has been bought / procured from the power exchanges and the Licensees do not really have to reduce the power procurement from the tied-up sources, hence no cost will remain stranded. Considering the above, the submission of the petitioners has no merit and stand disposed of.

7.5.4 Further, the Commission has approved additional surcharge for the control period i.e. FY 2017-18 to FY 2019-20 as Nil (zero).

7.5.5 Further, Other Charges, apart from the charges approved in this order, will also be required to be paid by the Open Access consumers, as specified in other UPERC Regulations and Orders.

Unquote

- 8.4.10 Thus, the DISCOMs, regarding the issue of additional surcharge in the above said petition had submitted that the Commission in its Tariff Order FY 2016-17 dated August 1, 2016 at Clause No. 6.5 has approved additional surcharge as 'nil', stating that there is considerable amount of load shedding which implied that there is power deficit scenario. However, under "Power for All" scheme, the petitioners are committed to provide 24X7 power round the year to all consumers. Under this changed scenario, if any consumer opts for open access,



the petitioners' commitment to procure the power under long term PPA will have financial impact in terms of payments of fixed cost obligations and this cost will remain stranded. The petitioners accordingly requested the Commission to formulate a mechanism for recovery of this stranded cost as is also allowed under clause 42(4) of the Electricity Act as additional surcharge.

- 8.4.11 It is to be noted that, however, the Licensee did not submit the proposal for additional surcharge with all computations, details and justification in the current ARR filings.
- 8.4.12 Further, the Commission vide order dated August 8, 2018 had directed UPPCL to make a detailed written statement clearly indicating that the issues raised by UPPCL fall within the ambit of the review which could be admissible under Section 94 of the Electricity Act, 2003 read with Order 47 of CPC. The date of hearing shall be fixed after submissions of the Licensee. Hence the same matter shall be taken up after submissions of the Licensees.
- 8.4.13 In view of the above, the Commission currently approves the open access charges as specified for FY 2018-19 in the MYT Order dated November 30, 2017.



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## 9. TARIFF PHILOSOPHY

### 9.1 CONSIDERATIONS IN TARIFF DESIGN

- 9.1.1 Section 62 of the Electricity Act 2003, read with Section 24 of the Uttar Pradesh Electricity Reforms 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.
- 9.1.2 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, 2016 also advocates that the tariff should progressively reflect the efficient and prudent cost of supply.
- 9.1.3 The Commission has approved the retail tariff for FY 2018-19 in view of the guiding principles as stated in the Electricity Act, 2003, Tariff Policy and UPERC Distribution MYT Tariff Regulations 2014. The Commission in its earlier Tariff Orders during determination of ARR has been allowing tariff hikes to the Licensee in view of increased costs incurred by them. However, these subsequent tariff hikes can burden the consumers and hamper economic growth in the state, since electricity is a basic need for all consumer groups. The Licensees have not submitted a Tariff proposal. Therefore, keeping the above in mind, the Commission has decided to retain the same rates for all categories of consumers as approved for FY 2017-18 in MYT Order dated November 30, 2017, for FY 2018-19 also.
- 9.1.4 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 had 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.

9.1.5 As regards to the linkage of Tariff with the Cost of Service, Regulation 39 (c) of the MYT Distribution Tariff Regulations, 2014 states as follows:

Quote

**39. Cross Subsidy, Allocation of Cost to Serve and Tariff Desig**

a) .....

.....

c) **Allocation of Cost:** The Cost to serve shall be allocated to the consumer categories in the following manner:

**Step 1: Functionalization of Cost** - Total cost shall be divided on the basis of functions performed such as power purchase, distribution etc.

**Step 2: Classification of Cost** -Each of the functionalized costs shall be further classified, based on its intrinsic nature into Demand related cost, Energy related cost and Customer related cost. Demand related costs shall generally be of fixed nature, related to capacity creation and shall include interest on capital borrowing, depreciation etc. Energy cost shall be related to quantum of electricity consumption of consumer, such as fuel cost, interest on working capital, etc. Consumer related cost shall include operating expenses associated with meter reading, billing and accounting.

**Step 3: Allocation of Cost**

i. **Allocation of Demand Costs:** Demand costs of all the functions shall be allocated among consumer categories on the basis of average coincident peak demand of the tariff categories (average of past 12 months). To facilitate determination of average coincident peak demand for the various tariff categories, load research shall be made an integral part of the operations of the Distribution Licensees and systematic load research exercises shall be initiated by the Distribution Licensee.

ii. **Allocation of Energy Costs:** Energy related costs of Distribution functions shall be allocated to consumer categories on the basis of ratio of electricity consumption of each consumer category to the total electricity consumption under the purview of the Distribution Licensee. Energy related costs of Power purchase shall be allocated to various tariff categories on the basis of block

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approach on merit order dispatch and incremental principle, where each tariff category shall be allocated the incremental (energy related) power purchase cost on the basis of their respective share in the incremental power purchase. For the purpose of operationalizing the block approach and incremental principle, the Commission shall identify and notify a suitable year as the "base year".

**iii. Allocation of Customer Costs:** Customer related costs shall be allocated to consumer categories on the basis of the ratio of number of consumers in each category to total number of consumers under the purview of the Distribution Licensee.

d) Summation of allocated Demand cost, Energy cost and Customer cost across functions shall be total Cost to serve for respective consumer categories. Cost to serve reduced by revenue from a consumer category shall give total subsidy for that category. Total subsidy for a consumer category reduced by Government subsidy, if any, shall be cross-subsidy for that consumer category.

e) The consumers below poverty line who consume power below a specified level, say 30 units per month, shall receive a special support through cross subsidy.

.....

g) Tariff Design

(1) The Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

(2) After the costs have been allocated based on the method specified in clauses(c) and (d) above, tariffs for different consumer categories shall be designed with due regard to factors provided under section 62(3) of the Act.

Unquote

- 9.1.6 In terms of the Distribution MYT Tariff Regulations, 2014, Tariff Policy, 2016 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. However, as the same was not available, the Commission in MYT Order while determining the tariff for each category, had looked into the relationship between the tariff and the overall average cost of supply for FY 2017-18. Efforts were made to move the tariff of appropriate consumer





categories, towards the band of +/- 20% to meet the declared objectives of the Multi Year Distribution Tariff Regulations, 2014, Tariff Policy, 2016 and the Electricity Act, 2003.

9.1.7 Further, the Commission had determined the retail tariff keeping in the mind the guiding principles as stated in Section 61 of the Electricity Act, 2003. The Commission in its MYT Order dated November 30, 2017, had revised the tariff considering the huge amount of revenue gap and high cost of supply and resultant poor cost coverage in the absence of cost reflective tariff. The Commission had rationalized the tariff for FY 2017-18 by approving revised rates for various categories of consumers to ensure some recovery of the revenue gap. Accordingly, the Commission had stated that, the tariff for FY 2018-19 and 2019-20 shall be reviewed at the time of filing of Annual Performance Review, if required.

9.1.8 Currently, the Licensees have not submitted any tariff proposal. Further, the Commission is aware that this being a suo-moto 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.

### Metering

9.1.9 In its previous Tariff Orders, the Commission linked the tariff for unmetered consumer categories in (LMV-1 and LMV-2) with the contracted load which was earlier linked with number of consumers. The Commission in cognizance to the approach followed in the Tariff Order for FY 2015-16 and FY 2016-17, has decided to continue to levy of fixed charges of the unmetered consumers under LMV-1 and LMV-2 up to 2 kW as per their contracted load in Rs. / kW terms

9.1.10 It has been observed in the previous years, that in spite of various incentive / dis-incentives, there has not been any considerable improvement in the metering status in the State and the Distribution Licensees continue to supply

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electricity to the unmetered consumers which results in huge loss of unaccounted electricity. The Licensees have not been making its full efforts to convert the unmetered connections. It is further observed that the licensees have proposed to convert all the unmetered consumers to the metered category by FY 2018 - 19. **Therefore, the Commission in this Order is directing the Licensees to comply with the directions given by the Commission to put its sincere efforts for converting the unmetered consumers to metered consumers thereby ensuring that metering is achieved up to the satisfactory level, failing which the Commission may take a strict view for appropriate action.**

- 9.1.11 The Commission in its Order dated November 15, 2018, approved the Smart Meter Roll out Plan for UPPCL. Since installation of Smart Meters is a national programme and has produced very encouraging financial returns in private Discoms, the Commission approved the proposed plan of UPPCL. The same has been annexed for reference.

#### Time of Day Tariff

- 9.1.12 It had come to the knowledge of the Commission, during the process of public hearings that the conversion of TOD meters in accordance to MYT Order dated November 30, 2017, has still not been completed. **So, the Licensee is directed to complete the conversion process at the earliest.**

#### Amendment in Rate schedule based on various orders passed in FY 2018-19:

- 7.1.1 The Commission in FY 2018-19 has passed three orders which have revision in the rate schedule for different categories.
- Order dated December 13, 2018, in Petition No. 1366 / 2018 in matter of approval of 5% rebate on timely payment of monthly bills by PTW (Rural) category agricultural electricity consumers under LMV-5 (Rural Schedule).
  - Order dated December 13, 2018, in Petition No. 1372 / 2018, in the matter of proposed change in applicability of rate schedule for "goshals-cow shed" and math / rooms built at religious places.
  - Order dated April 12, 2018, in Petition No. 1290 / 2018, in the matter of inclusion of additional provision related to "Single Rabi Crop" consumers in Bundelkhand Area in LMV-5 (Rural) Tariff Category Rate Schedule.

- a. **Order dated December 13, 2018 in Petition No.1366/2018:**





The Commission in this Order approved the amendment /addition in the general provisions of the rate schedule as detailed below:

Quote

*The existing clause in the general provisions of the rate schedule as shown below:*

Quote

"A. GENERAL PROVISIONS:

.....

**REBATE ON PAYMENT ON OR BEFORE DUE DATE:**

*A rebate at the rate of 1.00 % on the 'RATE' shall be given in case the payment is made on or before the due date. The consumers having any arrears in the bill shall not be entitled for this rebate. The consumers who have made advance deposit against their future monthly energy bills shall also be eligible for the above rebate applicable on the 'RATE'.*

.....

Unquote

*The above existing clause in the general provisions of the rate schedule may be read as shown below:*

Quote

"A. GENERAL PROVISIONS:

.....

**REBATE ON PAYMENT ON OR BEFORE DUE DATE:**

*A rebate at the rate of 1.00 % on the 'RATE' shall be given in case the payment is made on or before the due date. However, a rebate at the rate of 5.00 % on the 'RATE' shall be given to LMV-5 (Rural) (i.e. PTW Rural Category Agricultural Consumers) category of electricity consumers in case the payment is made on or before the due date. The consumers having any arrears in the bill shall not be entitled for this rebate. The consumers who have made advance deposit against their future monthly energy bills shall also be eligible for the above rebate applicable on the 'RATE'.*

.....

Unquote

b. Order dated December 13, 2018 in Petition No.1372/2018:





The Commission in this Order approved the amendment / addition in the "Applicability" of Rate Schedules of LMV-1 and LMV-5 categories as detailed below:

Quote

• **LMV-1**

The existing clause in the rate schedule for LMV-1 is as follows:

Quote

RATE SCHEDULE LMV-1

"1. APPLICABILITY

This schedule shall apply to:

a) Premises for residential/domestic purpose, Accommodation for Paying Guests for Domestic purpose (Excluding Guest Houses), Janata Service Connections, Kutir Jyoti Connections, Jhuggi/ Hutments, Places of Worship (e.g. Temples, Mosques, Gurudwaras, Churches) and Electric Crematoria, Shelter Homes, Orphanages, Old age homes. Institutions run for mentally retarded and forsaken children.

b) .....

.....

Unquote

The above existing clause in the rate schedule for LMV-1 may be read as shown below:

Quote

RATE SCHEDULE LMV-1

"1. APPLICABILITY

This schedule shall apply to:

a) Premises for residential/domestic purpose, Accommodation for Paying Guests for Domestic purpose (Excluding Guest Houses), Janata Service Connections, Kutir Jyoti Connections, Jhuggi/ Hutments, Places of Worship (e.g. Temples, Mosques, Gurudwaras, Churches) and Electric Crematoria, Shelter Homes, Orphanages, Old age homes. Institutions run for mentally retarded and forsaken children. **Non-**





**commercial places occupied by religious persons, of any religion, are also entitled in this category, for a maximum load up to 5 kW, subject to the condition that such non-commercial place shall have a valid registration/recognition from a charitable trust....**

b) .....

.....

Unquote

• **LMV-5**

The existing clause in the rate schedule for LMV-5 is as shown below:

Quote

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 capacitors of adequate rating to qualify for the supply. All existing pump sets shall be required to install capacitors of adequate rating.

.....

Unquote

The above existing clause in the rate schedule for LMV-5 may be read as shown below:

Quote

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

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purposes having a contracted load up to 25 BHP and for additional agricultural processes confined to Chaff-Cutter, Thresher, Cane Crusher and Rice Huller. **This schedule shall also be applicable for separate PTW connection for registered Goshalas for load up to 5BHP having separate light and fan connection with the condition that such Gaushala - Cow shed shall not be used for commercial purpose.** All new connections under this category shall necessarily have the ISI marked energy efficient mono-bloc pump sets with capacitors of adequate rating to qualify for the supply. All existing pump sets shall be required to install capacitors of adequate rating.

.....  
Unquote

c. **Order dated April 12, 2018 in Petition No. 1290 / 2018:**

The Commission in this Order approved the amendment / addition in the Rate Schedules of LMV-5 and LMV-9 categories as depicted in the rate schedule.

**Tariff for LMV-10 Departmental Employees**

- 9.1.13 The Commission has discussed in length in its previous Tariff order with respect to the tariff for this category. In its MYT Order dated November 30, 2017 the Commission had stated that:

Quote

8.1.39 It is further observed that despite the directions of the Commission the petitioners have re-submitted the tariff proposal of LMV-10 and further proposed the tariff hike on those rates. The Commission hereby directs the Licensees to charge such consumers same as that under LMV-1 (Domestic Light, Fan and Power) category. However, the Licensees are authorised to provide the "rebate" as it deems fit to the consumers eligible to get supply under this category. The Commission would again like to caution the Petitioners that any further allowance or incentives or benefits granted to its departmental employees & pensioners will have to be borne by the licensees from their own resources or through increased efficiency. The Licensees are hereby directed to make separate accounting field for the amount of "rebate" given, energy billed and amount billed to such category of consumers on a monthly basis and shall

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ensure appropriate modification in its billing software in this regard. Further, the Commission in this Order is directing the Licensees to comply with the directions given by the Commission in its previous orders to put its sincere efforts and ensure that all departmental employees under LMV-10 category are metered and billed under LMV-1 (Domestic Light, Fan and Power) category, failing which the Commission may take a strict view for appropriate action.

Unquote

- 9.1.14 In view of the above the Commission has taken action by equating the revenue from LMV-10 in the true up part based on the ABR of LMV-1. The same has been discussed in detail in the true up chapters above. Further, for FY 2018-19 the Licensees have projected the revenue for LMV-10 considering the rates of LMV-1 (Other metered consumers) and hence the same has been approved. **The Commission in this Order re-iterates its directions that the Licensees have to comply with the directions given by the Commission in its previous orders to put its sincere efforts and ensure that all departmental employees under LMV-10 category are metered and billed under LMV-1 (Domestic Light, Fan and Power) category, failing which the Commission may take a strict view for appropriate action.**

#### Applicability of tariff category

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

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## 10. REVENUE AT REVISED TARIFF AND REVENUE GAP

### 10.1 REVENUE FROM SALE OF POWER AT APPROVED TARIFF

10.1.1 As detailed in the previous Chapter, the Commission has continued with the same retail tariff as approved for FY 2017-18. Thus, the Tariff so published shall become the notified Tariff applicable in the area of supply and shall come into force after seven days from the date of such publication of the Tariff, and unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order. Considering the period of applicability, the revenue at current Tariffs for FY 2018-19 is as shown under:

**TABLE 10-1: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR DVVNL (RS. CRORE)**

Consumer categories	Approved Revenue FY 2018-19
LMV-1: Domestic	4137.46
LMV-2: Non-Domestic	783.39
LMV-3: Public Lamps	152.38
LMV-4: Institutions	406.99
LMV-5: Private Tube Wells	1688.00
LMV 6: Small and Medium Power	625.60
LMV-7: Public Water Works	286.44
LMV-8: State Tube Wells	667.59
LMV-9: Temporary Supply	22.53
LMV-10: Departmental Employees	74.87
HV-1: Non-Industrial Bulk Loads	611.67
HV-2: Large and Heavy Power	1594.26
HV-3: Railway Traction	232.52
HV-4: Lift Irrigation	110.26
<b>Sub-total</b>	<b>11393.96</b>
Extra State & Bulk	823.97
<b>Total</b>	<b>12217.93</b>

**TABLE 10-2: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR MVVNL (RS. CRORE)**

Consumer categories	Approved Revenue FY 2018-19
LMV-1: Domestic	5491.64
LMV-2: Non-Domestic	1550.81
LMV-3: Public Lamps	404.60
LMV-4: Institutions	419.79
LMV-5: Private Tube Wells	382.37
LMV 6: Small and Medium Power	610.00



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

Consumer categories	Approved Revenue FY 2018-19
LMV-7: Public Water Works	713.62
LMV-8: State Tube Wells	1165.50
LMV-9: Temporary Supply	34.20
LMV-10: Departmental Employees	75.96
HV-1: Non-Industrial Bulk Loads	574.95
HV-2: Large and Heavy Power	1170.29
HV-3: Railway Traction	226.87
HV-4: Lift Irrigation	133.82
<b>Sub-total</b>	<b>12954.42</b>
Extra State & Bulk	15.90
<b>Total</b>	<b>12970.32</b>

TABLE 10-3: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR PVVNL (RS. CRORE)

Consumer categories	Approved Revenue FY 2018-19
LMV-1: Domestic	7513.38
LMV-2: Non-Domestic	1689.04
LMV-3: Public Lamps	302.82
LMV-4: Institutions	379.00
LMV-5: Private Tube Wells	1026.18
LMV-6: Small and Medium Power	1097.33
LMV-7: Public Water Works	604.50
LMV-8: State Tube Wells	467.48
LMV-9: Temporary Supply	125.19
LMV-10: Departmental Employees	105.59
HV-1: Non-Industrial Bulk Loads	1654.73
HV-2: Large and Heavy Power	3734.54
HV-3: Railway Traction	122.90
HV-4: Lift Irrigation	0.30
<b>Sub-total</b>	<b>18822.97</b>
Extra State & Bulk	-
<b>Total</b>	<b>18822.97</b>

TABLE 10-4: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR PuVVNL (RS. CRORE)

Consumer categories	Approved Revenue FY 2018-19
LMV-1: Domestic	5768.30
LMV-2: Non-Domestic	2004.62
LMV-3: Public Lamps	188.88
LMV-4: Institutions	419.84

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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

Consumer categories	Approved Revenue FY 2018-19
LMV-5: Private Tube Wells	610.82
LMV 6: Small and Medium Power	681.32
LMV-7: Public Water Works	503.42
LMV-8: State Tube Wells	1022.96
LMV-9: Temporary Supply	3.60
LMV-10: Departmental Employees	50.02
HV-1: Non-Industrial Bulk Loads	374.99
HV-2: Large and Heavy Power	829.80
HV-3: Railway Traction	392.79
HV-4: Lift Irrigation	503.78
<b>Sub-total</b>	<b>13355.14</b>
Extra State & Bulk	-
<b>Total</b>	<b>13355.14</b>

TABLE 10-5: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 FOR KESCO (RS. CRORE)

Consumer categories	Approved Revenue FY 2018-19
LMV-1: Domestic	1027.08
LMV-2: Non-Domestic	413.73
LMV-3: Public Lamps	124.16
LMV-4: Institutions	145.09
LMV-5: Private Tube Wells	0.00
LMV 6: Small and Medium Power	303.31
LMV-7: Public Water Works	87.10
LMV-8: State Tube Wells	0.00
LMV-9: Temporary Supply	0.06
LMV-10: Departmental Employees	9.69
HV-1: Non-Industrial Bulk Loads	164.15
HV-2: Large and Heavy Power	364.33
HV-3: Railway Traction	-
HV-4: Lift Irrigation	-
<b>Sub-total</b>	<b>2638.70</b>
Extra State & Bulk	-
<b>Total</b>	<b>2638.70</b>

TABLE 10-6: REVENUE FROM SALE OF POWER AT APPROVED TARIFF FOR FY 2018-19 CONSOLIDATED (RS. CRORE)

Consumer categories	Approved Revenue FY 2018-19
LMV-1: Domestic	23937.86

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Consumer categories	Approved Revenue FY 2018-19
LMV-2: Non-Domestic	6441.59
LMV-3: Public Lamps	1172.84
LMV-4: Institutions	1770.71
LMV-5: Private Tube Wells	3707.36
LMV-6: Small and Medium Power	3317.56
LMV-7: Public Water Works	2195.09
LMV-8: State Tube Wells	3323.53
LMV-9: Temporary Supply	185.58
LMV-10: Departmental Employees	316.13
HV-1: Non-Industrial Bulk Loads	3380.50
HV-2: Large and Heavy Power	7693.21
HV-3: Railway Traction	975.07
HV-4: Lift Irrigation	748.17
<b>Sub-total</b>	<b>59165.19</b>
Extra State & Bulk	839.87
<b>Total</b>	<b>60005.06</b>

10.1.2 The Commission in MYT Order dated November 30, 2017 has stated that:

Quote

9.1.5 The Commission observes that the State owned DISCOMs have filed a Review Petition on October 21, 2016 against Commission's order dated August 1, 2016 for FY 2016-17 on the issue of treatment of Revenue Gap for FY 2016-17 of DVVNL, MVVNL and PuVVNL.

.....

9.1.6 However, the Commission in the Tariff Orders for FY 2016-17, after determining revenue gap for DVVNL, MVVNL & PuVVNL reduced the same to zero with the remark that licensees should recover the revenue gap for FY 2016-17 through efficiency improvement measures without pointing out the specific areas of inefficiencies. The relevant paragraph from the Tariff Order for FY 2016-17 is as below:

Quote

8.4.11: Further, the Petitioner has submitted that given the significant amount of revenue gap, the whole impact may not be able to be passed through a revision in retail tariffs, as it may lead to massive tariff shock. In view, of the same the Petitioner has requested the Commission to find out a suitable way in which the Petitioner can recover its revenue gap and

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also the least burden can be passed on to the retail consumers to protect them from tariff shock. The Commission directs that the Petitioner to optimally utilize its resources and undertake various efficiency improvement measures to recover its revenue gap for FY 2016-17, which is the best way possible to recover the balance gap thereby passing least burden to the consumers.

Unquote

9.1.10 The Commission in the Tariff Order for FY 2016-17 dated August 1 2016 has allowed an overall tariff hike of 3.18% over the previous year without imposing any hike for the domestic consumers (as proposed by the Discoms). The tariff of industrial consumers in the State of Uttar Pradesh is one of the highest in the Northern States of India. Further increase in the tariff will impose extra burden on the financially distressed industries. Thus, further tariff hike can't be a legitimate solution.

9.1.11 It can be observed from the Tariff Orders that the DISCOMs have already accumulated huge regulatory asset till FY 2016-17, which is yet to be recovered from the consumers and further creation of Regulatory Asset in FY 2016-17 will again increase the burden on the consumers. Regulatory Assets can't be allowed to be created every year as a regular practice or easy solution. The Commission could not have allowed further creation of regulatory asset despite the under performance of the Distribution Licensees on various fronts like achieving the target distribution loss level, adding new consumers, converting unmetered consumers into metered consumers, optimising power purchase cost, improving billing and collection efficiencies etc.

9.1.12 Thus, in absence of any proposal from the DISCOMs to recover the revenue gap for FY 2016-17 and executing rest available options, the Commission was left with the only option to direct the DISCOMs to optimally utilize its resources and undertake various efficiency improvement measures like reduction of AT&C loss, conversion of unmetered consumers to metered ones, optimising power purchase cost, improving billing and collection efficiencies etc. to recover its revenue gap for FY 2016-17, which is the best way possible to recover the balance gap thereby passing least burden to the consumers.

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9.1.16 As discussed above, the Commission in its Tariff Orders for FY 2016-17 has already pointed out the areas of improvement. It is again very surprising that the State Discoms of Uttar Pradesh which are among the Discoms having highest Distribution Loss in Northern Region and having poor ranking in the Annual Integrated Rating released by Ministry of Power released on June, 2016 consider that the operative norms set by the Commission are very stringent and there is hardly any scope left for performance improvement. The ratings are as follows:

Sl. No.	Name of Distribution Licensee	Rating
1	Madhyanchal Vidyut Vitran Nigam Limited, Lucknow. (MVVNL)	C
2	Purvanchal Vidyut Vitran Nigam Limited, Varanasi. (PuVVNL)	C
3	Dakshinanchal Vidyut Vitran Nigam Limited, Agra. (DVVNL)	C+
4	Paschimanchal Vidyut Vitran Nigam Limited, Meerut. (PVVNL)	B
5	Kanpur Electricity Supply Company Limited (KESCO)	C+

**Note:**

**B:** Below Average Operational and Financial Performance Capability

**C+:** Low Operational and Financial Performance Capability

**C:** Very Low Operational and Financial Performance Capability

Taking into consideration, all the above, the Commission finds no merit in the submissions of the petitioners and the same are hereby disposed of.

- 10.1.3 In view of the above, it is observed that the Licensees have not undertaken any efficiency improvement measures yet. Hence, in line with the above directions of the Commission the revenue gap for FY 2016-17 is reduced to zero to the extent allowed in Tariff order dated August 1, 2016. The estimated gap / surplus after incorporating impact of Tariff for FY 2018-19 is as given in the Table below:

**TABLE 10-7: ESTIMATION OF ARR GAP/SURPLUS FOR DVVNL FOR FY 2015-16 TO FY 2018-19 (RS. CRORE)**

Particulars	Claimed	Approved
Revenue Gap for FY 2015-16* (A)	1279.41	435.76
Revenue Gap for FY 2016-17*	1274.18	545.86
Revised revenue Gap for FY 2016-17 (B)**	1274.18	0.00
Revenue Gap / (Surplus) for FY 2018-19 (at approved Tariff) (C)	689.20	(261.49)
<b>Net Revenue Gap till FY 2018-19 (Including gap for FY 2015-16 &amp; FY 2016-17)</b>	<b>3242.78</b>	<b>174.27</b>

\*Revenue Gap after considering additional subsidy computed, \*\* revenue gap for FY 2016-17 is reduced to zero to the extent allowed in Tariff order dated August 1, 2016

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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 10-8: ESTIMATION OF ARR GAP/SURPLUS FOR MVVNL FOR FY 2015-16 TO FY 2018-19 (RS. CRORE)

Particulars	Claimed	Approved
Revenue Gap for FY 2015-16* (A)	(26.08)	(203.05)
Revenue Gap for FY 2016-17* (B)	761.87	(248.05)
Revenue Gap / (Surplus) for FY 2018-19 (at approved Tariff) (C)	1184.06	266.65
<b>Net Revenue Gap till FY 2018-19 (Including gap for FY 2015-16 &amp; FY 2016-17)</b>	<b>1919.85</b>	<b>(184.44)</b>

\* Revenue Gap after considering additional subsidy computed

TABLE 10-9: ESTIMATION OF ARR GAP/SURPLUS FOR PVVNL FOR FY 2015-16 TO FY 2018-19 (RS. CRORE)

Particulars	Claimed	Approved
Revenue Gap for FY 2015-16* (A)	863.70	(1774.40)
Revenue Gap for FY 2016-17* (B)	1237.33	(2145.12)
Revenue Gap / (Surplus) for FY 2018-19 (at approved Tariff) (C)	2964.66	(1759.09)
<b>Net Revenue Gap till FY 2018-19 (Including gap for FY 2015-16 &amp; FY 2016-17)</b>	<b>5065.69</b>	<b>(5678.61)</b>

\* Revenue Gap after considering additional subsidy computed

TABLE 10-10: ESTIMATION OF ARR GAP/SURPLUS FOR PuVVNL FOR FY 2015-16 TO FY 2018-19 (RS. CRORE)

Particulars	Claimed	Approved
Revenue Gap for FY 2015-16* (A)	672.75	(489.09)
Revenue Gap for FY 2016-17* (B)	1237.20	(885.74)
Revenue Gap / (Surplus) for FY 2018-19 (at approved Tariff) (C)	3098.96	168.92
<b>Net Revenue Gap till FY 2018-19 (Including gap for FY 2015-16 &amp; FY 2016-17)</b>	<b>5008.90</b>	<b>(1205.91)</b>

\* Revenue Gap after considering additional subsidy computed

TABLE 10-11: ESTIMATION OF ARR GAP/SURPLUS FOR KESCO FOR FY 2015-16 TO FY 2018-19 (RS. CRORE)

Particulars	Claimed	Approved
Revenue Gap for FY 2015-16* (A)	(148.38)	(192.85)
Revenue Gap for FY 2016-17* (B)	(278.22)	(328.06)
Revenue Gap / (Surplus) for FY 2018-19 (at approved Tariff) (C)	(291.71)	(381.66)
<b>Net Revenue Gap till FY 2018-19 (Including gap for FY 2015-16 &amp; FY 2016-17)</b>	<b>(718.32)</b>	<b>(902.57)</b>

\* Revenue Gap after considering additional subsidy computed

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**TABLE 10-12: ESTIMATION OF ARR GAP/SURPLUS CONSOLIDATED FOR FY 2015-16 TO FY 2018-19 (RS. CRORE)**

Particulars	Claimed	Approved
Revenue Gap for FY 2015-16* (A)	2641.39	(2223.63)
Revenue Gap for FY 2016-17* (B)	4232.36	(3606.96)
Revenue Gap / (Surplus) for FY 2018-19 (at approved Tariff) (C)	7645.15	(1966.67)
<b>Net Revenue Gap till FY 2018-19 (Including gap for FY 2015-16 &amp; FY 2016-17)</b>	<b>14518.90</b>	<b>(7797.26)</b>

\* Revenue Gap after considering additional subsidy computed

## 10.2 AVERAGE COST OF SUPPLY

10.2.1 The table below summarises the per unit revenue realisation (average billing rate) as a percentage of ACOS (Consolidated for Distribution Licensees' namely DVVNL, MVVNL, PVVNL PuVVNL and KESCO). Consolidated ACOS is worked out to be Rs 6.73 / kWh.

**TABLE 10-13: REVENUE REALIZED AS % OF ACOS**

Consumer Categories	Approved Tariff	
	Average Revenue (Rs. / kWh)	Average Revenue / unit % of ACOS
LMV-1: Domestic	5.09	75.72%
LMV-2: Non-Domestic	9.57	142.36%
LMV-3: Public Lamps	10.41	154.85%
LMV-4: Institutions	10.05	149.42%
LMV-5: Private Tube Wells	2.30	34.17%
LMV 6: Small and Medium Power	8.83	131.34%
LMV-7: Public Water Works	9.09	135.08%
LMV-8: State Tube Wells	7.75	115.27%
LMV-9: Temporary Supply	11.79	175.23%
LMV-10: Departmental Employees	5.07	75.37%
HV-1: Non-Industrial Bulk Loads	8.17	121.46%
HV-2: Large and Heavy Power	6.49	96.51%
HV-3: Railway Traction	7.79	115.79%
HV-4: Lift Irrigation	7.66	113.88%
Bulk Supply	3.87	57.60%
<b>Total</b>	<b>5.75</b>	<b>85.47%</b>

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10.2.2 The Licensees should ensure that they must at least achieve & maintain the category wise ABRs approved, failing which the Commission may take an appropriate view and necessary action.

### 10.3 REGULATORY SURCHARGE

10.3.1 The Licensees vide letter dated December 12, 2018, submitted the revised calculations for interest, carrying cost and revenue gaps for the period FY 2000-01 to FY 2017-18, along with consolidated gap for all Discoms in light of Hon'ble APTEL Judgment dated December 5, 2018 in Appeal No. 11, 12, 13, 14 of 2015. The revised submissions of the Licensees are as shown under:

#### CONSOLIDATED REVENUE GAP FOR FY 2018-19 (RS. CRORE)

Sr. No.	Particulars	PuVVNL	PVVNL	MVVNL	KESCO	DVVNL	Total
1	True up Gap of FY2000-01 to FY2007-08						2487.93
2	True up Gap of FY2008-09 to FY2011-12	4208	1496	3704	578	3863	13850
3	Revenue Gap/ (Surplus) for FY 2015-16 (including gap of FY 2012-13)	2249	1851	1,577	159	2819	8655
4	Revenue Gap/ (Surplus) for FY 2016-17 (including gap of FY 2013-14)	2417	1656	2078	(373)	3253	9031
5	Revenue Gap/ (Surplus) for FY 2017-18 (including surplus of FY 2014-15)	3292	2452	1135	(407)	1454	7927
6	Revenue Gap/ (Surplus) for FY 2018-19	3100	2965	1184	(292)	689	7646
7	<b>Total Revenue Gap/ (Surplus) up to FY 2018-19</b>	<b>11058</b>	<b>8924</b>	<b>5974</b>	<b>(913)</b>	<b>8216</b>	<b>49597</b>
8	<b>Carrying Cost to be recovered during FY 2018-19</b>						<b>24514</b>
9	<b>Total (Gap)</b>						<b>74111</b>

10.3.2 The Commission through its various Orders / deficiencies had repeatedly asked the Licensees to submit the consumer category and sub - category wise details of Regulatory Surcharge (separately for Regulatory Surcharge – 1 (RS - 1) & Regulatory Surcharge – 1 (RS - 2)) collected for each year since inception. The





Commission had directed the Licensees to submit the actual details of the Regulatory Surcharge in the Tariff Order for FY 2016-17 as under:

Quote

*The Licensees are directed to depict the Regulatory Surcharge separately and distinctly in the electricity bills of the consumers. The Commission directs the Licensee to maintain separate accounting fields for the regulatory surcharge and 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.*

*The Distribution Licensees are directed to submit the actual Regulatory Surcharge recovered in FY 2016-17 on account of the Revenue Gap / Regulatory Asset admitted by the Commission in this Order along with the actual Distribution Losses achieved in FY 2016-17."*

Unquote

10.3.3 Further, in its MYT Order dated November 30, 2017, the Commission with respect to Regulatory surcharge has stated as shown under:

Quote

9.3.2 In view of the above, the petitioners vide their Letter No. 3215 / RAU / MYT dated September 15, 2017 submitted the billed & collected amounts of RS – 1 & RS – 2, which are as follows:

Regulatory Surcharge Billed Amount (for RS -1 & RS-2) (Rs Cr):

Particulars	DVVNL		MVVNL		PVVNL		PuVVNL		KESCO	
	RS-1	RS-2	RS-1	RS-2	RS-1	RS-2	RS-1	RS-2	RS-1*	RS-2
FY 2013-14	110.11	0.00	137.05	0.00	261.70	0.00	133.15	0.00	0.00	0.00
FY 2014-15	132.35	47.97	40.49	12.32	126.23	61.53	54.28	28.91	0.00	17.54
FY 2015-16	129.60	239.14	41.13	53.68	184.78	278.47	70.62	120.46	0.00	69.17
Total	372.06	287.11	218.67	66.00	572.71	340.00	258.05	149.37	0.00	86.71

\*For KESCO, RS-1 was not applicable.

Regulatory Surcharge Amount Realized (for RS -1 & RS-2):

Rs. Crore

Particulars	DVVNL		MVVNL		PVVNL		PuVVNL		KESCO	
	RS-1	RS-2	RS-1	RS-2	RS-1	RS-2	RS-1	RS-2	RS-1*	RS-2
FY 2013-14	94.13	0.00	119.05	0.00	228.26	0.00	98.91	0.00	0.00	0.00

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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

Rs. Crore

Particulars	DVVNL		MVVNL		PVVNL		PuVVNL		KESCO	
	RS-1	RS-2	RS-1	RS-2	RS-1	RS-2	RS-1	RS-2	RS-1*	RS-2
FY 2014-15	95.15	33.59	28.59	9.57	113.09	57.26	46.49	22.21	0.00	12.68
FY 2015-16	87.38	155.46	32.06	43.69	156.37	235.65	53.74	70.98	0.00	52.41
<b>Total</b>	<b>276.66</b>	<b>189.05</b>	<b>179.70</b>	<b>53.26</b>	<b>497.72</b>	<b>292.91</b>	<b>199.14</b>	<b>93.19</b>	<b>0.00</b>	<b>65.09</b>

\*For KESCO, RS-1 was not applicable.

9.3.3 Further, the petitioners again vide Letter No. 3622 / RAU / MYT dated October 17, 2017 again submitted the amount collected towards Regulatory Surcharge as per the audited accounts (for FY 2013-14 & FY 2014-15) and un-audited accounts (for FY 2015-16) which are as follows, wherein the data for KESCO was not submitted:

Particulars	DVVNL	MVVNL	PVVNL	PuVVNL	KESCO
FY 2013-14 (Audited)	56.78	0.00	251.95	81.95	No Submission
FY 2014-15 (Audited)	72.05	5.28	289.42	25.63	No Submission
FY 2015-16 (Un- Audited)	120.15	38.18	545.54	83.12	No Submission
<b>Total</b>	<b>248.99</b>	<b>43.46</b>	<b>1086.91</b>	<b>190.70</b>	<b>0.00</b>

9.3.4 The Commission observes that each submission made by the petitioners provides a different value of RS – 1 & RS – 2 and there is significant variance in comparison to the amount approved in the Tariff Orders of the Commission.

9.3.5 Further, the submission dated October 17, 2017 of the petitioners exhibits zero (0) crore for MVVNL for FY 2013-14. The Commission feels that the same is not correct and not admissible and even if it is true then this amount of zero crore tantamount to non-compliance of the Commission Order on applicability of Regulatory Surcharge.

9.3.6 Further, the petitioners did not submit the consumer category and sub-category wise details of Regulatory Surcharge separately for RS - 1 & RS – 2 collected for each year, even after clear directions from the Commissions. Also, the amounts towards deemed recovery of RS -1 & RS – 2 have not being submitted.

9.3.7 It is evident from the above that no clear conclusion can be drawn on the amount of Regulatory Surcharge recovered based on the submission of the petitioners and this lackluster approach of the petitioners is leading nowhere,





despite of clear directions from the Commission for proper accounting of RS -1 & RS -2.

9.3.8 The Commission is unable to take a view with regard to the collection and recovery of Regulatory Surcharge - 1 & Regulatory Surcharge - 2 in absence of correct data and directs the Licensees to submit the consumer category and sub-category wise Regulatory Surcharges (separately for Regulatory Surcharge-1 & Regulatory Surcharge-2) billed for each year since the inception at the earliest. Also, the amounts towards deemed recovery of RS -1 & RS - 2 have not been submitted. In absence of this information, the Commission would be forced to draw a presumption about liquidation of Regulatory Assets.

9.3.9 The Licensees must compute RS - 1 & RS - 2 billed for each consumer category and sub-category based on the RS (RS-1 & RS-2 separately) applicable on the "Rate" to all categories of consumer's and must be equal to the summation of RS Billed as per the audited accounts (if not available then provisional accounts) as illustrated in the below table:

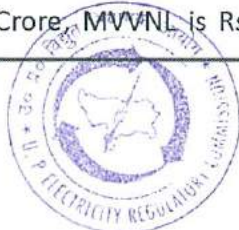
Category & Sub-category wise consumer	'Rate' – Billed Revenue based on			Regulatory Surcharge Billed (RS -1 & RS-2 separately)
	Fixed Charge	Energy Charge	Minimum Charge	
A	B	C	D	$E = RS*(B+C) \text{ or } RS*D$

9.3.10 Further, for prudence check of the Regulatory Surcharge amounts (RS -1 & RS -2) by the Commission, the Licensees must submit the bifurcation of various components of revenue i.e. Fixed Charge, Energy Charge, Minimum Charge, etc., the summation of various components of revenue must result into the total billed revenue.

Unquote

- 10.3.4 As can be seen from the Tables in above chapters, in FY 2018-19, DVVNL, PVVNL and KESCO are having surplus of Rs (-) 261.49 Crore, Rs (-) 1759.09 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,

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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.

- 10.3.5 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.

**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%.

- 10.3.6 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.

- 10.3.7 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.





## 11. DIRECTIVES

### 11.1 DIRECTIVES PROVIDED BY COMMISSION AND THEIR COMPLIANCE BY LICENSEES

11.1.1 The chapter details the Commission's directives to the Licensee. The Licensee in its ARR and Tariff filings has provided details regarding status of compliance to the Commission's directives issued vide Tariff Order for FY 2016-17, FY 2017-18 & FY 2018-19. The status of compliance to the directives by Licensee is provided in the Table below:

#### DIRECTIVES FOR FY 2016-17

Table 11-1: STATUS OF COMPLIANCE OF DIRECTIVES OF TARIFF ORDER FOR FY 2016-17 DATED AUGUST 1, 2016

S. No.	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance	Commission's Direction
1	The Commission directs the licensee to pressingly pursue the GoUP for finalisation of the Transfer Scheme and submit a copy of the same.	Immediate	Only KESCO has not submitted the same yet	KESCO was directed to submit a copy of the same, in the MYT Order. The Commission reiterates its direction. KESCO should submit the same at the earliest.

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S. No.	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance	Commission's Direction
2	The Commission directs the Licensee to submit study Report in respect to employee expenses.	Immediate	The Licensees in their previous filings had submitted that UPPCL had been requested to organize this study at their level. Currently no submissions have been made yet.	The Licensees must expedite the process and submit the tentative timelines for the same.
3	The Commission directs the Licensee to provide accurate and effective consumption norms as specified by the Commission in its earlier directions	Immediate	The Licensees in their previous filings that the un-metered consumption norms study requires at least 1-year time as per MYT Regulations. The matter was disposed of by the Commission in view of 100% metering.	The specified timeline of December 1, 2015 for submission of the consumption norms study under the Multi Year Tariff Regulation, 2014 has expired. However, the Licensees must strictly adhere to its plan for 100% metering and submit a detailed plan on the same at the earliest.

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S. No.	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance	Commission's Direction
4	The Commission directs the Licensee to formulate a mechanism so as to make their officials accountable by providing incentives or disincentives for achievement or nonachievement of the distribution loss and the collection efficiency targets.	Immediate	The Licensees in the previous filings submitted that they are moving fast for 100% Metering, On-line billing and other consumer related facilities. Most of these have been targeted to be completed by FY 19. Since it is a transition period, formulation of incentive or dis-incentive norms for the concerned officials will be useful after this transition period is over. Currently no submissions have been made yet.	Licensees should submit a draft mechanism / formulation of incentive or dis-incentive norms at the earliest.
5	The Commission directs the Licensee to complete the Study of Agriculture feeders segregated and not segregated in significant numbers to determine base line norms as per the Regulations 17.2,	Immediate	The Licensees in their previous filings submitted that UPPCL has been requested to undertake this study on behalf of all the state owned DISCOMs. Currently no submissions have been made yet.	Licensees should expedite the process and submit the tentative timelines for the same at the earliest.



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S. No.	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order	Status of Compliance	Commission's Direction
	17.3 notified vide MYT Regulations, 2014 and subsequently submit the report to the Commission.			
6	The Commission directs the Licensee to submit Roadmap for Reduction of Cross Subsidy as per the Regulation 39 notified vide MYT Regulations, 2014.	Immediate	Currently no submissions have been made yet.	Licensees should expedite the process and submit the tentative timelines for the same.
7	The Commission directs the Licensee to submit every month a report comprising the details of the power purchased from all the sources demonstrating that the Merit Order Dispatch (MOD) Principle has been strictly followed and that the procurement was optimal taking into consideration of the power available at the power exchange etc.	Monthly Basis	The Licensees in their previous filings had submitted that the report comprising the details of the power purchased from all the sources demonstrating that the MOD Principle has been strictly followed is the responsibility of SLDC. A letter in this regard has already been written to SLDC. Currently no submissions have been made yet.	Licensees must note that no submission has been received from SLDC; Licensees must ensure regular submission of reports in this matter.

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DIRECTIVES FOR FY 2017-18

Table 11-2: STATUS OF COMPLIANCE OF DIRECTIVES OF TARIFF ORDER FOR FY 2017-18 DATED NOVEMBER 30, 2017

S.No.	Description of Directive	Time Period for compliance from the date of issuance of Tariff Order	Status of Compliance	Commission's Directions
1	The Commission directs the Licensee to submit the Proposal for allocation of PPAs to DISCOMs with GoUP and expedite the process of allocation and submit the tentative timelines for the same.	Immediate	The matter has been disposed off by the Commission vide its order dated December 12, 2018. The Commission in the same order has directed the Licensees to make certain submissions.	The Licensees are directed to make their submissions with immediate effect.
2	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 part VI of the Multi Year Distribution Tariff Regulations, 2014.	Next ARR Filing	No submissions made till date	The Licensees are directed to make their submissions with immediate effect.
3	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 and submit the		DISCOMs have submitted detailed Turnaround Plan with Quarterly targets to GoUP and GOI. Micro-monitoring Plan has been	Noted

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S.No.	Description of Directive	Time Period for compliance from the date of issuance of Tariff Order	Status of Compliance	Commission's Directions
	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.). And also, to submit the draft report of PFC Consulting Ltd. in the above matter.		prepared for 81 high loss divisions.  (Slide No. 41 of the presentation on UP Power Sector Snapshot held on July 9, 2018)	
4	The Commission directs the Licensee to expedite the process of conducting Cost of Service (CoS) studies which would serve as a tool for alignment of costs and charges and submit details regarding the CoS studies for each category or voltage level.	Next ARR Filing	No submissions made till date	The Licensees are directed to make their submissions with immediate effect.
5	The Commission directs the Licensee to install electronic meters in the residential consumers under LMV-10 category and submit a progress report every month.	Immediate	No submissions made till date	The Licensees are directed to make their submissions with immediate effect.
6	The Commission directs the Licensee to arrange for quarterly meetings between the MDs of the Licensees and the consumer representatives for solving various	Immediate	No submissions made till date	The Licensees are directed to make their submissions with immediate effect.

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S.No.	Description of Directive	Time Period for compliance from the date of issuance of Tariff Order	Status of Compliance	Commission's Directions
	grievances of the consumers and submit a quarterly status report containing details of such meetings.			
7	The Commission directs the Licensee to comply with the directions of the Hon'ble Supreme Court of India in regard to Taj Trapezium and also to submit the details of the actual load shedding done in the Taj Trapezium area for FY 2016-17 at the earliest.	Immediate	No submissions made till date	The Licensees are directed to make their submissions with immediate effect.
8	The Commission directs the Licensee to ensure the timely payment of the interest on security deposit to the consumers as per the Orders of the Commission and submit the compliance report. Licensees should submit the details of the actual interest on consumer security deposit paid to the consumers in FY 2016-17. MVNNL and KESCO were directed to submit the details of the actual interest on consumer security deposit paid to the consumers for FY 2014-15 & FY 2015-16.	Immediate	No compliance report submitted to the Commission	The Licensees are directed to make their submissions with immediate effect.
9	The licensees (namely MVVNL, PUVNL, PuVNL and KESCO) are directed to provide the monthly MRI reports to all the applicable consumers through email. The consumers would be required to register their email to	Immediate	No intimation has been made to the Commission	The Licensees are directed to make their submissions with immediate effect.



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S.No.	Description of Directive	Time Period for compliance from the date of issuance of Tariff Order	Status of Compliance	Commission's Directions
	the Licensees and submit the status report on the same at the earliest.			
10	The Commission directs the Licensee to submit the tentative timelines for submitting the Fresh Actuarial Valuation Study Report in respect to employee expenses.	Immediate	No submissions made till date	The Licensees are directed to make their submissions with immediate effect.
11	The Commission directs the Licensee to submit the RPO obligation met in FY 2014-15, FY 2015-16 & FY 2016-17 and must demonstrate that how it is going to comply with the RPO obligation in FY 2017-18 separately showing the procurement and obligation from solar & non-solar sources.		The Commission vide Order dated 21.08.2018 directed UPPCL to submit a complete road map showing how they have planned to meet their RPO backlog targets for FY 2015-16 to FY 2017-18. The Licensees have made their submissions	Noted.
12	The Commission directs the Licensee to file a separate Petition for approval of prior period expenses / incomes. The Petition should clearly indicate the head-wise year-wise bifurcation of prior period expenses / incomes clearly indicating the impact of such expenses / incomes on various ARR components, and such impact should not exceed the normative expenses for any particular year.	Immediate	No petition filed in this regard	The Licensees are directed to make their submissions with immediate effect.



S.No.	Description of Directive	Time Period for compliance from the date of issuance of Tariff Order	Status of Compliance	Commission's Directions
13	The Commission directs the Licensee to submit a note detailing the area-wise (circle wise) actual number of supply hours provided to rural areas for FY 2015-16 & FY 2016-17 at the earliest.	-	17.39 hours of supply in Rural areas (FY isn't mentioned) (Slide No. 40 of the presentation on UP Power Sector Snapshot held on July 9, 2018)	Noted
14	The Commission directs the Licensee to submit Incremental Power Purchase Cost as per the Regulations 20.1 notified vide MYDT Regulations, 2014 and subsequently to submit the report to the Commission within 28 days of quarter end, for each quarter of Tariff Period 1.4.2017 to 31.3.2020.	Immediate	No report sent to the Commission	The Licensees are directed to make their submissions with immediate effect.
15	The Commission directs the Licensee to record and maintain Division wise, Circle wise AT&C Losses and submit the quarterly report to the Commission for FY 2015-16 & FY 2016-17.	Immediate	No report sent to the Commission	The Licensees are directed to make their submissions with immediate effect.
16	The Commission directs the Licensee to provide online facility for submission of application for new connection, name change, load enhancement and load reduction and submit a report on the same.	-	IT initiatives taken (Slide No. 58 of the presentation on UP Power Sector Snapshot held on July 9, 2018)	Noted



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S.No.	Description of Directive	Time Period for compliance from the date of issuance of Tariff Order	Status of Compliance	Commission's Directions
17	The Commission directs the Licensee to submit the complete details of the mobile application option for online payments of bills including other services for facilitation to consumers.	-	IT initiatives taken (Slide No. 58 of the presentation on UP Power Sector Snapshot held on July 9, 2018)	Noted
18	For KESCO, the Commission directs the Licensee to ensure to convert all the 18 consumers under LMV- 3 category into metered connections within one month of the issue of this Order failing which the Commission will resort to take stringent action against the Licensee.	Within one month	No information to the Commission	The licensees are directed to make their submissions with immediate effect.
19	The Commission directs the Licensee to do underground cabling works in Noida and Ghaziabad and must apprise the Commission about the progress of the same on periodic basis. Further, the licensees should explore similar areas where underground cabling should be done and must execute the same. The undergrounding works of at least 11kV and below network must be completed in one-year time.	-	Initiative of Underground Cabling & changing Service Lines taken (Slide No. 44 of the presentation on UP Power Sector Snapshot held on July 9, 2018)	Noted

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S.No.	Description of Directive	Time Period for compliance from the date of issuance of Tariff Order	Status of Compliance	Commission's Directions
20	The Commission directs the Licensee to submit a draft mechanism formulation of incentive or disincentive norms at the earliest as formulation of incentive or disincentive norms for the concerned officials.	Immediate	No submissions made till date	The Licensees are directed to make their submissions with immediate effect.
21	The Commission directs the Licensee to submit a trajectory of targets for improving Collection Efficiency during the Control Period, at the time of Annual Performance Review (APR)	Next ARR Filings	Not filed yet	The Licensees are directed to make their submissions in the next ARR Filings.
22	The Commission directs the Licensee to procure renewable energy in accordance with Regulation 4 of the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 as amended from time to time to meet their obligation and submit a quarterly action plan for achievement of RPO compliance targets for the MYT Control Period. The Licensees were directed to submitted the above figures for FY 2016 - 17 along with the APR.	Next ARR Filings	Not filed yet	The Licensees are directed to make their submissions in the next ARR Filings.
23	The Commission directs the Licensee to submit the consumer category and sub-category wise Regulatory	Immediate	No submissions made till date	The Licensees are directed to make their submissions in the

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S.No.	Description of Directive	Time Period for compliance from the date of issuance of Tariff Order	Status of Compliance	Commission's Directions
	Surcharges (separately for Regulatory Surcharge-1 & Regulatory Surcharge-2) billed for each year since the inception at the earliest. Also, the amounts towards deemed recovery of RS -1 & RS - 2 must also be submitted.			next ARR Filings / pending petitions.

DIRECTIVES FOR FY 2018-19

Table 11-3: 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

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Sl.No.	Description of Directive	Time Period for compliance from the date of issue of the Tariff Order
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 Regulatory Surcharge in both of its financial and commercial statements. This would enable the Licensees to correctly report the amounts collected towards Regulatory Surcharge.	Immediate / Pending petitions
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.	Next ARR Filings

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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
	The Commission vide letter dated July 30, 2018 asked them to submit the above details within 7 days i.e. by August 6, 2018.	





## 12. APPLICABILITY OF THE ORDER

The Licensees, in accordance to Regulation 13.3. of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 and Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014, shall publish the tariff approved by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the area of supply and shall put up the approved tariff / rate schedule on its internet website and make available for sale, a booklet both in English and Hindi containing such approved tariff / rate schedule, as the case may be, to any person upon payment of reasonable reproduction charges.

The tariff so published shall be in force after seven days from the date of such publication of the tariffs and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.

(Kaushal Kishore Sharma)  
Member

(Suresh Kumar Agarwal)  
Member

(Raj Pratap Singh)  
Chairman

Date: 22<sup>nd</sup> Jan, 2019

Place: Lucknow





*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*

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**13. ANNEXURES**

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### 13.1 RATE SCHEDULE FOR FY 2018-19

#### Rate Schedule for FY 2018-19

(Applicable for DVVNL, MVVNL, PVVNL, PuVVNL and KESCO)

#### A. GENERAL PROVISIONS:

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

##### 1. NEW CONNECTIONS:

All new connections shall be given in kW, KVA, or BHP as agreed to be supplied by the licensee. Further, if the contracted load (Kw / kVA) of already existing consumer is in fractions then the same shall be treated as next higher kW / kVA load. If the contracted load is in kW and is being converted into kVA, the conversion factor of 0.90 will be used ( $kVA = kW / 0.90$ ) for tariff application purposes and the same shall be rounded off up to two decimal places.

##### 2. READING OF METERS:

As per applicable provisions of Electricity Supply Code 2005 and its amendments.

##### 3. BILLING WHEN METER IS NOT MADE ACCESSIBLE:

A penalty of Rs. 50 / kW or as decided by the Commission through an Order shall be levied for the purposes of Clause 6.2 (c) of the applicable Electricity Supply Code 2005 and its amendments.

##### 4. BILLING IN CASE OF DEFECTIVE METERS:

As per the applicable provisions of Electricity Supply Code 2005 and its amendments.

##### 5. KVAH TARIFF:

'kVAh based tariffs' shall be applicable on all consumers having contracted load of 10 kW / 13.4 BHP and above, under different categories with TVM / TOD / Demand recording meters (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

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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:

$$\text{Fixed Charges in kVA} = (\text{Fixed Charges in BHP} / 0.746) * 0.90$$

$$\text{Fixed Charges in kVA} = (\text{Fixed Charges in kW} * 0.90)$$

$$\text{Energy Charges in kVAh} = (\text{Energy Charges in kWh} * 0.90)$$

The converted rates (i.e. Energy charge in Rs. / kVAh and Fixed / Demand charges in Rs. / kVA) will be rounded up to two decimal places.

Further, for converting energy slabs of different categories specified in kWh to kVAh, average power factor of 0.90 will be used as a converting factor for converting each energy slab (specified in kWh) into energy slabs (in KVAh). The converted energy slabs (in KVAh) will be rounded to next higher KVAh.

**Note 1:** In case of kVAh billing only kVAh reading will be used for billing purpose.

**Note 2:** If the average power factor of a consumer in a billing cycle 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 on kwh basis. 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 only" logic of the meter should be used which blocks leading kVArh.

#### 6. BILLABLE LOAD / DEMAND:

For all consumers having TVM / TOD / Demand recording meters installed, the billable load / demand during a month shall be the actual maximum load / demand as recorded by the meter (can be in parts of kW or kVA) or 75% of the contracted load / demand (kW or kVA), whichever is higher.

In case the Licensee's meter reader does not note the actual maximum load / demand, then the Licensee will raise the bill at 75% of the contracted load and in cases where the consumer approaches the Licensee with a meter reading but does not provide the proof of actual maximum load / demand displayed on his meter, then in such case the Licensee will raise the bill at 100% of the contracted load.

Further in case a consumer feels that his maximum load / demand reading has been noted wrong, the consumer may approach the licensee with a photo of the actual







maximum load / demand reading displayed on his meter of the concerned month. The licensee shall accept the same for the purpose of computation of billable demand, however if the licensee wishes to, it can get the same verified within 5 days.

**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% on the dues (excluding late payment surcharge) per month; up-to first three months of delay and subsequently at 2.00% on the dues (excluding late payment surcharge) per month of delay. 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 delayed payment 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:**

a) If the maximum load / demand in any month of a **domestic consumer** having TVM / TOD / Demand recording meter exceeds the contracted load / demand, then such excess load / demand shall be levied equal to 100% of the normal rate apart from the normal fixed / demand charge as per the maximum load / demand recorded by the meter. Further, if the consumer is found to have exceeded the contracted load / demand for continuous previous three months, the consumer shall be served a notice of one month advising him to get the contracted load enhanced as per the provisions of the Electricity Supply Code, 2005 and amendments thereof. However, the consumer shall be charged for excess load for the period the load is found to exceed the contracted load. The Licensee shall merge the excess load with the previously sanctioned load, and levy additional charges calculated as above, along with additional security. Subsequent action regarding the increase in contracted load, or otherwise shall be taken only after due examination of the consumer's reply to the notice and a written order in this respect by the Licensee.

b) If the maximum load / demand in any month, for the consumers of **other category (except (a) above)** having TVM / TOD / Demand recording



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meter exceeds the contracted load / demand, then such excess load / demand shall be levied equal to 200% of the normal rate apart from the normal fixed / demand charges as per the maximum load / demand recorded by the meter.

- c) 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.
- d) Provided where no TVM / TOD / Demand recording meter is installed, the excess load / demand charge shall be levied as per the Electricity Supply Code, 2005 as amended from time to time.

**8. POWER FACTOR SURCHARGE:**

- i. Power factor surcharge shall not be levied where consumer is being billed on kVAh consumption basis.
- ii. It shall be obligatory for all consumers to maintain an average power factor of 0.90 or more 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 1 kVA shall be given, unless shunt capacitors having I.S.I specifications of appropriate ratings are installed, as described in section H - 'LIST OF POWER FACTOR APPARATUS' of this Rate Schedule.
- iii. In respect of the consumers with or without TVM / TOD / Demand recording meters, excluding consumers under LMV-1 category up to contracted load of 10 kW and LMV-2 category up to contracted 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 0.90; then a surcharge of 15% on the 'RATE' 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 anything contained above, the Licensee also has a right to disconnect the power supply, if the power factor falls below 0.75.
- iv. Power factor surcharge shall however, not be levied during the period of disconnection on account of any reason whatsoever.





**9. PROTECTIVE LOAD AND PROTECTIVE LOAD CHARGE:**

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 shall be levied on the sanctioned protective load (as per Electricity Supply Code, 2005 and its amendments) per month as protective load charge. However, consumers of LMV-4 (A) - Public Institutions will pay the additional charge @ 25% of base demand charges only. 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 additional charges for such excess load.

**10. ROUNDING OFF:**

All bills will be rounded off to the nearest rupee i.e. up to 49 paise shall be rounded down to previous rupee and 50 paise upwards shall be rounded up to next rupee. The difference due to such rounding shall be adjusted in subsequent bills.

**11. OPTION OF MIGRATION TO HV-1 & HV-2 CATEGORY:**

The consumer under LMV-2 and LMV-4 with contracted load above 50 kW and getting supply at 11 kV & above voltage shall have an option to migrate to the HV-1 category and LMV-6 consumers 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.

**12. PRE-PAID METERS / AUTOMATIC METER READING SYSTEM:**

- (i) Any consumer having prepaid meters shall also be entitled to a discount of 1.25% on the 'RATE' as defined in the Tariff Order.
- (ii) The token charges for code generation for prepaid meters shall be Rs. 10/- per token or as decided by the Commission from time to time.

**13. 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.



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14. 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.

15. **SOLAR WATER HEATER REBATE:**

If consumer installs and uses solar water heating system of 100 litres or more, a rebate of Rs. 100 /- per month or actual bill for that month whichever is lower shall be given. The same shall be subject to the condition that consumer gives an affidavit to the licensee to the effect that he has installed such system and is in working condition, which the licensee shall be free to verify from time to time. If any such claim is found to be false, in addition to punitive legal action that may be taken against such consumer, the licensee will recover the total rebate allowed to the consumer with 100% penalty and debar him from availing such rebate for the next 12 months.

16. **REBATE ON PAYMENT ON OR BEFORE DUE DATE:**

A rebate at the rate of 1.00 % on the 'RATE' shall be given in case the payment is made on or before the due date. **However, a rebate at the rate of 5.00% on the 'RATE' shall be given to LMV-5 (Rural) (i.e. PTW Rural Category Agricultural Consumers) category of electricity consumers in case the payment is made on or before the due date<sup>10</sup>.** The consumers having any arrears in the bill shall not be entitled for this rebate. The consumers who have made advance deposit against their future monthly energy bills shall also be eligible for the above rebate applicable on the 'RATE'.

17. **REBATE TO CONSUMERS WHO SHIFT FROM UNMETERED TO METERED CONNECTION:**

In case any rural consumer shifts from unmetered to metered category, he shall be entitled to rebate of 10% on the 'RATE' which shall be applicable from date of installation of meter till end of FY 2018-19.

<sup>10</sup> With reference to Order of the Commission dated December 13, 2018 in Petition No.1366/2018.





**18. SCHEME FOR ADVANCE DEPOSIT FOR FUTURE MONTHLY ENERGY BILLS:**

If a consumer intends to make advance deposit against his future monthly energy bills, the Licensee shall accept such payment and this amount shall be adjusted only towards his future monthly energy bills. On such advance deposit the consumers shall be paid interest, at the interest rate applicable on security deposit, for the period during which advance exists for each month on reducing balance method and amount so accrued shall be adjusted in the electricity bills which shall be shown separately in the bill of each month. Further, quarterly report regarding the same must be submitted to the Commission.

**19. FACILITATION CHARGE FOR ONLINE PAYMENT:**

- (i) No transaction charge shall be collected from the consumers making their payment through internet banking.
- (ii) The Licensees shall bear the transaction charges for transactions up to Rs. 4,000 for payment of bill through internet using Credit Card / Debit Card.

**20. MINIMUM CHARGE:**

Minimum charge is the charge in accordance with the tariff in force from time to time and come into effect only when sum of fixed / demand charges and energy charges are less than a certain prescribed amount i.e. Minimum Charges. For each month, consumer will pay an amount that is higher of the following:

- Fixed / Demand charges (if any) plus Energy Charge on the basis of actual consumption for the month and additional charges such as Electricity Duty, Regulatory Surcharges, FPPCA / Incremental Cost Surcharges and any other charges as specified by the Commission from time to time.
- Monthly minimum charge as specified by the Commission and computed at the contracted load and additional charges such as Electricity Duty, Regulatory Surcharges, FPPCA / Incremental Cost Surcharges and any other charges as specified by the Commission from time to time.

**21. EXEMPTION FROM MINIMUM CHARGE FOR USING SOLAR POWER:**

If a consumer under LMV-2 (Non - domestic light, fan and power) category installs a rooftop solar plant under the provisions of UPERC (Rooftop Solar PV Grid Interactive Systems Gross / Net Metering) Regulations, 2019 or any subsequent amendment thereof with maximum peak capacity of the grid connected rooftop

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solar PV system not exceeding 100% of the sanctioned load / demand of the consumer, then such consumer shall be exempted from payment of monthly minimum charges. Such exemption shall be in force till the time the solar plant remains fully operational.

**22. INTEREST ON DUES PAYABLE TO CONSUMER BY THE LICENSEE:**

If a consumer becomes eligible for dues from the Licensee which may arise out of rectification / adjustment / settlement of bill(s), then such consumer will also be entitled to get interest at rate applicable for interest on security deposits on all the dues payable by the Licensee to the consumer. The Licensee shall compute the interest amount for the period during which such pending amounts exists and adjust such interest towards the future monthly bills of consumers. After adjustment of the interest amount in a particular month, the balance amount, will be carried forward to next month for adjustment with interest on balance amount. The details of such interest amount and adjustment made during the month shall be shown separately in the bill. Further, separate accounting of interest paid must be maintained by the Licensees.

**23. DEFINITION OF RURAL SCHEDULE:**

Rural Schedule means supply schedule as defined and notified by State Load Despatch Centre (SLDC), Lucknow from time to time.

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**B. RETAIL TARIFFS FOR FINANCIAL YEAR 2018-19**

**RATE SCHEDULE LMV – 1:**

**DOMESTIC LIGHT, FAN & POWER:**

**1. APPLICABILITY:**

This schedule shall apply to:

- a) Premises for residential / domestic purpose, Accommodation for Paying Guests for Domestic purpose (Excluding Guest Houses), Janata Service Connections, Kutir Jyoti Connections, Jhuggi / Hutments, Places of Worship (e.g. Temples, Mosques, Gurudwaras, Churches) and Electric Crematoria, Shelter Homes, orphanages, old age homes, Institutions run for mentally retarded and forsaken children. **Non-commercial places occupied by religious persons, of any religion, are also entitled in this category, for a maximum load up to 5 kW, subject to the condition that such non-commercial place shall have a valid registration/recognition from a charitable trust<sup>11</sup>.**
- 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 at least 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**

Except for the case as specified in Regulation 3.3 (e) of Electricity Supply Code, 2005 as amended from time to time, if any portion of the load is utilized for conduct of business for non-domestic

<sup>11</sup> With reference to Order of the Commission dated December 13, 2018 in Petition No.1372/2018.

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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, 2005 and its amendments.

## 3. RATE:

Rate, gives the fixed and energy charges at which the consumer shall be billed during the billing period applicable to the category:

### (a) Consumers getting supply as per 'Rural Schedule':

Description	Description	Fixed charge	Energy charge)
i) Un-metered	All Load	Rs. 400 / kW / month	Nil

Description	Consumption Range	Fixed* Charge	Energy Charge
ii) Metered	For first 100 kWh / month*	Rs. 80.00 / kW / month	Rs. 3.00 / kWh
	For next 101 - 150 kWh / month		Rs. 3.50 / kWh
	For next 151 – 300 kWh / month		Rs. 4.50 / kWh
	For next 301 – 500 kWh / month		Rs. 5.00 / kWh
	For above 500 kWh / month (Starting from 501 <sup>st</sup> unit)		Rs. 5.50 / kWh

\*For consumers with contracted load up to 1 KW and not consuming more than 100 units per month, fixed charges shall be Rs. 50.00 / kW / month

### (b) Supply at Single Point for bulk loads (50 kW and above, Supplied at any Voltage):

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. 95.00 / kW / Month	Rs. 6.10 / kWh

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The body seeking the supply at Single point for bulk loads under this category shall be considered as a deemed franchisee of the Licensee. Such body shall charge not more than 5% additional charge on the above specified 'Rate' from its consumers apart from other applicable charges such as Regulatory Surcharge, Penalty, Rebate and Electricity Duty on actual basis.

The 5% additional charge shall be towards facilitating supply of electricity to the individual members to recover its expenses towards supply of electricity, distribution loss, electrical maintenance in its supply area, billing, accounting and audit etc.

The deemed franchisee is required to provide to all its consumers and the licensee, a copy of the detailed computation of the details of the amounts realized from all the individual consumers and the amount paid to the licensee for every billing cycle on half yearly basis. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum (CGRF) having jurisdiction over their local area for the redressal of their grievances.

The deemed franchisee shall arrange to get its account(s) audited by a Chartered Accountant mandatorily. The audited accounts will be made available to all the consumers of the deemed franchisee within 3 months of the closure of that financial year. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum (CGRF) having jurisdiction over their local area for the redressal of their grievances.

The deemed franchisee should separately meter the electricity supplied from back up arrangements like DG sets etc. The bill of its consumers should clearly depict the units and rate of electricity supplied through back up arrangement and electricity supplied through Licensee.

The deemed franchisee shall not disconnect the supply of electricity of its consumers on the pretext of defaults in payments related to other charges except for the electricity dues regarding the electricity consumed by its consumers and electricity charges for lift, water lifting pump, streetlight if any, corridor / campus lighting and other common facilities.

In case the deemed franchisee exceeds the contracted load / demand under the provisions of Clause 7(ii) – 'Charges for Exceeding Contracted demand' of the General Provisions of this Rate Schedule, only in such case the deemed franchisee will recover the same from the individual members who were responsible for it on the basis of their individual excess demands.

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**(c) OTHER METERED DOMESTIC CONSUMERS:**

1. **Lifeline consumers:** Consumers with contracted load of 1 kW, energy consumption up to 100 kWh / month.

Description	Fixed Charge	Energy Charge
Loads up to 1 kW only and for consumption up to 100 kWh / month	Rs. 50.00 / kW / month	Rs. 3.00 / kWh

2. **Others:** Other than Lifeline consumers (i.e. consumers who do not qualify under the criteria laid above for lifeline consumers.)

Description	Consumption Range	Fixed Charge	Energy Charge
All loads	For first 150 kWh / month	Rs. 100.00 / kW / month	Rs. 4.90 / kWh
	For next 151 - 300 kWh / month		Rs. 5.40 / kWh
	For next 301 – 500 kWh / month		Rs. 6.20 / kWh
	For above 500 kWh / month (Starting from 501 <sup>st</sup> unit)		Rs. 6.50 / kWh

**Note:**

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 of maximum demand.





**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 including Patri Shopkeepers, 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 the Companies Act, 1956 with loads less than 75 kW.

**2. Character and Point of Supply:**

As per the applicable provisions of Electricity Supply Code, 2005 and its amendments.

**3. RATE:**

Rate, gives the fixed and energy charges at which the consumer shall be billed during the billing period applicable to the category:

**(a) Consumers getting supply as per 'Rural Schedule'**

Description	Description	Fixed charge	Energy charge)
i) Un-metered	All Load	Rs. 1000 / kW / month	Nil
ii) Metered	All Load	Rs. 95 / kW / month	Rs. 5.00 / kWh

**(b) Private Advertising / Sign Posts / Sign Boards / Glow Signs / Flex\*:**

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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
Metered	-	Rs. 18.00 / kWh

\*Note: Minimum charge payable by a consumer under the category "(b) Private Advertising / Sign Posts / Sign Boards / Glow Signs / Flex category" shall be Rs. 1800 / kW / Month.

**Note:**

1. 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.

Contracted Load	Fixed Charge
Up to 2 kW	Rs. 300.00 / kW / month
Above 2 kW to 4 kW	Rs. 350.00 / kW / month
Above 4 kW	Rs. 430.00 / kW / month

Consumption Range	Energy Charge
For first 300 kWh / month	Rs. 7.00 / kWh
For next 301 – 1000 kWh / month	Rs. 8.00 / kWh
For above 1000 kWh / month (Starting from 1001 <sup>st</sup> unit)	Rs. 8.30 / kWh

**Note:** Minimum charge payable by a consumer under the category "(c) In all other cases" shall be Rs. 575 / kW / month (From April to September) and Rs. 425 / kW / month (From October to March).

**Note:**

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

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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 June 14, 2006 and the Commission's order dated July 11, 2006 subject to adherence of provision of advance subsidy.



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**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, 2005 and its amendments.

**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 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. 2000 / kW or part thereof per month	Rs. 3000 / kW or part thereof per month	Rs. 4000 / kW or part thereof per month




(b) Metered Supply:

Description	Gram Panchayat		Nagar Palika and Nagar Panchayat		Nagar Nigam	
	Fixed Charges	Energy Charges	Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
All loads	Rs. 160 / kW / month	Rs. 7.00 / kWh	Rs. 200 / kW / month	Rs. 7.50 / kWh	Rs. 220 / kW / month	Rs. 7.75 / 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' Point refer section D - 'PUBLIC LAMPS' of this Rate Schedule.

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**RATE SCHEDULE LMV- 4:**

**LIGHT, FAN & POWER FOR PUBLIC INSTITUTIONS AND PRIVATE INSTITUTIONS:**

**1. APPLICABILITY:**

Applicable for load less than 75 kW.

**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 trusts & Institutions having a valid registration under Section 12 AA & 30G issued by the Income Tax department including hospitals, colleges 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
- (f) Guest houses of Government., Semi-Government, Public Sector Undertaking Organisations

**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, 2005 and its amendments.

**3. RATE:**

Rate, gives the fixed and energy charges at which the consumer shall be billed during the billing period applicable to the category:

Description	Contracted Load	Fixed Charge
<b>(A) For Public Institutions</b>	Up to 2 kW	Rs. 275 / kW / month
	Above 2 kW to 4 kW	Rs. 290 / kW / month
	Above 4 kW	Rs. 300 / kW / month
<b>(B) For Private Institutions</b>	Up to 3 kW	Rs. 310 / kW / month
	Above 3 kW	Rs. 390 / kW / month

Description	Consumption Range	Energy Charge
<b>(A) For Public Institutions</b>	For first 1000 kWh / month	Rs. 7.80/ kWh
	For next 1001 – 2000 kWh / month	Rs. 8.10/ kWh
	For above 2000 kWh / month (Starting from 2001 <sup>st</sup> unit)	Rs. 8.30/ kWh
<b>(B) For Private Institutions</b>	For first 1000 kWh / month	Rs. 8.60 / kWh
	For above 1000 kWh / month (Starting from 1001 <sup>st</sup> unit)	Rs. 8.90 / kWh



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**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. **This schedule shall also be applicable for separate PTW connection for registered Goshalas for load up to 5 BHP having separate light and fan connection with the condition that such Gaushala – Cow shed shall not be used for commercial purpose<sup>12</sup>.** All new connections under this category shall necessarily have the ISI marked energy efficient mono-bloc pump sets with capacitors of adequate rating to qualify for the supply. All existing pump sets shall be required to install capacitors of adequate rating.

**2. CHARACTER AND POINT OF SUPPLY:**

As per the applicable provisions of Electricity Supply Code, 2005 and its amendments.

**3. RATE:**

Rate gives the fixed and energy charges at which the consumer shall be billed 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. 150 / BHP / month	Nil
Consumer under this category will be allowed a maximum lighting load of 120 Watts.	

<sup>12</sup> With reference to Order of the Commission dated December 13, 2018 in Petition No.1372/2018.





(ii) Metered Supply

Fixed Charge	Minimum Charges	Energy Charge
Rs. 60.00 / BHP / month	Rs. 150 / BHP / month	Rs. 1.75 / kWh

**Note:** Minimum amount payable by a consumer under the category "Rural Schedule (Metered Supply) shall be Rs. 150 per BHP per month, till the installation of the meter. Regulatory Surcharge, Duty, Taxes etc. will be payable extra.

(iii) Energy Efficient Pumps

Fixed Charge	Minimum Charges	Energy Charge
Rs. 60.00 / BHP / month	Rs. 130 / BHP / month	Rs. 1.50 / kWh

**Note:** Minimum amount payable by a consumer under the category "Rural Schedule (Energy Efficient Pumps) shall be Rs. 130 per BHP per month, till the installation of the meter. Regulatory Surcharge, Duty, Taxes etc. will be payable extra

(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. 120.00 / BHP / month	Rs. 200 / BHP / month	Rs. 5.50 / kWh

**Note:** Minimum amount payable by a consumer under the category "Urban Schedule (Metered Supply) shall be Rs. 200 per BHP per month, till the installation of the meter. Regulatory Surcharge, Duty, Taxes etc. will be payable extra.

For PTW consumers of Bundelkhand Area located in Gram Sabha, the minimum amount payable by a consumer shall be Rs. 150.00 per BHP per month, till the installation of the meter. Regulatory Surcharge, Duty, Taxes etc. will be payable extra.

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**4. Provision Related to Single Crop Consumers of Bundelkhand Area<sup>13</sup>:**

- This shall apply to all consumers of Bundelkhand area getting supply as per Rural / Urban Schedule for Private Tube-wells / Pumping Sets for irrigation purposes.
- Only such consumers who use electrical pumps for irrigation purpose during the period from November to February, in a financial year, only will be entitled for the benefit of these seasonal tariffs. The other conditions for availing the benefit of seasonal tariff shall be as under:
- In a Financial year, the continuous period of operation of such consumers shall in no case be more than 4 months i.e. from November to February.
- Any consumer, desirous of availing this benefit, shall specifically declare his option of availing benefit of seasonal tariffs at the divisional office, which will be duly incorporated in the agreement as well as in the billing system.
- For the off-season period i.e. period of 8 months depending upon the declaration of the consumer, metered consumers opting for seasonal use will get a discount of 75% on the normal monthly Fixed Charges or Minimum Charges, as applicable.
- Similarly, Un-Metered consumer opting for seasonal use will get a discount of 50% on the monthly Fixed Charges or Minimum Charges, as applicable for the off-season period of 8 months.
- During the period of off-season the consumer will not be allowed to use electricity from this connection for any purpose. In case of default the consumers would be penalized by charging 50% higher than the normally applicable tariff (fixed and energy charges or Minimum Charges, whichever is higher), for the complete period for which he has availed the seasonal benefit. In that case seasonal benefit for rest of the off-season period shall be forfeited.

<sup>13</sup> With reference to the Order of the Commission dated April 12, 2018 in Petition No.1290/2018.



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**RATE SCHEDULE LMV- 6:**  
**SMALL AND MEDIUM POWER:**

**1. APPLICABILITY:**

This schedule shall apply to all consumers of electrical energy having a contracted load less than 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 and Farming units with contracted load less than 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, 2005 and its amendments.

**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 during the billing period applicable to the category:

**(A) Consumers getting supply other than Rural Schedule:**

Contracted Load	Fixed Charge
Up to 4 kW	Rs. 245 / kW / month
Above 4 kW to 9 kW	Rs. 255 / kW / month
Above 9 kW	Rs. 275 / kW / month

Consumption Range	Energy Charge
Up to 1000 kWh / month	Rs. 7.00 / kWh on entire consumption
Up to 2000 kWh / month	Rs. 7.35 / kWh on entire consumption
For above 2000 kWh / month	Rs. 7.60 / kWh on entire consumption





**TOD Structure:**

**Summer Months (April to September)**

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	(-) 15%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	0%

**Winter Months (October to March)**

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	0%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	(-) 15%

**(B) Consumers getting supply as per Rural Schedule:**

The consumer under this category shall be entitled to a rebate of 7.5% on 'RATE (Excluding the TOD rates as applicable to the hour of operation)' as given for 'Consumers getting supply other than Rural Schedule'. Further, no 'TOD RATE' shall be applicable for this 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, kolhu 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, however for Kolhu consumers such load is of 10 HP or above.
- 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.  

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-season 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 period, 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 off-season would attract normal 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 violation in the off-season, the consumer will be charged at the normal billable demand for the entire off-season and energy charges calculated at the unit rate 50% higher than the applicable tariff during normal period.

**5. REBATE TO POWER LOOMS:**

Rebate to Power Loom consumers shall be applicable in accordance with the Government order dated June 14, 2006 and the Commission's order dated July 11, 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

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office, canteen, staff club, library, crèche, dispensary, staff welfare centres, compound lighting, etc. No separate connection for the same shall be provided.

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**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, 2005 and its amendments.

**3. RATE:**

**(A) Consumers getting supply other than "Rural Schedule":**

Rate gives the fixed and energy charges at which the consumer shall be billed during the billing period applicable to the category:

Fixed Charge	Energy Charge
Rs. 350.00 / kW / month	Rs. 8.30 / kWh

**(B) Consumers getting supply as per "Rural Schedule":**

The consumer under this category shall be entitled to a rebate of 7.5% on 'RATE' as given for 'Consumer getting supply other than Rural Schedule'.

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**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 with contracted load less than 100 BHP (75 kW).
- (ii) Laghu Dal Nahar having load above 100 BHP (75 kW).

**2. CHARACTER AND POINT OF SUPPLY:**

As per the applicable provisions of Electricity Supply Code, 2005 and its amendments.

**3. RATE:**

Rate gives the fixed and energy charges at which the consumer shall be billed during the billing period applicable to the category:

Description	Fixed Charge	Energy Charge
Metered	Rs. 300.00 / BHP / month	Rs. 7.40 / kWh
Un-metered	Rs. 3000.00 / BHP / month	Nil

4. For finding out net load during any quarter of the year for this category refer section E - 'STATE TUBE – WELLS' of this Rate Schedule.

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**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 **and PTW consumers of Bundelkhand Area having requirement of electricity only for the Rabi Crop i.e period between November to February in any year<sup>14</sup>.**

**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 including civil work by all consumers and Govt. Departments.

**2. CHARACTER AND POINT OF SUPPLY:**

As per the applicable provisions of Electricity Supply Code, 2005 and its amendments.

**3. RATE (SEPARATELY FOR EACH POINT OF SUPPLY):**

Rate gives the fixed and energy charges at which the consumer shall be billed during the billing period applicable to the category:

**A. Un-metered:**

(i) Fixed charges for <b>illumination / public address / ceremonies</b> for load up to 20 kW per connection plus Rs. 100 per kW per day for each additional kW.	Rs. 4250.00 / day
(ii) Fixed charges for <b>temporary shops</b> set-up during festivals / melas or otherwise and having load up to 2KW	Rs. 500.00 / day / shop

<sup>14</sup> With reference to Order of the Commission dated April 12, 2018 in Petition No.1290/2018.

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(iii) PTW consumers of Bundelkhand Area having requirement of electricity only for the Rabi Crop i.e. period between November to February in any year <sup>15</sup> .	Rs. 500 / BHP / month
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**B. Metered\*:**

Description	Energy Charge
Individual Residential construction	Rs. 7.50 / kWh
	From 3 <sup>rd</sup> year onwards: Base Tariff applicable for current year plus additional 10% of the applicable Energy Charge.
Others	Rs. 8.50 / kWh
	From 3 <sup>rd</sup> year onwards: Base Tariff applicable for current year plus additional 10% of the applicable Energy Charge.

\*Minimum bill payable by a consumer under the category "Metered" shall be Rs. 400.00 / kW / week.

4. Charge/Rate as specified, above shall be paid by the consumer in advance.

<sup>15</sup> With reference to Order of the Commission dated April 12, 2018 in Petition No.1290/2018.





**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:**

For all such consumers LMV-1 rate schedule will be applicable. However, the Licensees are authorised to provide "rebate" as they deem fit to the consumers eligible to get supply under this 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.

**4. 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) Concerned executive engineers will take an affidavit from all employees and pensioners that the electricity supplied to their premises is being used exclusively for the purpose of domestic consumption of themselves and their dependants. It will have to be certified by the employees/pensioners that such electricity is not being used for any other purpose or to any individual to whom his house has been rented out. Without any prejudice to any legal action as provided in the legal framework, any misuse to above effect shall invalidate him from the facility of LMV-10 on permanent basis.





- (iii) 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.
- (iv) 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.
- (v) No other concession shall be admissible on this tariff.
- (vi) 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.
- (vii) 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.

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*Suraj Kumar*



**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-Storeyed 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.

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**2. CHARACTER AND POINT OF SUPPLY:**

As per the applicable provisions of Electricity Supply Code, 2005 and its amendments.

**3. RATE:**

Rate, gives the demand and energy charges at which the consumer shall be billed 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:**

Contracted Load	For supply at 11kV		For supply above 11 kV	
	Upto 100 kVA	Above 100 kVA	Upto 100 kVA	Above 100 kVA
<b>Demand Charges</b>	Rs. 360.00 / kVA / month	Rs. 400.00 / kVA / month	Rs. 360.00 / kVA / month	Rs. 400.00 / kVA / month

Consumption Range	For supply at 11kV		For supply above 11 kV	
	For first 2500 kVAh / month	For above 2500 kVAh / month (Starting from 2501 <sup>st</sup> kVAh )	For first 2500 kVAh / month	For above 2500 kVAh / month (Starting from 2501 <sup>st</sup> kVAh)
<b>Energy Charges</b>	Rs. 7.90 / kVAh	Rs. 8.25 / kVAh	Rs. 7.70 / kVAh	Rs. 8.05 / kVAh

- (b) **Public Institutions, Registered Societies, Residential Colonies / Townships, Residential Multi-Storied Buildings including Residential Multi-Storied Buildings with contracted load 75 kW & above and getting supply at Single Point on 11 kV & above voltage levels:**

Contracted Load	For supply at 11kV		For supply above 11 kV	
	Upto 100 kVA	Above 100 kVA	Upto 100 kVA	Above 100 kVA
<b>Demand Charges</b>	Rs. 325.00 / kVA / month	Rs. 340.00 / kVA / month	Rs. 325.00 / kVA / month	Rs. 340.00 / kVA / month

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	For supply at 11kV		For supply above 11 kV	
Consumption Range	For first 2500 kVAh / month	For above 2500 kVAh / month (Starting from 2501 <sup>st</sup> kVAh)	For first 2500 kVAh / month	For above 2500 kVAh / month (Starting from 2501 <sup>st</sup> kVAh)
Energy Charges	Rs. 7.50 / kVAh	Rs. 7.70 / kVAh	Rs. 7.30 / kVAh	Rs. 7.50 / kVAh

The body seeking the supply at Single point for bulk loads under this category shall be considered as a deemed franchisee of the Licensee. Such body shall charge not more than 5% additional charge on the above specified 'Rate' from its consumers apart from other applicable charges such as Regulatory Surcharge, Penalty, Rebate and Electricity Duty on actual basis.

The 5% additional charge shall be towards facilitating supply of electricity to the individual members to recover its expenses towards supply of electricity, distribution loss, electrical maintenance in its supply area, billing, accounting and audit etc.

The deemed franchisee is required to provide to all its consumers and the licensee, a copy of the detailed computation of the details of the amounts realized from all the individual consumers and the amount paid to the licensee for every billing cycle on half yearly basis. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum (CGRF) having jurisdiction over their local area for the redressal of their grievances.

The deemed franchisee shall arrange to get its account(s) audited by a Chartered Accountant mandatorily. The audited accounts will be made available to all the consumers of the deemed franchisee within 3 months of the closure of that financial year. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum (CGRF) having jurisdiction over their local area for the redressal of their grievances.

The deemed franchisee should separately meter the electricity supplied from back up arrangements like DG sets etc. The bill of its consumers should clearly depict the units and rate of electricity supplied through back up arrangement and electricity supplied through Licensee.

The deemed franchisee shall not disconnect the supply of electricity of its consumers on the pretext of defaults in payments related to other charges except

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for the electricity dues regarding the electricity consumed by its consumers and electricity charges for lift, water lifting pump, streetlight if any, corridor / campus lighting and other common facilities.

In case the deemed franchisee exceeds the contracted load / demand under the provisions of Clause 7(ii) – ‘Charges for Exceeding Contracted demand’ of the General Provisions of this Rate Schedule, only in such case the deemed franchisee will recover the same from the individual members who were responsible for it on the basis of their individual excess demands.

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**RATE SCHEDULE HV- 2:**

**LARGE AND HEAVY POWER:**

**1. APPLICABILITY:**

This rate schedule shall apply to all consumers with contracted load of 75 kW (100 BHP) and above for industrial and / or processing purposes as well as to Arc / induction furnaces, rolling / re-rolling mills, mini-steel plants and Floriculture, Mushroom and 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, 2005 and its amendments.

**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 during the billing period applicable to the category:

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**(A) Urban Schedule:**

	For supply up to 11 kV	For supply above 11 kV and up to 66 kV	For supply above 66 kV and up to 132 kV	For supply above 132 kV
<b>BASE RATE</b>				
Demand Charges	Rs. 250.00 / kVA / month	Rs. 240.00 / kVA / month	Rs. 220.00 / kVA / month	Rs. 220.00 / kVA / month
Energy Charges	Rs. 6.65 / kVAh	Rs. 6.35 / kVAh	Rs. 6.15 / kVAh	Rs. 5.95 / kVAh

**TOD Structure:****Summer Months (April to September)**

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	(-) 15%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	0%

**Winter Months (October to March)**

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	0%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	(-) 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 7.5% on 'BASE RATE' as given for 11 kV consumers under urban schedule. Further, no 'TOD RATE' shall be applicable for this category.



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**(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 off-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 violation in the off-season, the consumer will forfeit the benefit of seasonal rates for the entire season and energy charges

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shall be calculated at the unit rate 50% higher than the applicable tariff during normal period.

**5. 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.

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**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:

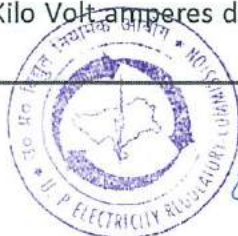
Description	Charges
<b>(a) Demand Charge</b>	
For supply at and above 132 kV	Rs. 365.00 / kVA / month
Below 132 kV	Rs. 375.00 / kVA / month
<b>(b) Energy Charge (all consumption in a month)</b>	
For supply at and above 132 kV	Rs. 7.65 / kVAh
Below 132 kV	Rs. 7.90 / kVAh

*Note: Minimum charge payable by a consumer under this category shall be Rs. 850.00 / kVA / month.*

**4. 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 maximum 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: METRO RAIL CORPORATION:**

**1. APPLICABILITY:**

This schedule shall apply to the 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:

<b>Demand Charges</b>	Rs. 200.00 / kVA / month
<b>Energy Charges</b>	Rs. 6.50 / kVAh

**Note:** Minimum charge payable by a consumer under this category shall be Rs. 800 / kVA / month.

- Penalty @ Rs. 540 / kVA / month will be charged on excess demand, if maximum demand exceeds contracted load.

**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.

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**RATE SCHEDULE HV – 4:**

**LIFT IRRIGATION WORKS:**

**1. APPLICABILITY:**

This Rate Schedule shall apply to medium and large pumped canals with contracted load of 100 BHP (75kW) and above.

**2. CHARACTER OF SERVICE & POINT OF SUPPLY:**

As per applicable provisions of Electricity Supply Code, 2005 and its amendments.

**3. RATE:**

Rate, gives the demand and energy charges at which the consumer shall be billed during the billing period applicable to the category:

**(a) Demand Charges:**

Voltage Level	Rate of Charge
For supply at 11 kV	Rs. 320.00 / kVA / month
For supply at 33 kV and 66 kV	Rs. 310.00 / kVA / month
For supply at 132 kV	Rs. 300.00 / kVA / month

**(b) Energy Charges:**

Voltage Level	Rate of Charge
For supply at 11 kV	Rs. 7.70 / kVAh
For supply at 33 kV and 66 kV	Rs. 7.55 / kVAh
For supply at 132 kV	Rs. 7.35 / kVAh

**c) Minimum Charges:**

Minimum charge payable by a consumer under this category shall be Rs. 1000.00 / kVA / month irrespective of supply voltage

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**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.

**C. REGULATORY SURCHARGE RATE:**

DISCOM	Regulatory Surcharge Rate (%)**
DVVNL	4.28%
MVVNL	4.28%
PVVNL	0.00%
PuVVNL	4.28%
KESCO	3.91%- LMV-1 and LMV-5 category 4.13%- for all others expect LMV-1 and LMV-5 category

\*\* This surcharge shall be applicable on the 'RATE' as defined in the Rate Schedule above.





**D. 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

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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.

**E. STATE TUBE-WELLS**

**NET LOAD:**

- (i) Net load hereinafter shall mean the total 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 31<sup>st</sup> March of the preceding year will be worked out on the basis of 'Net 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.



**F. SCHEDULE OF MISCELLANEOUS CHARGES**

S. 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 / Prepaid 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 / Net 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	1000.00
	b. Power consumers up to 100BHP/75kW	Per Job	500.00
	c. All other categories of consumers.	Per Job	300.00
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
	c. Hiring of services by the consumer during temporary supply or otherwise.	Per wireman /day of 6 Hrs. Per Meter	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.)		100.00





S. No.	NATURE OF CHARGES	UNIT	RATES (₹)
6.	Checking of Capacitors (other than initial checking) on consumer's request:		
	a. At 400 V / 230 V b. At 11 kV and above.	Per Job Per Job	100.00 200.00

**G. LIST OF POWER FACTOR APPARATUS****FOR MOTORS:**

S. 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:**

S. No.	Name Plate Rating in KVA of Individual Welding Transformer	Capacity of the Capacitors (KVAR)
1.	1	1
2.	2	2





S. No.	Name Plate Rating in KVA of Individual Welding Transformer	Capacity of the Capacitors (KVAR)
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
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

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### 13.2 LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARINGS

#### LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT KANPUR

List of Persons who attended Public Hearing at Kanpur on December 10, 2018		
S.No.	Name	Organization
1	Shri Sanjay Srivastava	Secretary, UPERC
2	Shri Amit Bhargava	Director (Tariff), UPERC
3	Shri Vikas Chandra Agarwal	Director (D, L&L), UPERC
4	Shri Madhusudan Raizada	Consultant, UPERC
5	Shri Atul Chaturvedi	DD(Admin), UPERC
6	Shri Neeraj Agrawal	DD (Accts & Finance Analysis), UPERC
7	Ms Suchismita Mohapatra	Consultant, UPERC
8	Shri Inian Sri Malan	Consultant, UPERC
9	Shri Hemant Tiwari	UPERC
10	Shri A K Arora	NPCL
11	Shri Sanjay Shukla	Indian Industries Association
12	Shri Gaurav Verma	Chief Engineer (Sakti Bhawan)
13	Shri Mahesh Meghani	Adhyaksh Vayapar Mandal
14	Shri S S Sharma	Torrent Power
15	Shri Harendra Moorjani	Laghu Udyog Bharti
16	Shri Ladli Prasad	Laghu Udyog Bharti
17	Shri Ramesh Chandra Gupta	Bijjens
18	Shri Jay Hemraj	Representative
19	Shri G R Ambani	Representative
20	Shri Man Mohan Rajpal	Representative
21	Shri Iqbal Bahadur Srivastava	Adhyaksh Mano Ekta Samiti
22	Shri Sesh Narain Trivedi	Merchant Chamber
23	Shri Umang Agarwal	Fita Industries Association
24	Ms Kanika Balani	Research Analyst (CEEW)
25	Shri Yasi Bajaj	Consumer
26	Shri Atul Yadav	Consumer
27	Shri Samar Singh Badoriya	Consumer
28	Shri Ashish Kumar Tiwai	Consumer
29	Shri Beijendra	Consumer
30	Shri Lal Chand	Consumer
31	Shri Pamkaj Kumar	Consumer
32	Shri R.A. Umrao	Consumer







Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

List of Persons who attended Public Hearing at Kanpur on December 10, 2018		
S.No.	Name	Organization
33	Shri Santosh Kumar	Consumer
34	Shri Ajay Pratap Singh	Consumer
35	Shri Satya Prakash Nigam	Consumer
36	Shri Jai Shankar	Consumer
37	Shri Navin Choudhary	Consumer
38	Shri Vishwan Nath	Consumer
39	Shri Shubham Shukla	Consumer
40	Shri S C Shukla	Consumer
41	Shri Ashish Jaiswal	Consumer
42	Shri Padam Mohan Mishra	Consumer
43	Shri S K Mishra	Consumer
44	Shri Avinash	Consumer
45	Shri Hari Om	Consumer
46	Shri Amit	Consumer
47	Shri Neeraj Mishra	Consumer
48	Shri Saurabh Tiwari	Consumer
49	Shri Rama Shankar Awasthi	Consumer
50	Shri Yogesh Agarwal C/O Nihar Varshney	Ril/Rsl, Consumer
51	Shri Surjeet Kumar	Consumer
52	Shri Mool Chand	Consumer
53	Shri Sandeep Singh	Consumer
54	Shri Manoj Kumar Agnihotri	Consumer
55	Shri Manish Kumar	Consumer
56	Shri Abhay Singh	Consumer
57	Shri Adil	Consumer
58	Shri Rajeev Saxena	Consumer
59	Shri Suneel Kumar Nigam	Consumer
60	Shri Roop Narain	Consumer
61	Shri Jitendra Kumar	Consumer
62	Shri Afroj Khan	Consumer
63	Shri Ritesh Singh	Consumer
64	Shri Rohit	Consumer
65	Shri S P Bajpai	Consumer
66	Shri Dishad Ali	Consumer

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*Surjeet Kumar*

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Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

List of Persons who attended Public Hearing at Kanpur on December 10, 2018		
S.No.	Name	Organization
67	Shri Amit Pal	Consumer
68	Shri Jitu Kumar	Consumer
69	Shri Shishir Srivastava	Consumer
70	Shri Punit Pal	Consumer
71	Shri Jitendra Kumar Shukla	Consumer
72	Shri V K Singh	Consumer
73	Shri Hari Shankar Gupta	Consumer
74	Shri Pramod Kumar Gupta	Consumer
75	Shri Rishabh Jain	Consumer
76	Shri Navneet Yadav	Consumer
77	Shri Manoj Garg	Consumer
78	Shri Jitendra Dixit	Consumer
79	Shri Sunil Kumar Gupta	Consumer
80	Shri Rishi Kumar	Consumer
81	Shri Irfan	Consumer
82	Shri Raj Kumar	Consumer
83	Shri Om Shankar	Consumer
84	Shri Sanjay Bajpai	Consumer
85	Shri Rajendra Kumar	Consumer
86	Shri O P Yadav	Consumer
87	Shri Chandra Kash	Consumer
88	Shri Sarbjeet	Consumer
89	Shri Anil Singh	Consumer
90	Shri Vikash Yadav	Consumer
91	Shri Dipendra Singh	Consumer
92	Shri Upendra Singh	Consumer
93	Shri Satish Chandra Katiyar	Consumer
94	Shri Ram Narain	Consumer
95	Shri Ashfaq	Consumer
96	Shri Shiv Prakash	Consumer

**Note:** The above list has been provided by the Licensee.

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**LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT LUCKNOW**

List of Persons who attended Public Hearing at Lucknow on December 14, 2018		
Sl. No.	Name	Organization
1	Shri Avadhesh Kumar Verma	UPRVUP
2	Shri D C Verma	EE (RAU), UPPCL
3	Shri Ashok Kumar	CE (COM), MVVNL
4	Shri A K Arora	Noida Power Co. Ltd. GR, Noida
5	Shri Rajiv Goyal	Noida Power Co. Ltd. GR, Noida
6	Shri Amit Bhargava	Director (Tariff), UPERC
7	Shri Vikas Chandra Agarwal	Director (D, L&L), UPERC
8	Shri Atul Chaturvedi	DD(Admin), UPERC
9	Shri Madhusudan Raizada	Consultant, UPERC
10	Shri Sanjay Srivastava	Secretary, UPERC
11	Shri Awadhesh Aggarwal	IIA, Lucknow
12	Shri Sudhir Kumar Singh	Amar Ujala
13	Shri Vivek Srivastava	S.E., MVVNL
14	Shri V P Verma	CGRF, Lucknow
15	Shri Prateek Aggarwal	CEEW
16	Shri Rama Shanker Awasthi	Consumer
17	Shri Amit Joshi	Consultant, UPPCL
18	Shri Prakhar Kulshreshth	IERS, Lucknow
19	Shri Ankit Kumar	IERS, Lucknow
20	Shri Shiva Kant Tripathi	Consumer
21	Shri Amrendra Verma	Advocate
22	Shri B L Tewari	UPJKS, Lucknow
23	Shri Hemant Tiwari	UPERC
24	Shri A K Shukla	E.E.(Comm.) UPPTCL
25	Shri Amiy Chaturvedi	Consultant, UPPTCL
26	Shri Sarabjeet Singh	DD (TE), UPERC
27	Shri Neeraj Agarwal	DD (A & FA), UPERC
28	Kumari Suchismita Mohapatra	Consultant, UPERC
29	Shri Ranjeet Upadhyay	Consultant, UPERC
30	Shri Vineet Parashar	Consultant, UPERC
31	Shri Inian Sri Malan	Consultant, UPERC
32	Shri Chandras Pal	UPERC

**Note:** The above list has been provided by the Licensee.





**LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT NOIDA**

S. No.	Name	Organisation
1	Shri Niraj Agarwal	CE (RAU), UPPCL
2	Shri D C Verma	EE, UPPCL
3	Shri Amit Bhargava	Director (Tariff), UPERC
4	Shri Vikas Chandra Agarwal	Director (D, L&L), UPERC
5	Shri Atul Chaturvedi	JD (Admin), UPERC
6	Shri Madhusudan Raizada	Consultant, UPERC
7	Shri Sanjay Srivastava	Secretary, UPERC
8	Shri Madhusudan Raizada	Consultant, UPERC
9	Shri Sarabjeet Singh Dhingra	DD (TE), UPERC
10	Shri Hemant Tiwari	UPERC
11	Ms. Suchismita Mohapatra	Consultant, UPERC
12	Shri Inian Sri Malan	Consultant, UPERC
13	Shri Manish Kashyap	Consultant, PWC
14	Shri Manoj Jain	NPCL
15	Shri T D Piau	NPCL
16	Shri A K Singh	SE EDC Meerut
17	Shri RK Bansal	EE Com. PVVNL
18	Shri Jevendra Singh	CE Comm PVVNL
19	Shri V N Singh	SE EDC Loni
20	Shri Atul Yadav	IERS B-126, Noida
21	Shri Sanjay Kumar	IERS B-126, Noida
22	Shri Nishant Navin	EE 4 Noida
23	Shri S K VERMA	CE(D) Noida
24	Shri S A Jain	CE PVVNL
25	Shri V N Singh	SE EDC Loni
26	Shri Praveen Kumar	EE, PVVNL NOIDA
27	Shri Dinesh Agrawal	EE, EUTD-2 NOIDA
28	Shri Ajay Kumar Ojha	EE, EUTD-3, NOIDA
29	Shri Gajendra Singh	EE, EUTD-3, NOIDA
30	Shri Susodh Tyagi	EE, EUTD-3, NOIDA
31	Shri Abhishek Anand	EE, EUTD-3, NOIDA
32	Shri Dharmendra Singh	EE, EUTD-3, NOIDA
33	Shri Jevendra Singh	CE Comm PVVNL
34	Rahul	Asst. Officer
35	Shri V K Goal	Member Technical

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Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

S. No.	Name	Organisation
36	Shri Vinay Joshi	Media
37	Shri Pranav pandit	Hindustan Times
38	Shri Harsh Gaurav Awasthi	Panchsheel Greens
39	Shri Brijesh Kumar	G-CIC
40	Shri Ahmad Mustafa	33/11/kvs/sec-126 NOIDA
41	Shri Vivek Agrawal	SE WDCIN NOIDA
42	Shri Pankaj Sharma	SDO EUDSD-5 UPPCL NOIDA
43	Shri Dharmendra Kumar	EUDD-3 NOIDA
44	Shri Pramod Kumar Singh	EUDD-3 NOIDA
45	Shri Jaipal	EUDD-3 NOIDA 16A T.G 2
46	Chairman, CGRF	Meerut
47	Shri Surender Pal Singh	Consumer
48	Shri Meghna Dosi	Consumer
49	Shri Rama Shankar Awasthi	Consumer
50	Shri Nikhil Garg	Consumer
51	Shri Abhishek Jain	Consumer
52	Shri V K Sethi	Consumer
53	Shri Harish Tyagi	Consumer
54	Shri Vipin Malhan	Consumer
55	Shri Sushil Jain	Consumer
56	Shri Amit	Consumer
57	Shri Sharad Jain	Consumer
58	Shri Awadhesh Mall	Consumer
59	Shri Kaperdhi Bharduaj	Consumer
60	Shri Rehmaan	Consumer
61	Shri S P Sharma	Consumer
62	Shri Sanjeev Sharma	Consumer
63	Shri P K Tiwari	Consumer
64	Shri M Saurav	Consumer
65	Shri Amit Kumar	Consumer
66	Shri Rakesh Ku Bharti	Consumer
67	Shri Rajendra Yadav	Consumer
68	Shri Subhash Chandra	Consumer
69	Shri Jaidri Singh	Consumer
70	Shri Gaurav Kumar	Consumer
71	Shri Shishi	Consumer

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Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

S. No.	Name	Organisation
72	Shri Manish Kumar Agrawal	Consumer
73	Shri Ankush Kapoor	Consumer
74	Shri R M Sharma	Consumer
75	Shri P K Tiwari	Consumer
76	Shri Alok Kaushik	Consumer
77	Shri S P Sharma	Consumer
78	Shri M Sohrah	Consumer
79	Shri Suresh	Consumer
80	Shri Shovti Tyagi	Consumer
81	Shri Krishnan	Consumer
82	Shri Charan singh	Consumer
83	Shri Devchand	Consumer
84	Shri Subhash Chandra	Consumer
85	Shri Ganga Sharan	Consumer
86	Shri Suneel Kumar	Consumer
87	Shri Jai Singh	Consumer
88	Shri Sandeep	Consumer
89	Shri Krishna Tyagi	Consumer
90	Shri Chander	Consumer
91	Shri Subhash Chandra	Consumer
92	Shri Pintu Saini	Consumer
93	Shri Surendra	Consumer
94	Sri Niwash	Consumer
95	Shri Arun	Consumer
96	Shri Omdutt	Consumer
97	Shri Akur Mishra	Consumer
98	Shri Neer Pal Singh	Consumer
99	Shri Sanjay	Consumer
100	Shri Shesh Pal Singh	Consumer
101	Shri Samayveer Singh	Consumer
102	Shri P Chandra	Consumer
103	Shri Alok Sharaf	Consumer
104	Shri Pradeep Singh	Consumer
105	Shri Gyanender	Consumer
106	Shri Vimal Khan	Consumer
107	Shri Rajeev Shrivastava	Consumer





Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

S. No.	Name	Organisation
108	Shri Om Prakash	Consumer
109	Shri Sushil Agarwal	Consumer
110	Shri A N Dhawan	Consumer
111	Shri Yashpal Singh	Consumer
112	Shri Sanjeev Saxena	Consumer
113	Shri R M Verma	Consumer
114	Shri Pramod	Consumer
115	Shri Mageh	Consumer
116	Shri Ritik	Consumer
117	Shri Omprakash	Consumer
118	Shri Pooran	Consumer
119	Shri Hasnu	Consumer
120	Shri IIsash	Consumer
121	Shri Rajveer	Consumer
122	Shri Bhim	Consumer
123	Shri Sunil	Consumer
124	Shri Mukesh	Consumer
125	Shri Kallu	Consumer
126	Shri Kanaiya	Consumer
127	Shri Naresh	Consumer
128	Shri Sushil	Consumer
129	Shri Naresh	Consumer
130	Shri Sushil	Consumer
131	Shri Vipin	Consumer
132	Shri Manvir Tevtia	Consumer
133	Shri S K Negi	Consumer
134	Shri Nirmal Singh	Consumer
135	Shri Samaibheer Singh	Consumer
136	Shri Vedprakash	Consumer
137	Shri Rinku Goel	Consumer
138	Shri Manoj Tyagi	Consumer
139	Shri Sanjay Rooney	Consumer
140	Shri Rakesh Tyagi	Consumer
141	Shri Sanjeev Tyagi	Consumer
142	Shri Vinod	Consumer
143	Shri Ajay Soodh	Consumer

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Kumar

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S. No.	Name	Organisation
144	Shri Suresh	Consumer
145	Shri Pan Singh	Consumer
146	Shri Shivprasad Gautam	Consumer
147	Shri Kesh Yadav	Consumer
148	Shri Mohit Mishra	Consumer
149	Shri Bhairoh	Consumer
150	Shri Suresh Kumar	Consumer
151	Shri Kaisal	Consumer
152	Shri Shiv charan	Consumer
153	Shri Shakaldeep Ray	Consumer
154	Shri Amit Singh	Consumer
155	Shri Monu Tyagi	Consumer
156	Shri Golu Tyagi	Consumer
157	Shri Baksing	Consumer
158	Shri RadVeer Singh	Consumer
159	Shri Shain Kumar	Consumer
160	Shri Chaterpal	Consumer
161	Shri Pavan tyagi	Consumer
162	Shri Shuban Arya	Consumer
163	Shri Rajan Tyagi	Consumer
164	Shri Bobi	Consumer
165	Shri BrajMohan	Consumer
166	Shri Lokindra	Consumer
167	Shri Shree Pal	Consumer
168	Shri Satyapal	Consumer
169	Shri Pintu palan	Consumer
170	Shri Bahan Singh	Consumer
171	Shri Rajan Mishra	Consumer
172	Shri Kavita	Consumer
173	Shri Darshan	Consumer
174	Shri Bhuwan	Consumer
175	Shri Ram Kishor	Consumer
176	Shri Dev Raj	Consumer
177	Shri Usha Pandey	Consumer
178	Kanhiya	Consumer
179	Shri Ram chandan	Consumer







Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

S. No.	Name	Organisation
180	Shri Subhash Kumar	Consumer
181	Shri Gautam	Consumer
182	Shri Abhiraj	Consumer

**Note:** The above list has been provided by the Licensee.

**LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT GORAKHPUR**

List of Persons who attended Public Hearing at Gorakhpur on December 19, 2018		
S.No.	Name	Organization
1	Shri Sanjay Srivastava	Secretary, UPERC
2	Shri Amit Bhargava	Director (Tariff), UPERC
3	Shri Vikas Chandra Agarwal	Director (D, L&L), UPERC
4	Shri Madhusudan Raizada	Consultant, UPERC
5	Shri Atul Chaturvedi	JD (Admin), UPERC
6	Shri Sarabjeet Singh Dhingra	DD (TE), UPERC
7	Shri Niraj Agarwal	CE (RAU), UPPCL
8	Shri Ranjeet Upadhyay	Consultant, UPERC
9	Shri Inian Sri Malan	Consultant, UPERC
10	Shri Hemant Tiwari	UPERC
11	Shri P K Maskare	Mahaveer Jute Mill
12	Shri Sanjay Singhania	President of Chamber of Normal
13	Shri Akash Jalan	Secretary, Gida
14	Shri Ramesh Chand Gupta	Purvanchal Vyapar Mandal
15	Shri O.P Gupta	Rtd SE, UPPCL
16	Shri Suresh	Chamber of Industry
17	Shri Deepak Kariwal	Consumer
18	Shri Utam Kumar	Consumer
19	Shri Vinay Singh	Consumer
20	Shri Balvant Singh	Consumer
21	Shri Ditah Kumar	Consumer
22	Shri Surendra Singh	Consumer
23	Shri Basant	Consumer
24	Shri Rajkoshor Gupta	Consumer
25	Shri Udaybhan Singh	Consumer

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List of Persons who attended Public Hearing at Gorakhpur on December 19, 2018		
S.No.	Name	Organization
26	Shri Akhilesh Singh	Consumer
27	Shri Premchandra	Consumer
28	Shri M K Srivastawa	Consumer
29	Shri H N Dubey	Consumer
30	Shri Prabhvati Barnval	Consumer
31	Shri Barhmdev	Consumer
32	Shri Krishna Chandra	Consumer
33	Shri K Chandra	Consumer

*Note: The above list has been provided by the Licensee.*

### 13.3 CATEGORY WISE AVERAGE BILLING RATE FOR FY 2018-19

#### CATEGORY WISE AVERAGE BILLING RATE OF DVVNL FOR FY 2018-19

Type of Charge (DVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>LMV-1: Domestic Light, Fan &amp; Power</b>			
Dom: Rural Schedule (unmetered)	579.56	245.68	4.24
Dom: Rural Schedule (metered) other than BPL	2,813.09	1,157.17	4.11
Dom: Supply at Single Point for Bulk Load	308.18	193.08	6.27
Other Metered Domestic Consumers other than BPL	3,346.75	2,309.49	6.90
BPL (both Rural and Urban)	723.00	232.04	3.21
<b>SUBTOTAL (LMV-1)</b>	<b>7,770.59</b>	<b>4,137.46</b>	<b>5.32</b>
<b>LMV-2: Non-Domestic Light, Fan &amp; Power</b>			
Non Dom: Rural Schedule (unmetered)	7.88	5.15	6.53
Non Dom: Rural Schedule (metered)	410.23	229.07	5.58
Non Dom: Private Advertising/SignPost/SignBoard/GlowSign	12.44	22.38	18.00
Non Dom: Other Metered Non-Domestic Supply	578.95	526.79	9.10
<b>SUBTOTAL (LMV-2)</b>	<b>1,009.49</b>	<b>783.39</b>	<b>7.76</b>
<b>LMV-3: Public Lamps</b>			
Unmetered - Gram Panchayat	4.55	6.24	13.69
Unmetered - Nagar Palika & Nagar Panchayat	22.82	33.17	14.53
Unmetered - Nagar Nigam	14.90	39.74	26.66
Metered - Gram Panchayat	11.24	8.12	7.22
Metered - Nagar Palika & Nagar Panchayat	45.83	37.14	8.10
Metered - Nagar Nigam	34.28	27.98	8.16





Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Type of Charge (DVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>SUBTOTAL (LMV-3)</b>	<b>133.64</b>	<b>152.38</b>	<b>11.40</b>
<b>LMV-4: Light, fan &amp; Power for Institutions</b>			
Inst: Public	310.03	305.28	9.85
Inst: Private	98.18	101.71	10.36
<b>SUBTOTAL (LMV-4)</b>	<b>408.21</b>	<b>406.99</b>	<b>9.97</b>
<b>LMV-5: Private Tube Wells/ Pumping Sets</b>			
PTW: Rural Schedule (unmetered)	978.37	164.88	1.69
PTW: Rural Schedule (metered)	1,391.68	279.09	2.01
PTW: Urban Schedule (metered)	2,071.26	1,244.03	6.01
<b>SUBTOTAL (LMV-5)</b>	<b>4,441.32</b>	<b>1,688.00</b>	<b>3.80</b>
<b>LMV 6: Small and Medium Power upto 100 HP (75 kW)</b>			
Power Loom: Rural schedule	55.01	42.68	7.76
Power Loom: Urban schedule	68.31	56.49	8.27
Other than power loom: Rural schedule	106.40	84.34	7.93
Other than power loom: Urban schedule	450.52	442.10	9.81
<b>SUBTOTAL (LMV-6)</b>	<b>680.24</b>	<b>625.60</b>	<b>9.20</b>
<b>LMV-7: Public Water Works</b>			
Rural Schedule: Jal Nigam	51.56	45.65	8.85
Rural Schedule: Jal Sansthan	46.73	42.12	9.01
Rural Schedule: Other PWWs	28.29	24.07	8.51
Urban Schedule: Jal Nigam	52.97	49.00	9.25
Urban Schedule: Jal Sansthan	111.42	105.30	9.45
Urban Schedule: Other PWWs	20.36	20.31	9.98
<b>SUBTOTAL (LMV-7)</b>	<b>311.34</b>	<b>286.44</b>	<b>9.20</b>
<b>LMV-8: State Tube Wells &amp; Pump Canals upto 100 HP</b>			
Metered STW	551.85	439.70	7.97
Unmetered: STW/Panch.Raj/WB/ID/P.Canals/LI upto 100 BHP	215.09	223.28	10.38
Unmetered: Laghu Dal Nahar above 100 BHP	4.28	4.61	10.77
<b>SUBTOTAL (LMV-8)</b>	<b>771.23</b>	<b>667.59</b>	<b>8.66</b>
<b>LMV-9: Temporary Supply</b>			
Metered TS: Individual residential consumers	3.65	4.34	11.87
Metered TS: Others	8.80	7.48	8.50
Unmetered TS: Ceremonies	0.03	-	-
Unmetered TS: Temp shops	3.89	10.71	27.51
<b>SUBTOTAL (LMV-9)</b>	<b>16.37</b>	<b>22.53</b>	<b>13.76</b>
<b>LMV-10: Departmental Employees</b>			
<b>SUBTOTAL (LMV-10)</b>	<b>149.20</b>	<b>74.87</b>	<b>5.02</b>

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Type of Charge (DVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs./kWh)
<b>HV-1: Non-Industrial Bulk Loads</b>			
HV1 Urban Schedule: Supply at 11 kV	494.51	401.79	8.12
HV1 Urban Schedule: Supply above 11 kV & above	246.42	194.64	7.90
HV1 Rural Schedule: Supply at 11 kV	18.15	13.81	7.61
HV1 Rural Schedule: Supply above 11 kV & above	1.94	1.44	7.40
<b>SUBTOTAL (HV-1)</b>	<b>761.02</b>	<b>611.67</b>	<b>8.04</b>
<b>HV-2: Large and Heavy Power above 100 BHP (75 kW)</b>			
HV2 Urban Schedule: Supply at 11 kV	1,413.85	938.29	6.64
HV2 Urban Schedule: Supply above 11 kV & upto 66 kV	555.01	350.14	6.31
HV2 Urban Schedule: Supply above 66 kV & upto 132 kV	236.42	143.85	6.08
HV2 Urban Schedule: Supply above 132 kV	170.85	101.13	5.92
HV2 Rural Schedule: Supply at 11 kV	82.14	51.34	6.25
HV2 Rural Schedule: Supply above 11 kV & upto 66 kV	15.94	9.51	5.97
<b>SUBTOTAL (HV-2)</b>	<b>2,474.22</b>	<b>1,594.26</b>	<b>6.44</b>
<b>HV-3: Railway Traction</b>			
HV3 Supply at 132 kV and above	211.97	163.98	7.74
HV3 Supply below 132 kV	85.76	68.54	7.99
HV3 For Metro traction	0.00	0.00	0.00
<b>SUBTOTAL (HV-3)</b>	<b>297.73</b>	<b>232.52</b>	<b>7.81</b>
<b>HV-4: Lift Irrigation &amp; P. Canals above 100 BHP (75 kW)</b>			
HV4 Supply at 11kV	122.82	95.15	7.75
HV4 Supply above 11kV & upto 66kV	0.17	0.13	7.76
HV4 Supply above 66 kV & upto 132kV	20.06	14.98	7.47
<b>SUBTOTAL (HV-4)</b>	<b>143.05</b>	<b>110.26</b>	<b>7.71</b>
Bulk Supply	2,127.01	823.97	3.87
<b>BULK SUPPLY</b>	<b>2,127.01</b>	<b>823.97</b>	<b>3.87</b>
<b>GRAND TOTAL</b>	<b>21,494.67</b>	<b>12,217.93</b>	<b>5.68</b>

**CATEGORY WISE AVERAGE BILLING RATE of MVVNL FOR FY 2018-19**

Type of Charge (MVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs./kWh)
<b>LMV-1: Domestic Light, Fan &amp; Power</b>			
Dom: Rural Schedule (unmetered)	1,242.86	537.11	4.32
Dom: Rural Schedule (metered) other than BPL	2,659.83	1,330.34	5.00
Dom: Supply at Single Point for Bulk Load	80.86	53.69	6.64

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Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Type of Charge (MVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
Other Metered Domestic Consumers other than BPL	4,744.03	2,983.76	6.29
BPL (both Rural and Urban)	1,830.37	586.74	3.21
<b>SUBTOTAL (LMV-1)</b>	<b>10,557.95</b>	<b>5,491.64</b>	<b>5.20</b>
<b>LMV-2: Non-Domestic Light, Fan &amp; Power</b>			
Non-Dom: Rural Schedule (unmetered)	25.52	31.60	12.38
Non-Dom: Rural Schedule (metered)	189.57	105.37	5.56
Non-Dom: Private Advertising/Sign Post/Sign Board/GlowSign	2.83	5.10	18.00
Non-Dom: Other Metered Non-Domestic Supply	1,247.67	1,408.74	11.29
<b>SUBTOTAL (LMV-2)</b>	<b>1,465.59</b>	<b>1,550.81</b>	<b>10.58</b>
<b>LMV-3: Public Lamps</b>			
Unmetered - Gram Panchayat	23.81	21.35	8.97
Unmetered - Nagar Palika & Nagar Panchayat	50.21	83.37	16.60
Unmetered - Nagar Nigam	13.46	15.90	11.81
Metered - Gram Panchayat	24.43	17.73	7.26
Metered - Nagar Palika & Nagar Panchayat	114.32	91.54	8.01
Metered - Nagar Nigam	208.78	174.71	8.37
<b>SUBTOTAL (LMV-3)</b>	<b>435.01</b>	<b>404.60</b>	<b>9.30</b>
<b>LMV-4: Light, fan &amp; Power for Institutions</b>			
Inst: Public	334.35	342.62	10.25
Inst: Private	69.73	77.17	11.07
<b>SUBTOTAL (LMV-4)</b>	<b>404.08</b>	<b>419.79</b>	<b>10.39</b>
<b>LMV-5: Private Tube Wells/ Pumping Sets</b>			
PTW: Rural Schedule (unmetered)	829.24	127.09	1.53
PTW: Rural Schedule (metered)	890.64	176.46	1.98
PTW: Urban Schedule (metered)	134.13	78.81	5.88
<b>SUBTOTAL (LMV-5)</b>	<b>1,854.01</b>	<b>382.37</b>	<b>2.06</b>
<b>LMV 6: Small and Medium Power upto 100 HP (75 kW)</b>			
Power Loom: Rural schedule	182.17	131.46	7.22
Power Loom: Urban schedule	42.64	33.60	7.88
Other than power loom: Rural schedule	166.88	149.24	8.94
Other than power loom: Urban schedule	341.54	295.70	8.66
<b>SUBTOTAL (LMV-6)</b>	<b>733.23</b>	<b>610.00</b>	<b>8.32</b>
<b>LMV-7: Public Water Works</b>			
Rural Schedule: Jal Nigam	65.15	54.73	8.40
Rural Schedule: Jal Sansthan	69.61	59.05	8.48
Rural Schedule: Other PWWs	57.38	47.95	8.36
Urban Schedule: Jal Nigam	42.37	41.81	9.87
Urban Schedule: Jal Sansthan	447.99	408.99	9.13





Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Type of Charge (MVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs./kWh)
Urban Schedule: Other PWWs	106.15	101.09	9.52
<b>SUBTOTAL (LMV-7)</b>	<b>788.64</b>	<b>713.62</b>	<b>9.05</b>
<b>LMV-8: State Tube Wells &amp; Pump Canals upto 100 HP</b>			
Metered STW	859.90	656.67	7.64
Unmetered: STW/Panch.Raj/WB/ID/P.Canals/LI upto 100 BHP	737.45	499.67	6.78
Unmetered: Laghu Dal Nahar above 100 BHP	15.07	9.16	6.08
<b>SUBTOTAL (LMV-8)</b>	<b>1,612.42</b>	<b>1,165.50</b>	<b>7.23</b>
<b>LMV-9: Temporary Supply</b>			
Metered TS: Individual residential consumers	3.00	3.33	11.10
Metered TS: Others	34.42	29.25	8.50
Unmetered TS: Ceremonies	0.01	-	-
Unmetered TS: Temp shops	0.59	1.61	27.14
<b>SUBTOTAL (LMV-9)</b>	<b>38.02</b>	<b>34.20</b>	<b>9.00</b>
<b>LMV-10: Departmental Employees</b>			
<b>SUBTOTAL (LMV-10)</b>	<b>151.67</b>	<b>75.96</b>	<b>5.01</b>
<b>HV-1: Non-Industrial Bulk Loads</b>			
HV1 Urban Schedule: Supply at 11 kV	688.59	566.64	8.23
HV1 Urban Schedule: Supply above 11 kV & above	4.24	3.45	8.15
HV1 Rural Schedule: Supply at 11 kV	6.39	4.86	7.61
HV1 Rural Schedule: Supply above 11 kV & above	-	-	-
<b>SUBTOTAL (HV-1)</b>	<b>699.22</b>	<b>574.95</b>	<b>8.22</b>
<b>HV-2: Large and Heavy Power above 100 BHP (75 kW)</b>			
HV2 Urban Schedule: Supply at 11 kV	1,358.95	899.79	6.62
HV2 Urban Schedule: Supply above 11 kV & upto 66 kV	279.04	176.09	6.31
HV2 Urban Schedule: Supply above 66 kV & upto 132 kV	42.84	26.45	6.18
HV2 Urban Schedule: Supply above 132 kV	54.63	32.57	5.96
HV2 Rural Schedule: Supply at 11 kV	57.23	35.38	6.18
HV2 Rural Schedule: Supply above 11 kV & upto 66 kV	-	-	-
<b>SUBTOTAL (HV-2)</b>	<b>1,792.69</b>	<b>1,170.29</b>	<b>6.53</b>
<b>HV-3: Railway Traction</b>			
HV3 Supply at 132 kV and above	275.77	217.24	7.88
HV3 Supply below 132 kV	-	-	-
HV3 For Metro traction	14.62	9.63	6.59
<b>SUBTOTAL (HV-3)</b>	<b>290.39</b>	<b>226.87</b>	<b>7.81</b>
<b>HV-4: Lift Irrigation &amp; P. Canals above 100 BHP (75 kW)</b>			
HV4 Supply at 11kV	82.39	63.83	7.75
HV4 Supply above 11kV & upto 66kV	92.27	69.99	7.58
HV4 Supply above 66 kV & upto 132kV	-	-	-

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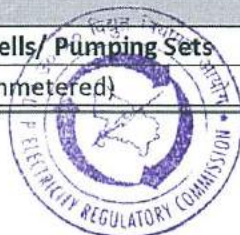
*Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms*

Type of Charge (MVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>SUBTOTAL (HV-4)</b>	<b>174.67</b>	<b>133.82</b>	<b>7.66</b>
Bulk Supply	41.04	15.90	3.87
<b>BULK SUPPLY</b>	<b>41.04</b>	<b>15.90</b>	<b>3.87</b>
<b>GRAND TOTAL</b>	<b>21,038.64</b>	<b>12,970.32</b>	<b>6.16</b>

**CATEGORY WISE AVERAGE BILLING RATE of PVVNL FOR FY 2018-19**

Type of Charge (PVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>LMV-1: Domestic Light, Fan &amp; Power</b>			
Dom: Rural Schedule (unmetered)	2,536.04	812.37	3.20
Dom: Rural Schedule (metered) other than BPL	3,836.89	2,127.84	5.55
Dom: Supply at Single Point for Bulk Load	781.07	527.96	6.76
Other Metered Domestic Consumers other than BPL	6,226.99	3,901.39	6.27
BPL (both Rural and Urban)	457.65	143.81	3.14
<b>SUBTOTAL (LMV-1)</b>	<b>13,838.63</b>	<b>7,513.38</b>	<b>5.43</b>
<b>LMV-2: Non-Domestic Light, Fan &amp; Power</b>			
Non Dom: Rural Schedule (unmetered)	16.65	17.99	10.80
Non Dom: Rural Schedule (metered)	162.90	91.32	5.61
Non Dom: Private Advertising/SignPost/SignBoard/GlowSign	18.51	33.32	18.00
Non Dom: Other Metered Non-Domestic Supply	1,479.42	1,546.41	10.45
<b>SUBTOTAL (LMV-2)</b>	<b>1,677.48</b>	<b>1,689.04</b>	<b>10.07</b>
<b>LMV-3: Public Lamps</b>			
Unmetered - Gram Panchayat	6.92	7.53	10.89
Unmetered - Nagar Palika & Nagar Panchayat	22.49	31.78	14.13
Unmetered - Nagar Nigam	33.53	77.63	23.16
Metered - Gram Panchayat	8.02	6.85	8.55
Metered - Nagar Palika & Nagar Panchayat	76.68	60.21	7.85
Metered - Nagar Nigam	138.22	118.82	8.60
<b>SUBTOTAL (LMV-3)</b>	<b>285.86</b>	<b>302.82</b>	<b>10.59</b>
<b>LMV-4: Light, fan &amp; Power for Institutions</b>			
Inst: Public	328.04	307.25	9.37
Inst: Private	61.93	71.75	11.59
<b>SUBTOTAL (LMV-4)</b>	<b>389.97</b>	<b>379.00</b>	<b>9.72</b>
<b>LMV-5: Private Tube Wells/ Pumping Sets</b>			
PTW: Rural Schedule (unmetered)	3,279.27	374.52	1.14

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*Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms*

Type of Charge (PVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs./kWh)
PTW: Rural Schedule (metered)	3,289.07	630.61	1.92
PTW: Urban Schedule (metered)	31.31	21.04	6.72
<b>SUBTOTAL (LMV-5)</b>	<b>6,599.65</b>	<b>1,026.18</b>	<b>1.55</b>
<b>LMV 6: Small and Medium Power upto 100 HP (75 kW)</b>			
Power Loom: Rural schedule	12.28	10.37	8.45
Power Loom: Urban schedule	75.90	74.36	9.80
Other than power loom: Rural schedule	78.98	64.04	8.11
Other than power loom: Urban schedule	1,030.56	948.57	9.20
<b>SUBTOTAL (LMV-6)</b>	<b>1,197.72</b>	<b>1,097.33</b>	<b>9.16</b>
<b>LMV-7: Public Water Works</b>			
Rural Schedule: Jal Nigam	36.45	34.07	9.35
Rural Schedule: Jal Sansthan	8.86	7.64	8.62
Rural Schedule: Other PWWs	59.23	50.42	8.51
Urban Schedule: Jal Nigam	55.32	48.52	8.77
Urban Schedule: Jal Sansthan	20.28	18.06	8.91
Urban Schedule: Other PWWs	485.89	445.80	9.17
<b>SUBTOTAL (LMV-7)</b>	<b>666.03</b>	<b>604.50</b>	<b>9.08</b>
<b>LMV-8: State Tube Wells &amp; Pump Canals upto 100 HP</b>			
Metered STW	340.88	262.51	7.70
Unmetered: STW/Panch.Raj/WB/ID/P.Canals/LI upto 100 BHP	287.71	203.32	7.07
Unmetered: Laghu Dal Nahar above 100 BHP	0.27	1.65	61.33
<b>SUBTOTAL (LMV-8)</b>	<b>628.86</b>	<b>467.48</b>	<b>7.43</b>
<b>LMV-9: Temporary Supply</b>			
Metered TS: Individual residential consumers	12.82	11.64	9.08
Metered TS: Others	75.00	83.40	11.12
Unmetered TS: Ceremonies	0.17	-	-
Unmetered TS: Temp shops	10.69	30.15	28.20
<b>SUBTOTAL (LMV-9)</b>	<b>98.69</b>	<b>125.19</b>	<b>12.69</b>
<b>LMV-10: Departmental Employees</b>			
<b>SUBTOTAL (LMV-10)</b>	<b>208.77</b>	<b>105.59</b>	<b>5.06</b>
<b>HV-1: Non-Industrial Bulk Loads</b>			
HV1 Urban Schedule: Supply at 11 kV	1,739.29	1,430.97	8.23
HV1 Urban Schedule: Supply above 11 kV & above	254.83	206.13	8.09
HV1 Rural Schedule: Supply at 11 kV	18.11	13.81	7.63
HV1 Rural Schedule: Supply above 11 kV & above	5.16	3.82	7.40
<b>SUBTOTAL (HV-1)</b>	<b>2,017.40</b>	<b>1,654.73</b>	<b>8.20</b>
<b>HV-2: Large and Heavy Power above 100 BHP (75 kW)</b>			

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*Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms*

Type of Charge (PVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
HV2 Urban Schedule: Supply at 11 kV	3,889.56	2,574.30	6.62
HV2 Urban Schedule: Supply above 11 kV & upto 66 kV	1,589.58	1,003.29	6.31
HV2 Urban Schedule: Supply above 66 kV & upto 132 kV	224.60	137.35	6.12
HV2 Urban Schedule: Supply above 132 kV	0.00	0.00	0.00
HV2 Rural Schedule: Supply at 11 kV	31.66	19.61	6.19
HV2 Rural Schedule: Supply above 11 kV & upto 66 kV	-	-	-
<b>SUBTOTAL (HV-2)</b>	<b>5,735.40</b>	<b>3,734.54</b>	<b>6.51</b>
<b>HV-3: Railway Traction</b>			
HV3 Supply at 132 kV and above	108.33	84.68	7.82
HV3 Supply below 132 kV	14.44	11.41	7.90
HV3 For Metro traction	40.99	26.80	6.54
<b>SUBTOTAL (HV-3)</b>	<b>163.76</b>	<b>122.90</b>	<b>7.50</b>
<b>HV-4: Lift Irrigation &amp; P. Canals above 100 BHP (75 kW)</b>			
HV4 Supply at 11kV	0.38	0.30	7.91
HV4 Supply above 11kV & upto 66kV	-	-	-
HV4 Supply above 66 kV & upto 132kV	-	-	-
<b>SUBTOTAL (HV-4)</b>	<b>0.38</b>	<b>0.30</b>	<b>7.91</b>
<b>GRAND TOTAL</b>	<b>33,508.59</b>	<b>18,822.97</b>	<b>5.62</b>

**CATEGORY WISE AVERAGE BILLING RATE of PuVVNL FOR FY 2018-19**

Type of Charge (PuVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>LMV-1: Domestic Light, Fan &amp; Power</b>			
Dom: Rural Schedule (unmetered)	3,302.32	1,188.19	3.60
Dom: Rural Schedule (metered) other than BPL	4,827.23	2,201.21	4.56
Dom: Supply at Single Point for Bulk Load	37.89	33.83	8.93
Other Metered Domestic Consumers other than BPL	4,052.38	2,039.47	5.03
BPL (both Rural and Urban)	987.33	305.60	3.10
<b>SUBTOTAL (LMV-1)</b>	<b>13,207.16</b>	<b>5,768.30</b>	<b>4.37</b>
<b>LMV-2: Non-Domestic Light, Fan &amp; Power</b>			
Non Dom: Rural Schedule (unmetered)	104.28	95.94	9.20
Non Dom: Rural Schedule (metered)	598.94	325.03	5.43

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Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Type of Charge (PuVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
Non Dom: Private Advertising/SignPost/SignBoard/GlowSign	17.21	30.99	18.00
Non Dom: Other Metered Non-Domestic Supply	1,493.55	1,552.66	10.40
<b>SUBTOTAL (LMV-2)</b>	<b>2,213.99</b>	<b>2,004.62</b>	<b>9.05</b>
<b>LMV-3: Public Lamps</b>			
Unmetered - Gram Panchayat	8.92	7.07	7.93
Unmetered - Nagar Palika & Nagar Panchayat	38.08	54.57	14.33
Unmetered - Nagar Nigam	6.78	15.95	23.51
Metered - Gram Panchayat	8.92	6.43	7.21
Metered - Nagar Palika & Nagar Panchayat	51.87	40.98	7.90
Metered - Nagar Nigam	76.28	63.88	8.37
<b>SUBTOTAL (LMV-3)</b>	<b>190.85</b>	<b>188.88</b>	<b>9.90</b>
<b>LMV-4: Light, fan &amp; Power for Institutions</b>			
Inst: Public	379.03	344.37	9.09
Inst: Private	70.46	75.47	10.71
<b>SUBTOTAL (LMV-4)</b>	<b>449.49</b>	<b>419.84</b>	<b>9.34</b>
<b>LMV-5: Private Tube Wells/ Pumping Sets</b>			
PTW: Rural Schedule (unmetered)	1,483.78	173.47	1.17
PTW: Rural Schedule (metered)	1,494.98	286.76	1.92
PTW: Urban Schedule (metered)	259.45	150.58	5.80
<b>SUBTOTAL (LMV-5)</b>	<b>3,238.21</b>	<b>610.82</b>	<b>1.89</b>
<b>LMV 6: Small and Medium Power upto 100 HP (75 kW)</b>			
Power Loom: Rural schedule	32.26	23.61	7.32
Power Loom: Urban schedule	137.43	109.16	7.94
Other than power loom: Rural schedule	308.34	268.29	8.70
Other than power loom: Urban schedule	321.87	280.26	8.71
<b>SUBTOTAL (LMV-6)</b>	<b>799.90</b>	<b>681.32</b>	<b>8.52</b>
<b>LMV-7: Public Water Works</b>			
Rural Schedule: Jal Nigam	164.15	139.87	8.52
Rural Schedule: Jal Sansthan	49.27	42.59	8.65
Rural Schedule: Other PWWs	18.89	16.33	8.64
Urban Schedule: Jal Nigam	101.61	92.51	9.10
Urban Schedule: Jal Sansthan	214.90	196.26	9.13

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Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Type of Charge (PuVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs./kWh)
Urban Schedule: Other PWWs	16.76	15.87	9.46
<b>SUBTOTAL (LMV-7)</b>	<b>565.57</b>	<b>503.42</b>	<b>8.90</b>
<b>LMV-8: State Tube Wells &amp; Pump Canals upto 100 HP</b>			
Metered STW	648.69	499.17	7.70
Unmetered: STW/Panch.Raj/WB/ID/P.Canals/LI upto 100 BHP	588.47	499.11	8.48
Unmetered: Laghu Dal Nahar above 100 BHP	37.15	24.68	6.64
<b>SUBTOTAL (LMV-8)</b>	<b>1,274.32</b>	<b>1,022.96</b>	<b>8.03</b>
<b>LMV-9: Temporary Supply</b>			
Metered TS: Individual residential consumers	0.68	0.51	7.50
Metered TS: Others	3.64	3.09	8.50
Unmetered TS: Ceremonies	-	-	-
Unmetered TS: Temp shops	-	-	-
<b>SUBTOTAL (LMV-9)</b>	<b>4.32</b>	<b>3.60</b>	<b>8.34</b>
<b>LMV-10: Departmental Employees</b>			
<b>SUBTOTAL (LMV-10)</b>	<b>95.96</b>	<b>50.02</b>	<b>5.21</b>
<b>HV-1: Non-Industrial Bulk Loads</b>			
HV1 Urban Schedule: Supply at 11 kV	378.58	310.61	8.20
HV1 Urban Schedule: Supply above 11 kV & above	65.33	52.34	8.01
HV1 Rural Schedule: Supply at 11 kV	15.33	11.96	7.80
HV1 Rural Schedule: Supply above 11 kV & above	0.11	0.08	7.66
<b>SUBTOTAL (HV-1)</b>	<b>459.35</b>	<b>374.99</b>	<b>8.16</b>
<b>HV-2: Large and Heavy Power above 100 BHP (75 kW)</b>			
HV2 Urban Schedule: Supply at 11 kV	746.43	494.58	6.63
HV2 Urban Schedule: Supply above 11 kV & upto 66 kV	302.27	190.72	6.31
HV2 Urban Schedule: Supply above 66 kV & upto 132 kV	75.43	47.10	6.24
HV2 Urban Schedule: Supply above 132 kV	-	-	-
HV2 Rural Schedule: Supply at 11 kV	83.17	51.77	6.22
HV2 Rural Schedule: Supply above 11 kV & upto 66 kV	77.01	45.63	5.93
<b>SUBTOTAL (HV-2)</b>	<b>1,284.30</b>	<b>829.80</b>	<b>6.46</b>
<b>HV-3: Railway Traction</b>			
HV3 Supply at 132 kV and above	324.96	251.64	7.74

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*Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms*

Type of Charge (PuVVNL)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
HV3 Supply below 132 kV	175.26	141.15	8.05
HV3 For Metro traction	0.00	0.00	0.00
<b>SUBTOTAL (HV-3)</b>	<b>500.21</b>	<b>392.79</b>	<b>7.85</b>
<b>HV-4: Lift Irrigation &amp; P. Canals above 100 BHP (75 kW)</b>			
HV4 Supply at 11kV	227.21	176.22	7.76
HV4 Supply above 11kV & upto 66kV	429.00	325.69	7.59
HV4 Supply above 66 kV & upto 132kV	2.54	1.87	7.35
<b>SUBTOTAL (HV-4)</b>	<b>658.75</b>	<b>503.78</b>	<b>7.65</b>
<b>GRAND TOTAL</b>	<b>24,942.39</b>	<b>13,355.14</b>	<b>5.35</b>

**CATEGORY WISE AVERAGE BILLING RATE of KESCO FOR FY 2018-19**

Type of Charge (KESCO)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>LMV-1: Domestic Light, Fan &amp; Power</b>			
Dom: Rural Schedule (unmetered)	-	-	-
Dom: Rural Schedule (metered) other than BPL	-	-	-
Dom: Supply at Single Point for Bulk Load	-	-	-
Other Metered Domestic Consumers other than BPL	1,628.92	1,027.08	6.31
BPL (both Rural and Urban)	0.00	0.00	0.00
<b>SUBTOTAL (LMV-1)</b>	<b>1,628.92</b>	<b>1,027.08</b>	<b>6.31</b>
<b>LMV-2: Non-Domestic Light, Fan &amp; Power</b>			
Non Dom: Rural Schedule (unmetered)	-	-	-
Non Dom: Rural Schedule (metered)	-	-	-
Non Dom: Private Advertising/SignPost/SignBoard/GlowSign	1.79	3.22	18.00
Non Dom: Other Metered Non-Domestic Supply	359.22	410.51	11.43
<b>SUBTOTAL (LMV-2)</b>	<b>361.01</b>	<b>413.73</b>	<b>11.46</b>
<b>LMV-3: Public Lamps</b>			
Unmetered - Gram Panchayat	-	-	-
Unmetered - Nagar Palika & Nagar Panchayat	-	-	-
Unmetered - Nagar Nigam	40.40	90.77	22.47
Metered - Gram Panchayat	-	-	-
Metered - Nagar Palika & Nagar Panchayat	-	-	-



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Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Type of Charge (KESCO)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs./kWh)
Metered - Nagar Nigam	40.40	33.39	8.27
<b>SUBTOTAL (LMV-3)</b>	<b>80.80</b>	<b>124.16</b>	<b>15.37</b>
<b>LMV-4: Light, fan &amp; Power for Institutions</b>			
Inst: Public	97.88	129.20	13.20
Inst: Private	12.29	15.89	12.92
<b>SUBTOTAL (LMV-4)</b>	<b>110.18</b>	<b>145.09</b>	<b>13.17</b>
<b>LMV-5: Private Tube Wells/ Pumping Sets</b>			
PTW: Rural Schedule (unmetered)	-	-	-
PTW: Rural Schedule (metered)	-	-	-
PTW: Urban Schedule (metered)	-	-	-
<b>SUBTOTAL (LMV-5)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LMV 6: Small and Medium Power upto 100 HP (75 kW)</b>			
Power Loom: Rural schedule	-	-	-
Power Loom: Urban schedule	-	-	-
Other than power loom: Rural schedule	-	-	-
Other than power loom: Urban schedule	344.64	303.31	8.80
<b>SUBTOTAL (LMV-6)</b>	<b>344.64</b>	<b>303.31</b>	<b>8.80</b>
<b>LMV-7: Public Water Works</b>			
Rural Schedule: Jal Nigam	-	-	-
Rural Schedule: Jal Sansthan	0.11	0.08	7.68
Rural Schedule: Other PWWs	-	-	-
Urban Schedule: Jal Nigam	-	-	-
Urban Schedule: Jal Sansthan	84.43	87.02	10.31
Urban Schedule: Other PWWs	-	-	-
<b>SUBTOTAL (LMV-7)</b>	<b>84.54</b>	<b>87.10</b>	<b>10.30</b>
<b>LMV-8: State Tube Wells &amp; Pump Canals upto 100 HP</b>			
Metered STW	-	-	-
Unmetered: STW/Panch.Raj/WB/ID/P.Canals/LI upto 100 BHP	-	-	-
Unmetered: Laghu Dal Nahar above 100 BHP	-	-	-
<b>SUBTOTAL (LMV-8)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LMV-9: Temporary Supply</b>			
Metered TS: Individual residential consumers	0.01	0.01	7.50

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*Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms*

Type of Charge (KESCO)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs./kWh)
Metered TS: Others	0.06	0.05	8.50
Unmetered TS: Ceremonies	-	-	-
Unmetered TS: Temp shops	-	-	-
<b>SUBTOTAL (LMV-9)</b>	<b>0.07</b>	<b>0.06</b>	<b>8.40</b>
<b>LMV-10: Departmental Employees</b>			
<b>SUBTOTAL (LMV-10)</b>	<b>18.03</b>	<b>9.69</b>	<b>5.37</b>
<b>HV-1: Non-Industrial Bulk Loads</b>			
HV1 Urban Schedule: Supply at 11 kV	155.95	128.43	8.24
HV1 Urban Schedule: Supply above 11 kV & above	45.36	35.72	7.88
HV1 Rural Schedule: Supply at 11 kV	-	-	-
HV1 Rural Schedule: Supply above 11 kV & above	-	-	-
<b>SUBTOTAL (HV-1)</b>	<b>201.32</b>	<b>164.15</b>	<b>8.15</b>
<b>HV-2: Large and Heavy Power above 100 BHP (75 kW)</b>			
HV2 Urban Schedule: Supply at 11 kV	324.43	216.73	6.68
HV2 Urban Schedule: Supply above 11 kV & upto 66 kV	62.45	39.06	6.25
HV2 Urban Schedule: Supply above 66 kV & upto 132 kV	179.16	108.53	6.06
HV2 Urban Schedule: Supply above 132 kV	-	-	-
HV2 Rural Schedule: Supply at 11 kV	-	-	-
HV2 Rural Schedule: Supply above 11 kV & upto 66 kV	-	-	-
<b>SUBTOTAL (HV-2)</b>	<b>566.04</b>	<b>364.33</b>	<b>6.44</b>
<b>HV-3: Railway Traction</b>			
HV3 Supply at 132 kV and above	-	-	-
HV3 Supply below 132 kV	-	-	-
HV3 For Metro traction	-	-	-
<b>SUBTOTAL (HV-3)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>HV-4: Lift Irrigation &amp; P. Canals above 100 BHP (75 kW)</b>			
HV4 Supply at 11kV	-	-	-
HV4 Supply above 11kV & upto 66kV	-	-	-
HV4 Supply above 66 kV & upto 132kV	-	-	-
<b>SUBTOTAL (HV-4)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>3,395.53</b>	<b>2,638.70</b>	<b>7.77</b>

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CATEGORY WISE AVERAGE BILLING RATE of 5 DISCOMS CONSOLIDATED FOR FY 2018-

19

Type of Charge (Consolidated 5 Discoms)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>LMV-1: Domestic Light, Fan &amp; Power</b>			
Dom: Rural Schedule (unmetered)	7,660.79	2,783.35	3.63
Dom: Rural Schedule (metered) other than BPL	14,137.04	6,816.56	4.82
Dom: Supply at Single Point for Bulk Load	1,208.01	808.56	6.69
Other Metered Domestic Consumers other than BPL	19,999.08	12,261.20	6.13
BPL (both Rural and Urban)	3,998.35	1,268.20	3.17
<b>SUBTOTAL (LMV-1)</b>	<b>47,003.26</b>	<b>23,937.86</b>	<b>5.09</b>
<b>LMV-2: Non-Domestic Light, Fan &amp; Power</b>			
Non Dom: Rural Schedule (unmetered)	154.33	150.67	9.76
Non Dom: Rural Schedule (metered)	1,361.64	750.79	5.51
Non Dom: Private Advertising/SignPost/SignBoard/GlowSign	52.78	95.01	18.00
Non Dom: Other Metered Non-Domestic Supply	5,158.81	5,445.12	10.55
<b>SUBTOTAL (LMV-2)</b>	<b>6,727.57</b>	<b>6,441.59</b>	<b>9.57</b>
<b>LMV-3: Public Lamps</b>			
Unmetered - Gram Panchayat	44.19	42.20	9.55
Unmetered - Nagar Palika & Nagar Panchayat	133.62	202.89	15.18
Unmetered - Nagar Nigam	109.07	239.98	22.00
Metered - Gram Panchayat	52.60	39.12	7.44
Metered - Nagar Palika & Nagar Panchayat	288.71	229.87	7.96
Metered - Nagar Nigam	497.96	418.78	8.41
<b>SUBTOTAL (LMV-3)</b>	<b>1,126.16</b>	<b>1,172.84</b>	<b>10.41</b>
<b>LMV-4: Light, fan &amp; Power for Institutions</b>			
Inst: Public	1,449.34	1,428.73	9.86
Inst: Private	312.59	341.99	10.94
<b>SUBTOTAL (LMV-4)</b>	<b>1,761.93</b>	<b>1,770.71</b>	<b>10.05</b>
<b>LMV-5: Private Tube Wells/ Pumping Sets</b>			
PTW: Rural Schedule (unmetered)	6,570.66	839.97	1.28
PTW: Rural Schedule (metered)	7,066.37	1,372.93	1.94
PTW: Urban Schedule (metered)	2,496.15	1,494.46	5.99
<b>SUBTOTAL (LMV-5)</b>	<b>16,133.19</b>	<b>3,707.36</b>	<b>2.30</b>

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Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Type of Charge (Consolidated 5 Discoms)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>LMV 6: Small and Medium Power upto 100 HP (75 kW)</b>			
Power Loom: Rural schedule	281.74	208.12	7.39
Power Loom: Urban schedule	324.43	273.61	8.43
Other than power loom: Rural schedule	660.60	565.91	8.57
Other than power loom: Urban schedule	2,489.14	2,269.92	9.12
<b>SUBTOTAL (LMV-6)</b>	<b>3,755.91</b>	<b>3,317.56</b>	<b>8.83</b>
<b>LMV-7: Public Water Works</b>			
Rural Schedule: Jal Nigam	317.30	274.31	8.65
Rural Schedule: Jal Sansthan	174.58	151.47	8.68
Rural Schedule: Other PWWs	163.78	138.77	8.47
Urban Schedule: Jal Nigam	252.27	231.84	9.19
Urban Schedule: Jal Sansthan	879.02	815.63	9.28
Urban Schedule: Other PWWs	629.16	583.07	9.27
<b>SUBTOTAL (LMV-7)</b>	<b>2,416.12</b>	<b>2,195.09</b>	<b>9.09</b>
<b>LMV-8: State Tube Wells &amp; Pump Canals upto 100 HP</b>			
Metered STW	2,401.32	1,858.05	7.74
Unmetered: STW/Panch.Raj/WB/ID/P.Canals/LI upto 100 BHP	1,828.73	1,425.38	7.79
Unmetered: Laghu Dal Nahar above 100 BHP	56.77	40.10	7.06
<b>SUBTOTAL (LMV-8)</b>	<b>4,286.83</b>	<b>3,132.44</b>	<b>7.75</b>
<b>LMV-9: Temporary Supply</b>			
Metered TS: Individual residential consumers	20.16	19.82	9.83
Metered TS: Others	121.92	123.28	10.11
Unmetered TS: Ceremonies	0.21	0.00	0.00
Unmetered TS: Temp shops	15.18	42.48	27.98
<b>SUBTOTAL (LMV-9)</b>	<b>157.47</b>	<b>185.58</b>	<b>11.79</b>
<b>LMV-10: Departmental Employees</b>			
<b>SUBTOTAL (LMV-10)</b>	<b>623.64</b>	<b>316.13</b>	<b>5.07</b>
<b>HV-1: Non-Industrial Bulk Loads</b>			
HV1 Urban Schedule: Supply at 11 kV	3,456.93	2,838.44	8.21
HV1 Urban Schedule: Supply above 11 kV & above	616.19	492.29	7.99
HV1 Rural Schedule: Supply at 11 kV	57.96	44.43	7.67
HV1 Rural Schedule: Supply above 11 kV & above	7.22	5.34	7.40







Suo-Moto Proceedings on Approval of ARR & Tariff for FY 2018-19, APR of FY2017-18 and True-up of FY 2016-17 & FY 2015-16 for State Discoms

Type of Charge (Consolidated 5 Discoms)	FY 2018-19		
	Sales (MU)	Revenue (RS. CRORE)	ABR (Rs. /kWh)
<b>SUBTOTAL (HV-1)</b>	<b>4,138.31</b>	<b>3,380.50</b>	<b>8.17</b>
<b>HV-2: Large and Heavy Power above 100 BHP (75 kW)</b>			
HV2 Urban Schedule: Supply at 11 kV	7,733.22	5,123.69	6.63
HV2 Urban Schedule: Supply above 11 kV & upto 66 kV	2,788.35	1,759.31	6.31
HV2 Urban Schedule: Supply above 66 kV & upto 132 kV	758.46	463.28	6.11
HV2 Urban Schedule: Supply above 132 kV	225.48	133.70	5.93
HV2 Rural Schedule: Supply at 11 kV	254.20	158.10	6.22
HV2 Rural Schedule: Supply above 11 kV & upto 66 kV	92.94	55.14	5.93
<b>SUBTOTAL (HV-2)</b>	<b>11,852.65</b>	<b>7,693.21</b>	<b>6.49</b>
<b>HV-3: Railway Traction</b>			
HV3 Supply at 132 kV and above	921.03	717.55	7.79
HV3 Supply below 132 kV	275.46	221.10	8.03
HV3 For Metro traction	55.60	36.43	6.55
<b>SUBTOTAL (HV-3)</b>	<b>1,252.09</b>	<b>975.07</b>	<b>7.79</b>
<b>HV-4: Lift Irrigation &amp; P. Canals above 100 BHP (75 kW)</b>			
HV4 Supply at 11kV	432.80	335.50	7.75
HV4 Supply above 11kV & upto 66kV	521.44	395.81	7.59
HV4 Supply above 66 kV & upto 132kV	22.60	16.85	7.46
<b>SUBTOTAL (HV-4)</b>	<b>976.85</b>	<b>748.17</b>	<b>7.66</b>
Bulk Supply	2,168.05	839.87	3.87
<b>BULK SUPPLY</b>	<b>2,168.05</b>	<b>839.87</b>	<b>3.87</b>
<b>GRAND TOTAL</b>	<b>1,04,379.83</b>	<b>60,005.06</b>	<b>5.75</b>

Note: Vide Letter No.27/RAU/APR dated January 09, 2019 UPPCL has intimated the following:

Quote

This is in reference to meeting held at UPERC on 09.01.2019 regarding calculation of Average Billing Rate for LMV 9 Shops and Ceremonies subcategories. It is submitted that these subcategories are unmetered categories. Energy sales against these subcategories are not available, which is required for calculation of Average Billing Rate for these subcategories. Average Billing Rate (ABR) for these subcategories will be required for Incremental Power Purchase Cost computation, in this regard it is submitted

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that for calculation of Average Billing Rate for LMV 9 Shops and Ceremonies, 120% of the Average Billing Rate of LMV 2 may be considered which will be used for calculation of Incremental Power Purchase Cost.

Unquote



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**13.4 ORDER ON SUO-MOTO PROCEEDINGS (15 SM OF 2018) & ADMITTANCE ORDER**

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# Uttar Pradesh Electricity Regulatory Commission

Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow-226010 Phone 2720426 Fax 2720423 E-mail secretary@uperc.org

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**Sanjay Srivastava**

Secretary

To,

Ref: UPERC/Secy/D(T)/2018-236

Dated: 30 August, 2018

1. The Principal Secretary, Energy, Govt. of U.P. Babu Bhawan, Vidhan Sabha Marg, Lucknow-226001
2. The Secretary, Energy, Govt. of U.P. Babu Bhawan, Vidhan Sabha Marg, Lucknow-226001
3. The Chairman, U. P. Power Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
4. The Managing Director, U. P. Power Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
5. The Managing Director, Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
6. The Managing Director, Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura bypass Road, Agra - 282007.
7. The Managing Director, Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
8. The Managing Director, Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.
9. The Managing Director, Kanpur Electricity Supply Company Ltd., KESA House, 14/71, Civil Lines, Kanpur - 208001.
10. The Managing Director, U.P. Power Transmission Corporation Ltd. Shakti Bhawan, 14, Ashok Marg, Lucknow-226001
11. The Director (Commercial) Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
12. The Director (Commercial) Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura bypass Road, Agra - 282007.
13. The Director (Commercial) Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
14. The Director (Commercial) Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.
15. The Director (Commercial) Kanpur Electricity Supply Company Ltd., KESA House, 14/71, Civil Lines, Kanpur - 208001.
16. The Director SLDC, UPPTCL, Phase-II, Vibhuti Khand, Gomti Nagar, Lucknow-226010
17. The Director, (Commercial), UPPCL, Shakti Bhawan, 14 Ashok Marg, Lucknow-226001.
18. The Chief Engineer, RAU, U. P. Power Corporation Ltd., 15<sup>th</sup> Floor, Shakti Bhawan Extension, 14, Ashok Marg, Lucknow - 226001.

Sub: Suo-Moto Proceedings on Truing Up of Tariff for FY 2015-16, Annual Performance Review (APR) for FY 2016-17 and 2017-18 and Tariff for FY 2018-19 for the State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL, KESCO) & UPPTCL.

Sir,

Kindly find enclosed herewith a copy of the Commission's Order dated 30<sup>th</sup> August, 2018 regarding above cited matter.

Yours sincerely

Encl: As above.



(Sanjay Srivastava)  
Secretary

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**BEFORE**  
**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**  
**LUCKNOW**

**IN THE MATTER OF:**

**Suo-Moto Proceedings on Truing Up of Tariff for FY 2015-16, Annual Performance Review (APR) for FY 2016-17 and 2017-18 and Tariff for FY 2018-19 for the State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL, KESCO) & UPPTCL.**

**AND**

**IN THE MATTER OF:**

1. Principal Secretary, Energy, Govt. of UP, Bapu Bhawan, Vidhan Sabha Marg, Lucknow – 226001.
2. Secretary, Energy, Govt. of UP, Bapu Bhawan, Vidhan Sabha Marg, Lucknow – 226001.
3. The Chairman, U. P. Power Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
4. The Managing Director, U. P. Power Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
5. The Managing Director, Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
6. The Managing Director, Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura bypass Road, Agra - 282007.
7. The Managing Director, Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
8. The Managing Director, Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.
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10. The Managing Director, U. P. Power Transmission Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
11. The Director (Commercial), Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
12. The Director (Commercial), Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura by pass Road, Agra - 282007.
13. The Director (Commercial), Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
14. The Director (Commercial), Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.
15. The Director (Commercial), Kanpur Electricity Supply Company Ltd., KESA House, 14/71, Civil Lines, Kanpur – 208001.
16. The Director, SLDC, UPPTCL, Phase-II, Vibhuti Khand, Lucknow- 226010
17. The Director, (Commercial), UPPCL, Shakti Bhawan, 14 Ashok Marg, Lucknow-226001. The Director, SLDC, UPPTCL, Phase II, Vibhuti Khand, Gomti Nagar, Lucknow - 226010.
18. CE, RAU, Regulatory Affairs Unit, U.P. Power Corporation Ltd., 15<sup>th</sup> Floor, Shakti Bhawan Extension, 14, Ashok Marg, Lucknow – 226001.

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### SUO- MOTO ORDER

Section 61 of the Act confers power on the Electricity Regulatory Commissions to specify by Regulations, the terms and conditions for the determination of tariff in accordance with the principles stipulated therein. Section 62 of the Act empowers the Commission to determine tariff for generation of electricity, transmission of electricity, wheeling of electricity and for retail sale of electricity. Section 64 of the Act prescribes the procedure for determination of tariff and issuance of tariff order. The Commission has, in exercise of its powers under Section 61 of the Act, issued the detailed principles and procedures for determination of tariff vide Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 wherein it is stated that:

#### Quote

*12.12 Notwithstanding anything contained in these regulations, in case of delay/ non-submission of the application for approval of the Business Plan and application for determination of ARR / Tariff, as the case may be, additional information, the Commission may initiate suo-moto proceedings mandating the filing of the said applications.*

*Provided that in the event of the licensee not filing the application despite the aforesaid proceeding, the Commission may on its own, decide the tariff based on previous year's tariff details and after incorporating suitable adjustments.*

*Provided further that the Commission may also pass directions under Section 129 and/or Section 142 of the Act, if required.*

#### Unquote

Also, Regulation 12.13 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations, 2014 provide for a similar dispensation.

Further, The Hon'ble APTEL has, in its judgment dated 11.11.2011 in OP No. 1/2011 (suo moto proceedings on the basis of the letter received from Ministry of Power, Government of India), directed the State Commissions to ensure that the review of annual performance, the truing up of past expenses and the determination of annual revenue requirements and tariff are conducted year to year basis as per the time schedule specified in the Tariff Regulations and that in the event of delay, in filing the application for the approval of ARR, for the truing up of accounts and for the review of annual performance, of one month beyond the scheduled date of submission of the application, 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 National

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Tariff Policy, 2006. The directions given by the Hon'ble APTEL in the judgment dated 11.11.2011 in OP No. 1/2011, are quoted hereunder: -

**Quote**

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

- (i) Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.*
- (ii) It should be the endeavor of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year. For example, the ARR & tariff for the financial year 2011-12 should be decided before 1st April, 2011. The State Commission could consider making the tariff applicable only till the end of the financial year so that the licensees remain vigilant to follow the time schedule for filing of the application for determination of ARR/tariff.*
- (iii) In the event of delay in filing of the ARR, truing- up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.*
- (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 preferably within Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.*
- (v) Truing up should be carried out regularly and preferably every year. For example, truing up for the financial year 2009-10 should be carried out along with the ARR and tariff determination for the financial year 2011-12.*
- (vi) Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power*

*Chen*



*Singh*

*SR*

*Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism.*

66. We direct all the State Commissions to follow these directions scrupulously, and send the periodical reports by 1st June of the relevant financial year about the compliance of these directions to the Secretary, Forum of Regulators, who in turn will send the status report to this Tribunal and also place it on its website."

#### Unquote

The UPPCL had asked a few clarifications regarding the scope of APR etc. vide its letter No. 3687 / RAU / MYT dated October 25, 2017. The Commission vide its letter dated November 17<sup>th</sup>, 2017 (Reference No:- UPERC/ Secy/ D(T)/2017- 1439) issued the clarifications regarding the scope of APR as follows:

#### Quote

##### *1. Financial Year for which APR is to be conducted?*

- 1) Regulation 8 of the UPERC Multi Year Distribution Tariff Regulation, 2014 provides that distribution licensee shall be subject to an annual review of performance and true up during the Control Period in accordance with the regulations. The relevant extract of the same has been quoted below:

#### Quote

##### *8. Annual Review of Performance and True Up*

*8.1 Where the aggregate revenue requirement and expected revenue from tariff and charges of a Distribution Licensee are covered under a Multi-Year Tariff framework, such Distribution Licensee shall be subject to an annual review of performance and True Up during the Control Period in accordance with these regulations.*

*Provided that in case of an excruciating and extra-ordinary circumstance, at any time notwithstanding the Annual Review, the Distribution Licensee may file appropriate application before the Commission.*

#### Unquote

Also, Regulation 8 of the UPERC Multi Year Transmission Tariff Regulation, 2014 provides that transmission licensee shall be subject to an annual review of performance and true up during the Control Period in accordance with the regulations.

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*Chandrasekhar*



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- 2) Further, Regulation 12.2 & 12.3 of the UPERC Multi Year Distribution Tariff Regulation, 2014 provides that an application for determination of tariff shall be made by November 1. The relevant extract of the same has been quoted below:

Quote

12.2 An application for determination of tariff shall be made by November 1 for the control period, in such form and in such manner as specified in this regulation and the UPERC Conduct of Business, Regulations, 2004 and its subsequent amendments / addendums & the new regulations made after repeal of the same, for whatever not covered under these regulations and accompanied by such fee payable, as specified in the UPERC (Fees and Fines) Regulations, 2010 and its subsequent amendments / addendums & the new regulations made after repeal of the same.

.....

12.3 The petition for determination of tariff shall be accompanied by information for the previous years, current year and the ensuing year for each year of the transition period / the entire control period capturing the expected revenues from the tariff and charges including miscellaneous charges along with detailed assumptions, parameters required in annual true-up exercise, etc.

Provided that the application shall be accompanied where relevant, by a detailed tariff revision proposal showing how such revision would meet the gap, if any, in Aggregate Revenue Requirement for each year of the transition / control period.

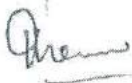
Provided further that the information for the previous year shall be based on audited accounts and in case audited accounts for previous year are not available, audited accounts for the immediately preceding previous year should be filed along with un-audited accounts for the previous year.

Unquote

Also, Regulation 12.2 & 12.3 of the UPERC Multi Year Transmission Tariff Regulation, 2014 provides that an application for determination of tariff shall be made by November 1.

It can be observed from above that UPERC Multi Year Tariff Regulations, 2014 (for both Discoms & Transco) provides that Licensees are required to file the following by November 1, 2017:

- a) True- Up for FY 2016-17 (for NPCL) & True – up for FY 2015-16 (for State Discoms - DVVNL, MVVNL, PVVNL, PuVVNL & KESCO) & State Transmission Licensee (UPPTCL)).
- b) APR for FY 2017-18 (in case of NPCL) and for all others (State Discoms and State Transmission Licensee) whose True – up is lagging by one year, APR for FY 2016-17 & FY 2017-18 would be done.
- c) Tariff for FY 2018-19









**Reasoning for above inference:**

Let's take the case of NPCL, it will be getting its true – up for FY 2016-17 and Tariff determination for FY 2018-19, so logically APR will be for FY 2017-18. This practice is being followed in other Regulatory Commission's too.

Similarly, for State Discoms & State Transmission Licensee, the true up will be done for FY 2015-16. Hence in their case APR data will comprise of FY 2016-17 & FY 2017-18.

It must be noted that in APR, audited data is not necessary required.

**II. Scope of APR?**

In accordance with the provisions of UPERC MYT Regulations (both for DISCOMs & Transco), the Scope of APR can be as follows:

The scope of the Annual Performance Review shall be a comparison of the actual performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of following:

- a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;
- b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors) in accordance with the provisions of Regulation 9 of UPERC MYT Regulations.
- c) Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;
- d) Computation of the sharing of gains and losses on account of controllable factors for the previous year in accordance with the provisions of Regulation 10 of UPERC MYT Regulations.
- e) Parameters / targets monitoring by Commission (for example UDAY Scheme and Power for all 24x7, etc.).

**Unquote**

Further, UPPTCL vide its letter dated 15th January, 2018 (Reference Letter No. 30/ Dir (Comm. & Plg.)/ UPPTCL/ 2018/ APR) submitted that audit of books of accounts for FY 2015-16 has not been completed by Finance wing and is under process. So, they are unable to file the APR for FY 2016-17 and FY 2017-18 and True- up petition for FY 2015-16 and requested a time extension up to 15<sup>th</sup> February, 2018 for filing the same

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The Commission's Order dated 17<sup>th</sup> January, 2018 in this regard is as follows:

**Quote**

.....

**A.) The filing of APR for FY 2016-17 and FY 2017-18**

UPPTCL must note that in APR, audited data is not necessary required. Hence, it is directed to immediately file the APR. The same has been clarified vide Commission's Letter dated November 17<sup>th</sup> 2017 (Reference No:- UPERC/ Secy/ D(T)/ 2017- 1439)

**B.) Delay in CAG Audit accounts for FY 2015-16**

The commission is concerned about the delay in filing of the true- up Petitions and would like to quote the judgement of Hon'ble APTEL in regards to this matter:

Hon'ble APTEL judgment dated 11<sup>th</sup> November, 2011 in OP No. 1/2011 in the matter of 'Suo-moto action on the Letter received from Ministry of Power' has ruled that 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 if the ARR, True up and Annual Performance Review, is delayed by one month from the scheduled date of submission of the petition.

.....

Further, as per UPERC (Terms and conditions for determination of distribution tariff) Regulations- 2016 and another Hon'ble APTEL judgement dated 21 October 2011 in Appeal No. 121 of 2010 (Shri. R.S. Awasthi & other parties- Appellants vs. UPERC & other parties- Respondents) it is necessary that the CAG audited accounts have to be made available for the True- up of FY 2015-16. Hence, the Commission directs the UPPTCL to get the audit being done by CAG expedited so that the True- up Petition for FY 2015-16 can be filed at the earliest.

The copy of this Order is also being sent to all the Distribution Licensees for reference and necessary compliances.

.....

**Unquote**

The UPPCL on July 9, 2018 had presented before the Commission "Uttar Pradesh Power Sector Snapshot", wherein they had assured the Commission that the UP DISCOMs and the TRANSCO are in the process of preparing the True- Up Petitions for FY 2015-16, Annual Performance Review for FY 2016-17 and for 2017-18 and Tariff for FY 2018-19 . However, no submissions have been made so far to the Commission.

*Sharma*



*Prasad*

*Sharma*

The Commission can also invoke Section 142 of the Act and accordingly punish the Licensees for non-compliance of Commission's directions. However, penalizing the licensees and collecting the fine as prescribed, would not serve the objective of carrying out the true up and determination of tariff. The consumers need to be benefitted by determining appropriate tariffs and surcharges. So, there is a need to punish the Licensees by determining appropriate tariffs and surcharges and by punishing the Licensees to consider the same as their deemed revenue.

Thus, the Commission is greatly concerned by this delay in filing the Petitions as per the provisions of Tariff Regulations and hence decides to start the suo-moto proceedings for Truing Up of Tariff for FY 2015-16, Annual Performance Review (APR) for FY 2016-17 and 2017-18 and Tariff for FY 2018-19 for the State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL, KESCO) & UPPTCL immediately.

The Commission even under suo-moto 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.

In view of the above, the Licensees are required to submit the following in the form of Petitions:

1. Audited Accounts for FY 2015-16, along with provisional accounts for FY 2016-17 for State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL and KESCO) and UPPTCL along with the data in prescribed forms provided in the MYT (Distribution and Transmission) Regulations, 2014.
2. Details of actual power purchase for State DISCOMs from Long term, Medium term, short term sources of power procurement for FY 2015-16, FY 2016-17 & FY 2017-18. During the presentation of the DISCOMs before the Commission on July 9, 2018, UPPCL have submitted the current power purchase mix and projections from FY 2018-19 to FY 2023-24. They had also stated that there has been decrease in the power purchase cost as compared the figures approved in MYT Order dated November 30, 2017. Hence the details for the same should be submitted and the benefit should be passed on to the consumers.
3. Submit the actual details of sales, load, no. of consumers and revenue (category & sub-category wise) for FY 2015-16, FY 2016-17 & FY 2017-18 and of FY 2018-19 (up to July 2018) for State DISCOMs.
4. Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors) in accordance with the provisions of Regulation 9 of UPERC MYT Regulations.
5. Computation of the sharing of gains and losses on account of controllable factors for the previous year in accordance with the provisions of Regulation 10 of UPERC MYT Regulations.
6. Parameters / targets monitoring by Commission (for example UDAY Scheme and Power for all 24x7, etc.).

*Sharma*

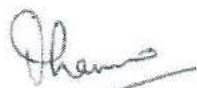


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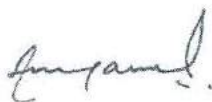
*Das*

7. Submit the impact of the UDAY scheme in the performance, financial position & regulatory asset of the utilities for FY 2017-18 and FY 2018-19.
8. Submit the details of current collection efficiencies along with trajectory of targets for improving collection efficiency. It is a well-known fact that for certain categories having metered and unmetered sub-categories, the ABR of the metered sub-category is always higher. With massive efforts in improvement of Metering and network augmentation there must have been a quantifiable improvement in ABR resulting in higher revenue streams for the DISCOMs as compared to the one assessed in the MYT Tariff Order dated November 30, 2017. Therefore, the Distribution Licensees are required to assess the benefit that should be passed on to the consumers.
9. Submit the consumer category and sub - category wise details of actual Regulatory Surcharge (separately for Regulatory Surcharge – 1 (RS - 1) & Regulatory Surcharge – 1 (RS - 2)) collected for each year since inception along with the amounts towards deemed recovery of RS -1 & RS – 2 failing which the Commission may take a strict view on the same as this submission has already been much delayed despite of a number of repetitive directions by the Commission.

The above submissions are to be made (along with soft copies comprising of word, excel files of information submitted / arrived at, models, fully populated formats as prescribed in the various Regulations etc.) within 15 days failing which the Commission may be compelled to initiate proceedings under Section 142 of the Electricity Act, 2003 simultaneously.



(Kaushal Kumar Sharma)  
Member



(Suresh Kumar Agarwal)  
Member



(Raj Pratap Singh)  
Chairman

Place: Lucknow

Date: 20 August, 2018









# Uttar Pradesh Electricity Regulatory Commission

Vidyut Niyamak Bhawan, Vibhufi Khand, Gomti Nagar, Lucknow-226010 Phone 2720426 Fax 2720423 E-mail [secretary@uperc.org](mailto:secretary@uperc.org)

**Sanjay Srivastava**

Secretary

To,

Ref: UPERC/Secy/D(T)/2018-336

Dated: 13 November, 2018

1. **The Principal Secretary**, Energy, Govt. of U.P. Bapu Bhawan, Vidhan Sabha Marg, Lucknow-226001
2. **The Chairman**, U. P. Power Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
3. **The Secretary**, Energy, Govt. of U.P. Bapu Bhawan, Vidhan Sabha Marg, Lucknow-226001
4. **The Managing Director**, U. P. Power Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
5. **The Managing Director**, U.P. Power Transmission Corporation Ltd. Shakti Bhawan, 14, Ashok Marg, Lucknow-226001
6. **The Managing Director**, Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
7. **The Managing Director**, Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura bypass Road, Agra - 282007.
8. **The Managing Director**, Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
9. **The Managing Director**, Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.
10. **The Managing Director**, Kanpur Electricity Supply Company Ltd., KESA House, 14/71, Civil Lines, Kanpur - 208001.
11. **The Director (Commercial)**, UPPCL, Shakti Bhawan, 14 Ashok Marg, Lucknow-226001.
12. **The Director SLDC**, UPPTCL, Phase-II, Vibhuti Khand, Gomti Nagar, Lucknow-226010
13. **The Director (Commercial)** Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
14. **The Director (Commercial)** Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura bypass Road, Agra - 282007.
15. **The Director (Commercial)** Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
16. **The Director (Commercial)** Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.
17. **The Director (Commercial)** Kanpur Electricity Supply Company Ltd., KESA House, 14/71, Civil Lines, Kanpur - 208001.
18. **The Chief Engineer**, RAU, U. P. Power Corporation Ltd., 15<sup>th</sup> Floor, Shakti Bhawan Extension, 14, Ashok Marg, Lucknow - 226001.

Sub: Suo-Moto Proceedings on Truing Up of Tariff for FY 2015-16, Annual Performance Review (APR) for FY 2016-17 and 2017-18 and Tariff for FY 2018-19 for the State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL, KESCO) & UPPTCL.

Sir,

Kindly find enclosed herewith a copy of the Commission's Order dated 12<sup>th</sup> November, 2018 regarding above cited matter.

Encl: As above.



Yours sincerely

(Sanjay Srivastava)  
Secretary





BEFORE  
THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION  
LUCKNOW

IN THE MATTER OF:

Suo-Moto Proceedings on Truing Up of Tariff for FY 2015-16, Annual Performance Review (APR) for FY 2016-17 and 2017-18 and Tariff for FY 2018-19 for the State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL, KESCO) & UPPTCL.

AND

IN THE MATTER OF:

1. Principal Secretary, Energy, Govt. of UP, Babu Bhawan, Vidhan Sabha Marg, Lucknow – 226001.
2. The Chairman, U. P. Power Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
3. Secretary, Energy, Govt. of UP, Babu Bhawan, Vidhan Sabha Marg, Lucknow – 226001.
4. The Managing Director, U. P. Power Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
5. The Managing Director, U. P. Power Transmission Corporation Ltd., 7<sup>th</sup> Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
6. The Managing Director, Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
7. The Managing Director, Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura bypass Road, Agra - 282007.
8. The Managing Director, Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
9. The Managing Director, Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.
10. The Managing Director, Kanpur Electricity Supply Company Ltd., KESA House, 14/71, Civil Lines, Kanpur - 208001.
11. The Director, (Commercial), UPPCL, Shakti Bhawan, 14 Ashok Marg, Lucknow-226001.
12. The Director, SLDC, UPPTCL, Phase II, Vibhuti Khand, Gomti Nagar, Lucknow - 226010.
13. The Director (Commercial), Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
14. The Director (Commercial), Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura by pass Road, Agra - 282007.

*Sharma*



*Kumar*

*Sharma*

15. The Director (Commercial), Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
16. The Director (Commercial), Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.
17. The Director (Commercial), Kanpur Electricity Supply Company Ltd., KESA House, 14/71, Civil Lines, Kanpur - 208001.
18. CE, RAU, Regulatory Affairs Unit, U.P. Power Corporation Ltd., 15th Floor, Shakti Bhawan Extension, 14, Ashok Marg, Lucknow - 226001.

### ORDER

Section 61 of the Act confers power on the Electricity Regulatory Commissions to specify by Regulations, the terms and conditions for the determination of tariff in accordance with the principles stipulated therein. Section 62 of the Act empowers the Commission to determine tariff for generation of electricity, transmission of electricity, wheeling of electricity and for retail sale of electricity. Section 64 of the Act prescribes the procedure for determination of tariff and issuance of tariff order. The Commission has, in exercise of its powers under Section 61 of the Act, issued the detailed principles and procedures for determination of tariff vide Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 wherein it is stated that:

#### Quote

*12.12 Notwithstanding anything contained in these regulations, in case of delay/ non-submission of the application for approval of the Business Plan and application for determination of ARR / Tariff, as the case may be, additional information, the Commission may initiate suo-moto proceedings mandating the filing of the said applications.*

*Provided that in the event of the licensee not filing the application despite the aforesaid proceeding, the Commission may on its own, decide the tariff based on previous year's tariff details and after incorporating suitable adjustments.*

*Provided further that the Commission may also pass directions under Section 129 and/or Section 142 of the Act, if required.*

#### Unquote

The Commission in the matter of Suo Motu Proceedings on Truing Up for FY 2015-16, 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

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proceedings on August 30, 2018. The relevant extract of the aforementioned Order is produced hereunder:

#### Quote

".....

Thus, the Commission is greatly concerned by this delay in filing the Petitions as per the provisions of Tariff Regulations and hence decides to start the Suo-moto proceedings for Truing Up of Tariff for FY 2015-16, Annual Performance Review (APR) for FY 2016-17 and 2017-18 and Tariff for FY 2018- 19 for the State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL, KESCO) & UPPTCL immediately.

The Commission even under Suo-moto 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.

In view of the above, the Licensees are required to submit the following in the form of Petitions:

1. Audited Accounts for FY 2015-16, along with provisional accounts for FY 2016-17 for State DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL and KESCO) and UPPTCL along with the data in prescribed forms provided in the MYT (Distribution and Transmission) Regulations, 2014.
2. Details of Power purchase Cost for State DISCOMs from Long term, Medium term, short term sources of power procurement. During the presentation of the DISCOMs before the Commission on July 9, 2018, UPPCL have submitted the current power purchase mix and projections from FY 2018-19 to FY 2023-24. They had also stated that there has been decrease in the power purchase cost as compared the figures approved in MYT Order dated November 30, 2017. Hence the details for the same should be submitted and the benefit should be passed on to the consumers.
3. Submit the updated details of sales and revenue for the FY 2017-18 and actual sales up to of FY 2018-19 (up to July 2018) for State DISCOMs.
4. Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors) in accordance with the provisions of Regulation 9 of UPERC MYT Regulations.
5. Computation of the sharing of gains and losses on account of controllable factors for the previous year in accordance with the provisions of Regulation 10 of UPERC MYT Regulations.


6. Submit the impact of the UDAY scheme in the performance and financial position of the utilities for FY 2017-18 and FY 2018-19.
7. Submit the details of current collection efficiencies along with trajectory of targets for improving collection efficiency. It is a well-known fact that for certain categories having metered and unmetered sub-categories, the ABR of the metered sub-category is always higher. With massive efforts in improvement of Metering and network augmentation there must have been a quantifiable improvement in ABR resulting in higher revenue streams for the DISCOMs as compared to the one assessed in the MYT Tariff Order dated November 30, 2017. Therefore, you are required to assess the benefit that should be passed on to the consumers.
8. Submit the consumer category and sub - category wise details of actual Regulatory Surcharge (separately for Regulatory Surcharge – 1 (RS - 1) & Regulatory Surcharge – 1 (RS - 2)) collected for each year since inception along with the amounts towards deemed recovery of RS -1 & RS – 2 failing which the Commission may take a strict view on the same as this submission has already been much delayed.

*The above submission is to be made within 15 days failing which the Commission may be compelled to initiate proceedings under Section 142 of the Electricity Act, 2003 simultaneously.  
....."*

#### Unquote

The Commission vide Letter No. UPERC/Secy/D(Tariff)152/2018-1055 dated September 15, 2018, directed the State Discoms (DVVNL, PVVNL, PuVVNL, MVVNL and KESCO) and the Transmission Licensee (UPPTCL) to make a detailed and comprehensive presentation before the Commission on September 28, 2018 on the above subject matter.

Subsequently, UPPCL made detailed presentations before the Commission on September 28, 2018 and on October 5, 2018 and UPPTCL made a presentation on September 28, 2018.

In view of the presentations made before the Commission, the Commission observed the following:

1. A revenue gap has been shown in the ARR of FY 2018-19. However, no details have been provided as to how the same will be recovered. In case the Licensees do not propose to increase the tariff then they must service the gap through their own means.
2. The Distribution Licensees and UPPCL are required to submit the investment sourced from schemes like Vyapar Vikas Nidhi, Dr. Ram Manohar Lohiya Samagra Gram Vikas Yojna, DDUGJY, IPDS and RGGVY for FY 2015-16, FY 2016-17 and FY 2017-18 for UPPCL and each Discom.

The same was communicated to UPPCL vide Letter No. UPERC/Secy/D(Tariff)/18-1136 dated October 5, 2018. UPPCL was directed to submit the above information through an affidavit, within



7 days i.e. by October 12, 2018. However, UPPCL vide letter dated October 15, 2018 has requested the Commission to allow additional 7 days for the submission of the above information.

Subsequently various submissions have been made by UPPCL along with the audited accounts for FY 2015-16 & 2016-17, provisional accounts FY 2017-18, details of power purchase cost for State DISCOMs, amounts capitalized under various schemes, updated details of sales & revenue for the period from 2015-16 to FY 2017-18 for State DISCOMs and other details along with financial models. However, certain queries / data, audited accounts of UPPCL for FY 2015-16 & 2016-17 and revised power purchase cost for the FY 2018-19 are still pending and will be submitted shortly. UPPTCL will also be shortly submitting the revised estimates for the years covered under these proceedings.

The submissions made by the licensee are found to be satisfactory, though some information is still pending. However, since the determination of ARR / Tariffs has already been delayed, keeping all the above into consideration, the Commission admits the information and data for further processing. The Licensees shall furnish the above pending data submission along with other pending information / clarifications as raised in the Deficiency Note / letters / e-mails and any further information / clarifications as deemed necessary by the Commission during the Suo- Motu proceedings and provide such information and clarifications to the satisfaction of the Commission within the time frame as stipulated by the Commission failing which the Commission may be compelled to initiate proceedings under Section 142 of the Electricity Act, 2003.

The Commission hereby directs each Distribution Licensee (MVVNL, DVVNL, PuVVNL, PVVNL & KESCO) & transmission licensee (UPPTCL) to publish within 3 days from the issue of this 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 their 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.

The Public Notice(s) should also contain the details of the cumulative revenue gap (regulatory asset) if any, and its treatment, proposed 'Regulatory Surcharge', Distribution losses, average power purchase cost, average cost of supply, average retail Tariff realized from each category / sub-category of consumers and the % of average Tariff rise for each category / sub-category of consumers and the increase required to cover the revenue gap, wheeling charges, transmission charges, open access related charges etc. The Licensees shall also submit a set of the notices along with copies of original newspapers.

Further, the Public Notice should inform the stakeholders and public at large to regularly check the websites of Distribution Licensees / Transmission Licensee / UPPCL for further submissions made in

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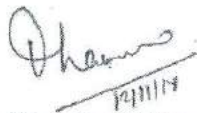


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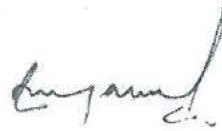
*Sharma*

respect to these proceedings. The Commission further directs the Licensees to put all details on its internet website, in PDF format, showing detailed computations, the application made to the Commission along with all regulatory filings, information, particulars and documents, clarification and additional information on inadequacies / deficiencies, Benchmarking studies report, etc. and all subsequent events and material placed on record if any, made from time to time before the issuance of final Order. The Licensees will also inform the Commission of the same by providing the internet links.

The Licensees may not provide or put up any such information, particulars or documents, which are confidential in nature, without the prior approval of the Commission. The Commission reserves the right to seek any further information / clarifications as deemed necessary during this Suo- Motu Proceedings.



(Kaushal Kishore Sharma)  
Member



(Suresh Kumar Agarwal)  
Member



(Raj Pratap Singh)  
Chairman

Place: Lucknow

Date: 12<sup>th</sup> November, 2018

