



BEFORE

**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,
LUCKNOW**

**Petition Nos. 990, 989, 988, 991, 992 / 2014
and Petition No. 993 / 2014**

IN THE MATTER OF:

Application for determination of Annual Revenue Requirement and Tariff for FY 2015-16 and True up of ARR for FY 2012-13 under Section 64 of the Electricity Act, 2003.

And

Application for determination of Annual Revenue Requirement and Transmission Tariff for FY 2015-16 and True up of ARR for FY 2012-13 under Section 64 of the Electricity Act, 2003.

And

IN THE MATTER OF:

Poorvanchal Vidyut Vitran Nigam Ltd., Varanasi (PuVVNL)
Pashchimanchal Vidyut Vitran Nigam Ltd., Meerut (PVVNL)
Madhyanchal Vidyut Vitran Nigam Ltd., Lucknow (MVVNL)
Dakshinanchal Vidyut Vitran Nigam Ltd., Agra (DVVNL)
Kanpur Electricity Supply Company Ltd., Kanpur (KESCO)
Uttar Pradesh Power Transmission Corporation Ltd., Lucknow (UPPTCL)

ORDER

As per provisions of Section 64 of the Electricity Act, 2003, it is incumbent upon the Licensees to make an application to the State Regulatory Commission for determination of Tariff in such manner as may be determined by Regulations framed by the Commission.



The UPERC framed the UPERC (Terms and Conditions of Distribution Tariff) Regulations, 2006 (henceforth referred as Distribution Tariff Regulations) on October 6, 2006. As per the provisions stipulated in Regulation 2.1.1, the licensees are required to file before this Commission a Petition for determination of Aggregate Revenue Requirement (ARR) / Tariff for FY 2015-16 complete in all respect on or before November 30, 2014.

Further the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 have been notified on May 12, 2014. These Regulations shall be applicable for determination of Tariff in all cases covered under these Regulations from April 1, 2015 to March 31, 2020, unless extended by an Order of the Commission. Embarking upon the MYT framework, the Commission has divided the period of five years (i.e. April 1, 2015 to March 31, 2020) into two periods namely –

- a. Transition period (April 1, 2015 to March 31, 2017)
- b. Control period (April 1, 2017 to March 31, 2020)

The transition period being of two years and the first control period being of three years, the Commission shall continue with the existing Annual Tariff Framework for determination of ARR / Tariff of the Distribution Licensee (i.e. as per Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006) during the transition period.

The State-owned Distribution Licensees namely PuVVNL, PVVNL, MVVNL, DVVNL, & KESCO and Transmission Licensee namely UPPTCL filed the ARR Petitions for FY 2015-16 on December 8, 2014 and December 15, 2014 respectively. However, the ARR Petitions of the Distribution Licensees did not contain a Tariff Proposal (Rate Schedule) to bridge the gap through Tariff revision. The Rate Schedule was submitted subsequently on January 2, 2015.

A preliminary analysis of the Petitions was conducted by the Commission wherein it was observed that the audited account (with the Supplementary Audit Report of the Accountant General of Uttar Pradesh) for FY 2012-13 was submitted by UPPTCL. However, as regard Distribution Licensees except PuVVNL and KESCO no other Distribution Licensee had submitted the Supplementary Audit Report of the Accountant General of Uttar Pradesh for FY 2012-13.

In this regard, a Deficiency Note was issued by the Commission to all the State owned Licensees on January 15, 2015 directing the Licensees to submit the Supplementary Audit Report of the Accountant General of Uttar Pradesh for FY 2012-13 along with other additional information. The Commission had granted a time of 10 days to respond on the deficiency note, i.e., by January 24, 2015.

The Distribution Licensees namely MVVNL, DVVNL, PuVVNL and PVVNL vide letter dated January 29, 2015 submitted that since most of the information desired by the Commission vide its Deficiency Note has to be furnished by the respective field units, it would not be



able to submit the information sought by the Commission in the stipulated time period of 10 days and requested the Commission to grant a time period of 10 more days for compliance of same. However KESCO and UPPTCL had not sought any extension for submission of the replies.

The Distribution Licensees namely MVVNL, DVVNL, PuVVNL and PVVNL submitted their replies to the Deficiency Note on February 9, 2015 and KESCO & UPPTCL submitted the replies on February 13, 2015.

Based on the replies submitted by the Licensees, the Commission issued a second set of Deficiency Note which included all the pending queries along with few additional queries vide email dated February 27, 2015 whereas the hard copy of the same was sent on March 02, 2015. The Commission also directed the Licensees to submit its replies within 7 days.

UPPTCL submitted its replies to the second set of Deficiency Note on February 27, 2015. A reminder vide letter dated March 10, 2015 was sent to all the State owned Distribution Licensees to submit the replies at the earliest. The Distribution Licensees namely MVVNL, DVVNL, PuVVNL and PVVNL submitted the replies to the second set of Deficiency Note on March 13, 2015. KESCO has submitted the replies on March 16, 2015.

The State owned Distribution Licensees namely DVVNL, MVVNL, PVVNL, PuVVNL & KESCO and Transmission Licensee namely UPPTCL have submitted the Audited Accounts alongwith the Supplementary Audit Report of the Accountant General of Uttar Pradesh for FY 2012-13. The Licensees have also submitted the provisional accounts for FY 2013-14. The Hon'ble ATE in its Judgment dated October 21, 2011 in Appeal No. 121 of 2010 has ruled that, if the audited accounts for the previous year are not available for some reasons then the audited accounts for the year just prior to the previous year alongwith the provisional accounts for the previous year may be considered. Thus, based on the above ruling of the Hon'ble ATE, the audited accounts for FY 2012-13 (i.e. year just prior to the previous year) has been considered for the current proceedings in the matter of approval of Annual Revenue Requirement and Tariff Determination of FY 2015-16.

Most of the critical data as required by the Commission for the acceptance / admission of the Petitions has been submitted by the Licensees. It has been observed that although the Licensees have endeavoured to reply to all the queries, some of the crucial information submitted is not coherent to the respective queries. The Licensees have not submitted the following critical information which they are required to submit:

As regards the source-wise details of Power Purchase including Fixed, Variable, other charges, PLF, Availability, etc., the Commission had sought the desired information in a specified format for FY 2012-13, FY 2013-14 and FY 2014-15 (till December). In reply to the above, the Discoms (MVVNL, DVVNL, PuVVNL and PVVNL) have requested for some more



time to respond. Petitioners have also sought some more time for other power purchase related queries.

The Distribution Licensees vide Letter No. 264 / RAU / TF 2015-16 dated March 19, 2015 submitted the source wise power purchase details for FY 2012-13 and FY 2013-14 (up to December 2013) along with the hard copies of the power purchase bills. However the summary of break-up of Fixed Charges and Variable charges, etc. has not been submitted by the Licensees. Further, the Distribution Licensees have also submitted that the power purchase details pertaining to year 2014 (i.e. from January 2014 to Dec 2014) would be submitted to the Commission before the commencement of the Public Hearings. In this regard, the Licensees have requested the Commission to accept and admit the Petitions for ARR and Tariff Determination of FY 2015-16.

It may be noted that the information desired as pointed above is important for the detailed analysis of the Petitions submitted by the Licensees. The Licensees are directed to furnish the same at the earliest.

Further in response to the above letter dated March 19, 2015, the Commission issued a letter on March 20, 2015 directing the Licensees to furnish the Circle-wise AT&C Losses data, informing that in absence of which the determination of ARR / Tariff for FY 2015-16 & True Ups will not be possible. In response to the Commission's letter, the Licensees submitted the Circle-wise AT&C Losses data on March 21, 2015.

The Commission now finds the information / data submitted to be generally in order and accordingly admits the Petitions submitted by the Licensees for further processing.

The Commission would also be taking up the following matters along with the proceedings of determination of ARR / Tariff for FY 2015-16:

- a. Finalization of True Ups for FY 2012-13 for Distribution Licensees.
- b. Finalization of True Up for FY 2012-13 for Transmission Licensee.

The Commission hereby directs each Distribution Licensee to publish the Public Notice within 3 days detailing the salient information and facts of the True Up Petitions for FY 2012-13, ARR / Tariff Petitions for FY 2015-16 and the Rate Schedule (Tariff Proposed for different categories / sub-categories of consumers) along with their website address, in at least two daily newspapers (One English and One Hindi) 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 should also contain the details of the cumulative revenue gap (regulatory asset) and its treatment, proposed 'Regulatory Surcharge', Distribution losses, average power purchase cost, average cost of supply, average retail tariff realised from each category / sub-category of consumers and the % of average tariff increase required to cover the revenue gap.



Similarly the Commission also directs the Transmission Licensee to publish the Public Notice within 3 days detailing the salient information and facts of the True Up Petition for FY 2012-13 and the ARR / Tariff Petition for FY 2015-16 along with the various charges proposed.

Further, the Public Notice should inform the stakeholders and public at large to regularly check the websites of the Licensees / UPPCL for further submissions made in respect to these proceedings. The Commission further directs the Petitioner 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 etc. and all subsequent events and material placed on record if any, made before the issuance of final Order. The licensee will also inform the Commission of the same by providing the internet links. The Petitioner may not provide or put up any such information, particulars or documents, which are confidential in nature, with the prior approval of the Commission.

The Public Notice should also inform the public at large that the Staff Papers prepared by the Commission containing salient features of the Petitions are also available on the Commission's website www.uperc.org.

The Commission reserves the right to seek any further information / clarifications as deemed necessary during the processing of these Petitions.

(I. B. Pandey)

Member

(Meenakshi Singh)

Member

(Desh Deepak Verma)

Chairman

Place: Lucknow

Date: 23rd March, 2015