



BEFORE

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

Petition Nos. 1063 / 2015, 1064 / 2015, 1065 / 2015, 1066 / 2015, 1059 / 2015&1058 / 2015

IN THE MATTER OF:

Application for determination of Annual Revenue Requirement and Tariff for FY 2016-17 and True up of ARR for FY 2013-14 under Section 64 of the Electricity Act, 2003.

And

IN THE MATTER OF:

PurvanchalVidyutVitrان Nigam Ltd., Varanasi (PuVVNL) – (Petition No. - 1066 / 2015)
PashchimanchalVidyutVitrان Nigam Ltd., Meerut (PVVNL) – (Petition No. - 1064 / 2015)
MadhyanchalVidyutVitrان Nigam Ltd., Lucknow (MVVNL) – (Petition No. - 1063 / 2015)
DakshinanchalVidyutVitrان Nigam Ltd., Agra (DVVNL) – (Petition No. - 1065 / 2015)
Kanpur Electricity Supply Company Ltd., Kanpur (KESCO) – (Petition No. - 1059 / 2015)
Uttar Pradesh Power Transmission Corporation Ltd., Lucknow (UPPTCL) – (Petition No. - 1058 / 2015)

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) and UPERC (Terms and Conditions of Transmission Tariff) Regulations, 2006 (henceforth referred as Transmission Tariff Regulations) notified 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 2016-17 complete in all respect on or before November 30, 2015.



Further the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 and Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission 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 ARR / Tariff Framework for determination of ARR / Tariff of the Distribution Licensee (i.e. Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006) and Transmission Licensee (i.e. Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2006) during the transition period.

The State-owned Distribution Licensees namely PuVVNL, PVVNL, MVVNL, DVVNL and KESCO filed the ARR Petitions for FY 2016-17 and True Up Petitions for FY 2013-14 on December 7, 2015 and November 30, 2015 respectively. The Transmission Licensee namely UPPTCL filed the ARR Petition for FY 2016-17 and True Up Petition for FY 2013-14 on November 30, 2015. However, the ARR Petitions of the State owned Distribution Licensees did not contain a Tariff Proposal (Rate Schedule) to bridge the gap through Tariff revision. The Rate Schedule was submitted subsequently on February 2, 2016.

KESCO and UPPTCL made additional submissions to their Petition Nos. 1059/2015 and 1058/2015. The State Discoms viz. PuVVNL, PVVNL, MVVNL and DVVNL filed their ARR Petitions for FY 2016-17 after KESCO on December 7, 2015 in which there was a marginal difference in the bulk supply tariff (BST) considered by KESCO. In order to align the projections considered by KESCO for FY 2016-17 with BST considered by other State Discoms, KESCO amended its ARR projections for FY 2016-17 and consequential revenue gap estimates. The revised ARR for FY 2016-17 and revised revenue gap estimates for FY 2016-17 of KESCO were submitted on December 15, 2015. UPPTCL made its additional submission on December 15, 2015 in support of reported capitalisation as per account towards FY 2013-14.

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 2013-14 and provisional account for FY 2014-15 were submitted by UPPTCL. All the State Distribution Licensees submitted the Supplementary Audit Report of the Accountant General of Uttar Pradesh for FY 2013-14



except PuVVNL. However, audited account (with the Supplementary Audit Report of the Accountant General of Uttar Pradesh) for FY 2013-14 and provisional accounts for FY 2014-15 of UPPCL were not submitted by the State Distribution Licensees.

After the preliminary analysis a note (hereafter referred as "First Deficiency Note") was issued by the Commission to all the State owned Licensees on January 29, 2016 directing the Licensees to submit the same along with other additional information. The Commission had granted a time of 10 days to respond on the First Deficiency Note.

Based on the Rate Schedule submitted by the State Distribution Licensees on February 2, 2016, the Commission issued a second note (hereafter referred as "Second Deficiency Note") on February 10, 2016. The Commission granted a time of 10 days to respond the Second Deficiency Note.

A reminder vide letter dated February 22, 2016 was sent to all the Licensees to submit the replies to the First and Second Deficiency Notes at the earliest. UPPTCL submitted its reply to the First Deficiency Note on February 22, 2016.

The State Distribution Licensees namely MVVNL, DVVNL, PuVVNL, PVVNL and KESCO submitted their replies to the First and Second Deficiency Notes on March 9, 2016.

The State Distribution Licensees namely DVVNL, MVVNL, PVVNL, PuVVNL & KESCO and Transmission Licensee namely UPPTCL have submitted the Audited Accounts along with the Supplementary Audit Report of the Accountant General of Uttar Pradesh for FY 2013-14. The Licensees have also submitted the provisional accounts for FY 2014-15. 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 along with 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 2013-14 (i.e. year just prior to the previous year) along with the provisional accounts for FY 2014-15 (previous year) have been considered for the current proceedings in the matter of approval of Annual Revenue Requirement and Tariff Determination of FY 2016-17.

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:-

1. 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, FY 2014-15, FY 2016-17 (till December). In reply to the above, the Discoms (MVVNL, DVVNL, PuVVNL



and PVVNL) have requested for some more time to respond. The Discoms have also sought some more time for other power purchase related queries.

2. Consumer category and sub-category wise Regulatory Surcharges (separately for Regulatory Surcharge-1 & Regulatory Surcharge-2) collected (year wise) till FY 2015-16(December).
3. Category and Sub-category wise details of the subsidy received from FY 2007-08 to FY 2015-16 along with its detailed computations.

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.

The Commission provisionally admits the Petitions for further processing subject to the condition that 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 processing of the Petition and provide such information and clarifications to the satisfaction of the Commission within the time frame as may be stipulated by the Commission failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

The Commission would also be taking up the following matters along with the proceedings of determination of ARR / Tariff for FY 2016-17:

- a. Finalization of True Ups for FY 2013-14 for Distribution Licensees (MVVNL, DVVNL, PuVVNL, PVVNL, KESCO).
- b. Finalization of True Up for FY 2013-14 for Transmission Licensee (UPPTCL).

The Commission hereby directs each Distribution Licensees (MVVNL, DVVNL, PuVVNL, PVVNL, KESCO) to publish the Public Notice(s) within 3 days detailing the salient information and facts of the True Up Petitions for FY 2013-14, ARR / Tariff Petitions for FY 2016-17 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(s) 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 (UPPTCL) to publish the Public Notice(s) within 3 days detailing the salient information and facts of the ARR / Tariff



Petition for FY 2016-17 and True Up Petition for FY 2013-14 along with the various charges proposed.

Further, the Public Notice(s) 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 Petitioners 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 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 Petitioners shall 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 the processing of these Petitions.

(S. K. Agarwal)
Member

(I. B. Pandey)
Member

(Desh Deepak Verma)
Chairman

Place: Lucknow

Date: March 29, 2016