



Uttar Pradesh Electricity Regulatory Commission

Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow-226010 Phone 2720426 Fax 2720423 E-mail 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. Babu Bhawan, Vidhan Sabha Marg, Lucknow-226001
2. **The Chairman**, U. P. Power Corporation Ltd., 7th Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
3. **The Secretary**, Energy, Govt. of U.P. Babu Bhawan, Vidhan Sabha Marg, Lucknow-226001
4. **The Managing Director**, U. P. Power Corporation Ltd., 7th 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.
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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., 15th 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 12th November, 2018 regarding above cited matter.

Yours sincerely

(Sanjay Srivastava)

Secretary

Encl: As above.



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. The Chairman, U. P. Power Corporation Ltd., 7th Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
3. Secretary, Energy, Govt. of UP, Bapu Bhawan, Vidhan Sabha Marg, Lucknow – 226001.
4. The Managing Director, U. P. Power Corporation Ltd., 7th Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
5. The Managing Director, U. P. Power Transmission Corporation Ltd., 7th Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
6. The Managing Director, Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
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13. The Director (Commercial), Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
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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



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.

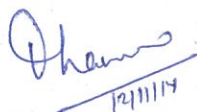
The Commission hereby directs each Distribution Licensee (MUVNL, DUVNL, PuVVNL, PUVNL & KESCO) & transmission licensee (UPPTCL) to publish within 3 days from the issue of this Order, the Public Notice detailing the summary and highlights of the Truing Up for FY 2015-16 and FY 2016-17, Annual Performance 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

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: 12th November, 2018