UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

PETITION NO. : 914 of 2013

FILED BY

NOIDA POWER COMPANY LIMITED

IN THE MATTER OF

APPROVAL OF ANNUAL REVENUE REQUIREMENT AND DETERMINATION OF TARIFF FOR FY 2014-15 AND TRUE-UP OF ARR FOR FY 2012-13

ORDER UNDER SECTION 62 AND 64 OF

THE ELECTRICITY ACT, 2003

1st October, 2014

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UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Petition No.: 914/2013

IN THE MATTER OF:

Approval of Aggregate Revenue Requirement (ARR) and Determination of Tariff for FY 2014-15 and True-up of ARR for FY 2012-13.

And

IN THE MATTER OF:

Noida Power Company Limited, Greater Noida.

ORDER

The Commission having deliberated upon the above petition and also the subsequent filings by the Petitioner thereafter, and having considered the views / comments / suggestions / objections / representations received during the course of the above proceedings and also in the public hearing held, in exercise of power vested under Sections 61, 62, 64 and 86 of the Electricity Act 2003, hereby pass this Order signed, dated and issued on 1st October, 2014. The Licensee, in accordance with Section 139 of the Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2004, shall publish the approved tariffs and regulatory surcharge within three days from the date of this Order. The tariffs so published shall become the notified tariffs and shall come into force after seven days from the date of such publication of the tariffs, and unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order. Regulatory Surcharge shall be applicable as detailed in this Order.

1. BACKGROUND AND BRIEF HISTORY

1.1 BACKGROUND:

1.1.1 M/s Noida Power Company Limited (NPCL) was granted a supply license on 30th August, 1993 by the State Government under Section 3(1) of the Indian Electricity Act, 1910, which authorized it to supply electricity in the licensed area.

1.1.2 NPCL started its operations in December, 1993 under a 30-year license from U.P. Government.

1.2 DISTRIBUTION TARIFF REGULATIONS:

1.2.1 Thereafter, the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006 (herein after referred to as the "Distribution Tariff Regulations, 2006") were notified by the Commission on 6th October, 2006.

1.2.2 These Regulations are applicable for the purposes of ARR filing and Tariff determination to all the Distribution Licensees within the State of Uttar Pradesh.

1.3 FILING OF ARR / TARIFF PETITION:

1.3.1 NPCL has filed the ARR and Tariff petition in line with the provisions of the Distribution Tariff Regulations, 2006 and the same is being processed by the Commission accordingly.

1.4 ISSUES / CONCERNS OF THE COMMISSION:

1.4.1 Certain issues / concerns arising out of the statutory provisions of the Electricity Act, 2003 which have been deliberated upon by the Commission in detail in this Tariff Order, are listed below:

- Demand-Supply Gap / Current Shortage of Power
- Availability of Long Term Power

1.4.2 **DEMAND-SUPPLY GAP / CURRENT SHORTAGE OF POWER**

1.4.3 Petitioner in Format P10 of its Petition has provided the details of peak demand for FY 2012-13 (Actual), FY 2013-14 (Estimated) and FY 2014-15 (Projected). Based on the information available in Petition, the Commission has computed demand-supply gap for NPCL as shown in the Table below:

Table 1:1: DEMAND SUPPLY GAP OF NPCL (MW)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15
Peak Demand - Restricted	163	195	210
Peak Demand - Unrestricted	210	228	245
Peak Demand Met	163	195	210
Shortfall Unrestricted	47	33	35

1.4.4 As per the Petitioner, the other major deterrent that NPCL has not been able to reduce the power deficit is non-availability of adequate transmission capacity. In this regard, NPCL should take appropriate measures and coordinate with UPPTCL so as to overcome such deterrent. If required, NPCL and UPPTCL may approach the Commission mentioning the specific issues being faced by the utilities.

1.4.5 **AVAILABILITY OF LONG TERM POWER**

1.4.6 With such a huge and ever growing demand in the area, NPCL is still procuring the entire power only from the short-term sources. Presently as the short term power rates are low, the consumers are being benefited by sourcing the power from short term sources. However, such situation would not last forever and NPCL in such cases may have to buy the costlier power to serve its consumers. Having a long term power sources ensures that the availability of power at the optimum rates for its consumers for future. The same will also benefit the Petitioner to optimally plan all its resources. The Commission notes that the Petitioner in past has tried to tie up with the long term power sources.

1.4.7 In one of the occasion, it entered into a Long-term power purchase agreement (LTPPA) for supply of 240 MW power with Essar Power (Jharkhand) Limited (EPJL) for 25 years at a levelised tariff of Rs. 4.0868 per unit. The power supply under the aforesaid PPA was scheduled to be commenced from 30th April 2014. However, EPJL through its various letters expressed its inability to commence power from scheduled date. NPCL, having no recourse, terminated the LTPPA which was, subsequently, challenged by EPJL before the Commission. The Commission, considering the assurance of EPJL to supply power at same tariff and terms & conditions from their another project viz. Essar Power (Mahan) Limited, directed the parties, vide its Order dated 30th May 2014, to restore the bank guarantees and reinstate the PPA to explore the alternative. However, EPJL again through various letters expressed its inability to continue with PPA which was brought into the knowledge of the Commission by way of an Application dated 16th July, 2014 filed in Petition No. 903 of 2013 by the Company.

1.4.8 The Commission vide its order dated 1st September 2014 directed EPJL to extend PBG, expiring on 30th August 2014, by 3 months initially and then by another six month and directed NPCL to tie-up through Long term sources within in these six months.

2. PROCEDURAL HISTORY

2.1 ARR / TARIFF PETITION FILING BY NPCL:

2.1.1 The provision under the Distribution Tariff Regulations, 2006 requires the Licensee to submit their ARR / Tariff petitions latest by 30th November each year to be made applicable for the subsequent financial year.

2.1.2 Noida Power Company Limited, Greater Noida (hereinafter referred to as 'Petitioner', 'Licensee' or 'NPCL') submitted its ARR / Tariff petition for FY 2014-15, within the aforesaid prescribed timelines i.e. on 28th November, 2013.

2.2 PRELIMINARY SCRUTINY OF THE PETITION:

2.2.1 A preliminary scrutiny of the ARR Petitions for FY 2014-15 was carried out by the Commission and a detailed deficiency note was issued to the Licensee vide letter dated 21st February, 2014, directing them to provide the required information within 10 days from the date of issuance of the Deficiency Note.

2.2.2 The Petitioner vide its letters dated 6th March, 2014 submitted its replies to the above mentioned deficiency note. The Commission issued a second set of deficiency note vide its letter dated 21st April, 2014.

2.2.3 In response to the above the Petitioner vide its letter dated 6th May, 2014 submitted its most of the critical data as required by the Commission for the acceptance / admission of the Petition.

2.3 ADMITTANCE OF ARR / TARIFF PETITION OF THE LICENSEE:

2.3.1 The Commission, having gone through all the submissions made by the Petitioners found that the data / information submitted by the Petitioner were generally in order and accordingly admitted the petitions submitted by the Petitioner for further processing.

2.3.2 The Commission through its Admittance Order dated 3rd June, 2014 directed the NPCL to publish within 3 days of the Order a public notice detailing the salient information and facts of the ARR petition for FY 2014-15 and True-up for FY 2012-13 in at least two daily newspapers (One English and One Hindi) for two successive days for inviting comments / objections / suggestions by all stakeholders and public at large within 15 days of the publication of such notice. The Commission also directed Petitioner to upload a copy of the petition (including additional information) on the website of the Petitioner.

2.3.3 The Commission further, directed the Petitioner to inform the public that the Staff Papers prepared by the Commission containing salient features of the Petition and the In-house Papers on certain additional issues / new matters are also available on the Commission's website www.uperc.org for comments from all stakeholders within the stipulated time of 15 days from the date of publication of the Public Notice.

2.4 PUBLICITY OF THE PETITION:

2.4.1 The Public Notice detailing the salient information and facts of the ARR petitions appeared in Hindi & English language daily newspapers as detailed below:

The Statesman (English): 6th and 7th June, 2014

Dainik Jagran (Hindi): 6th and 7th June, 2014

2.5 PUBLIC HEARING PROCESS:

2.5.1 The Commission invited comments / views / objections from consumers and all other stakeholders on the ARR & Tariff proposals of the Petitioner. To provide an opportunity to all sections of the population in the license area and to obtain feedback from them, public hearing was held at Greater Noida on 11th July, 2014 by the Commission.

2.5.2 The hearing had representations by consumers against the ARR / Tariff proposals submitted by the Petitioner.

3. PUBLIC HEARING PROCESS

3.1 OBJECTIVE

3.1.1 The various provisions of Electricity Act, 2003 and UPERC (Conduct of Business) Regulations, 2004 provides for hearing the representations and propositions being filed by the consumers in matters related to tariff determination. The Commission, in order to achieve the twin objective that has been conferred upon it under the Electricity Act, 2003 i.e. to observe transparency in its proceedings and functions and to protect interest of consumers, has always attached importance to the objections / suggestions / comments of the public on the ARR / Tariff petitions submitted by the Licensee. 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 ARR / Tariff Petition filed by the Petitioner.

3.1.2 The Commission has provided public hearing as one of the platforms to obtain the views of various stakeholders to encourage a transparent and participative approach in the process of tariff determination.

3.2 PUBLIC HEARING:

3.2.1 The Commission invited suggestions from consumers and all other stakeholders and conducted public hearing at Greater Noida on 11th July, 2014 to get the views / comments / objections, if any, of the various stakeholders and public at large on the proposals submitted by the Petitioner.. Consumer representatives, industry associations and other individual consumers participated actively in the hearing process. The Petitioner was also given an opportunity to respond to the stake-holders. The Commission has also taken into consideration the oral and written suggestions / comments / views / objections received from various stakeholders through post, e-mail and in person during the public hearings while disposing the ARR / Tariff petitions filed by the Petitioner.

3.2.2 The comments of the consumers play an important role in the determination of rate design and tariff schedule as factors like quality of electricity supply and the service levels have to be considered while determining the tariff. The Commission considers these submissions of the consumers before it embarks upon the exercise of determining the tariff for a particular period.

3.2.3 The Commission has taken note of the various views and suggestions made by the stakeholders and appreciate their keen participation in the process to provide feedback to the Commission on various issues. The major comments / views of various stakeholders in response to the Petition, the replies given by the Petitioner and the views of the Commission have been summarized below:

A) *Comments / Suggestions of the Public:*

3.2.4 **Regulatory Surcharge:** Despite Low T&D Losses and high Collection Efficiency, why there is revenue gap / regulatory surcharge / need for increase in tariff. Also, why there is a difference in tariff/ Regulatory surcharge and services in Rest of UP and Greater Noida.

B) *The Petitioner's response:*

3.2.5 Petitioner submitted that as per UPERC regulations, the new tariffs need to be implemented from 1st April of the ensuing financial year. Despite filing its ARR well in time, the revised tariffs were available to the Company for a period of 38 months as against 84 months commencing from 1st April 2007. In the aforesaid Tariff Orders, UPPCL's BST was invariably revised from retrospective dates whereas the revised tariffs were made applicable from a prospective date. In some of these tariff orders, the revised tariffs were not matching with the revenue required and approved by the Commission. Therefore, to fund the said gap, NPCL has to borrow money from Banks adding interest burden leading to increase in deficit.

C) *The Commission's view:*

3.2.6 The Commission has noted the reply submitted by the Petitioner. As also detailed in the previous Orders, the Commission has computed the accumulated revenue gap for the Petitioner after scrutinizing all the elements of ARR and Revenue. Further the Commission believes that the revenue gaps / regulatory assets of the Petitioner are getting accumulated year after year, resulting into cash flow deficit. As can be seen in the past that the heavy burden of regulatory gaps / regulatory as-sets year after year coupled with heavy borrowings to finance the same along with interest, the revenue gap is burgeoning with every passing year resulting in-to higher interest cost, which in turn cascades into higher cost of service to the consumers. Therefore, any delay in recovery of revenue gap burdens the consumers for carrying cost, therefore, speedy recovery of the same is essential.

3.2.7 Further, various government and autonomous agencies are stressing on timely and accurate revision of tariffs for the survival of distribution companies. Even the Hon'ble ATE, while dealing with a suo-motu Petition, OP No. 1 of 2011, on the letter received from Ministry of Power (judgment passed on 11th November, 2011), has emphasized on timely recovery of regulatory assets. The relevant observation of the Hon'ble ATE in the said matter is as under:

> *"66…… (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 preferable within Control period. Carrying Cost of the Regulatory Asset should be allowed to utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the Distribution Licensee."* (at page 75 of the Order)

3.2.8 Thus, for meeting carrying cost of the revenue gap and liquidation of revenue gap, the Commission has kept an appropriate regulatory surcharge at 8%.

A) *Comments / Suggestions of the Public:*

3.2.9 **Long Term Power Procurement and Own Generation Capacity:** Status of setting-up its own generating power plant by NPCL, long term PPA and why power at expensive rates been purchased.

B) *The Petitioner's response:*

3.2.10 As regard the setting up of own generating plant, the Petitioner submitted as follows:

- In NCR, only Gas based power plant can be set-up.
- It is a well known fact that the gas is not available even to feed existing gas based power plants (almost 20000 MW gas based power plants are operating at an average PLF of 20% only).

- The CEA vide its letter dated 12.01.2012, in reply to the Petitioner's request for allocation of gas for its proposed 400 MW CCGT power plant in Greater Noida, advised that the Gas Allocation to our project alongwith other projects for 12th Plan would be decided by MoP / MoP & NG / EGoM subject to availability of gas to power sector from new discoveries and other sources.
- Further, in an important information released by the MoP on 17th August 2012 (downloaded from the official website of Press Information Bureau, GoI), the Union Minister of State for power, Shri K. C. Venugopal informed lok Sabha inter-alia that due to the reduced availability of domestic gas no allocation could be made to any new plants proposed for 12th Plan. MoP / CEA has issued an advisory to all the developers of gas based power plants not to plan for any gas based power plants till FY 2015-16 as there is no certainty of availability of the same.
- The current Govt. is yet to decide on the revised price of the Gas (the outgoing Govt. although doubled the existing rate @ USD 4.2 MMBTU to USD 8.40 MMBTU).
- Since, Gas is not available on the commercially viable prices, it will not be in interest of the consumers to set-up gas based power plant.
- Off-late, many Distribution Licensees are asking the Central Govt. to cancel / divert the gas based power purchase agreements being highly costly.
- Two gas based power plant in Delhi i.e. 1500 MW Bawana and 108 MW Rithala are currently non-functional.
- As against the above, enough power is available in the market at much lower rates than the power produced by Gas based plants.

3.2.11 As regard the Long term Power Purchase Agreement (PPA) the Petitioner submitted the following:

- NPCL did sign Long Term PPA with M/s Essar Power (Jharkhand) Limited (EPJL) for 240 MW power on 9th May 2012, supply commencing from 30th April 2014 with the approval of the Commission. However, M/s EPJL has regretted their inability to supply power and requested for termination of the same. Petitioner further, submitted that they are taking all the requisite steps to enter into a long term PPA as early as possible.

3.2.12 As regard the objection raised regarding the expensive Power Purchase rates, the Petitioner clarified for FY 2014-15 the power procurement rates are very competitive.

C) ***The Commission's view:***

3.2.13 With the ever growing demand in the Licensee's area, NPCL is still procuring the entire power only from the short-term sources. Presently as the short term power rates are low, the consumers are being benefited for sourcing the power from short term sources. However, such situation would not last forever and NPCL in such cases may have to buy the costlier power to serve its consumers. Having a long term power sources ensures that the availability of power at the optimum rates for its consumers for future. The same will also benefit the Petitioner to optimally plan all its resources. The Commission notes that the Petitioner in past has tried to tie up with the long term power sources. However, none of them could be materialized so far. The Commission directs the Petitioner to tie-up power through LT sources within in six months.

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

3.2.14 **Shortage in manpower:** The shortage in manpower restricts the Licensee in providing the effective services to the consumers. NPCL should explain the reason for such shortfall in the manpower.

B) ***The Petitioner's response:***

3.2.15 Petitioner submitted that the skilled and experienced manpower, especially in the engineering field, is in short supply as compared to the demand. The IT / software companies offer jobs at much higher salary and comfort of most modern offices, whereas the Discoms due to restriction on the O&M expenses, cannot match their salary packages. The young talent prefers to work in the comfort of the air-conditioned office rather than face harsh working conditions especially prevalent in a Discom. The Petitioner's license area is in Greater Noida, which is almost 35 - 40 Kms away from Delhi. Since, there are plenty of job opportunities in Delhi / Noida, the employees always prefer to join there. However within the above mentioned constraints it has been successful in containing its attrition rate as well as attracting new talent.

C) ***The Commission's view:***

3.2.16 The Commission is of the view that having an adequate manpower is the prime responsibility of the Licensee for which adequate employee cost is allowed as a part of O&M Expenses. The problems as mentioned by the Licensee are common for any Distribution Licensees and the same should be appropriately managed by the Petitioner so that the consumers should not suffer.

A) *Comments / Suggestions of the Public:*

3.2.17 **Infrastructure Development:** Stakeholders submitted that the Petitioner has not been building the effective network to provide better servicers to its consumers. In this respect the stakeholders also asked the Petitioner to explain the reasons for the same along with the action plan.

B) *The Petitioner's response:*

3.2.18 Petitioner submitted that the Transmission capacity is required to be augmented by UPPTCL i.e transmission licensee / STU in line with the demand forecast of the the Petitioner. Petitioner on its part is proactively augmenting its distribution network capacity from time to time in sync with the requirement of the demand of its consumers. The Company has also approached PGCIL for direct connectivity on their transmission system to meet the increasing demand of the consumers and regularly following-up with them for the same.

C) *The Commission's view:*

3.2.19 The Commission has gone though the submissions of the Petitioner and is of the view that the blaming the other utilities would only delay the process of network addition and would not benefit either the Petitioner not its consumers. The Commission, in a separate meeting held on 13th August 2014 had reviewed the status of transmission requirements of the petitioner and has accordingly, directed both the parties viz. the Petitioner and UPPTCL to take respective steps to resolve the issue expeditiously. If required, the Petitioner may also approach the Commission detailing the specific issues being faced by it so is any specific directions are required the same can be issued to fasten the process.

A) *Comments / Suggestions of the Public:*

3.2.20 **Status of Power Supply in Rural Areas:** Various stakeholders submitted that the Petitioner is not supplying the electricity to the rural areas for adequate number of hours. Due to the same, the life of the rural areas is more and more miserable.

B) *The Petitioner's response:*

3.2.21 Petitioner submitted it is providing 8-18 hours of supply to rural villages depending upon the availability of the Open Access as well as T&D losses, Collection Efficiency and demand of the village through its dedicated HVDS feeders.

C) *The Commission's view:*

3.2.22 The Commission has observed that the Licensee invariably supplies the electricity to various areas with varying number of supply hours. It is the duty of the Licensee to provide 24 hours electricity supply to its consumers and the same should be ensured by the Licensee.

A) *Comments / Suggestions of the Public*

3.2.23 **Subsidy and cross subsidy of rural consumers:** Appropriate subsidy and cross subsidy should be provided to the rural consumers.

B) *The Petitioner's response:*

3.2.24 Petitioner submitted that it doesn't get any subsidy from the State Government and is billing the consumers in accordance with the Tariffs approved by the Commission in its Tariff Orders from time to time.

C) *The Commission's view:*

3.2.25 The Commission approves the Tariff for each category after due consideration of all the facts. The Tariff for rural consumers is already lower as compared to the urban consumers at appropriate level of cross subsidisation.

A) *Comments / Suggestions of the Public*

3.2.26 **Public Hearing Advertisement**: Stakeholders submitted that they were not properly informed about public hearing.

B) *The Petitioner's response:*

3.2.27 Petitioner submitted that based on the direction of the Commission it had issued advertisements for public hearing in the newspapers for two consecutive days and also uploaded this information on its website. In addition to the above, the Commission has also advertised details of public hearing in various national daily newspapers. Petitioner submitted that it has also telephonically informed various representative(s), industrial associations and village pradhans in respect of the public hearing.

C) *The Commission's view:*

3.2.28 The Commission has noted the objections and replies of the Commission in this regard. As regard the advertisement of the Public Hearing, the Commission gives the minimum required directions to the Petitioner. However, it is the duty of the Petitioner that more and more public participation should occur so that the view and suggestions from all the type of consumers could be brought together. The Petitioner should take appropriate measure from the next year to ensure a healthy public participation in the hearings. Further, the Petitioner should choose the location for the hearing which is convenient to most of the consumers.

A) *Comments / Suggestions of the Public:*

3.2.29 **Public grievance**: Stakeholders submitted that the CGRF is not effective and the public is not well informed about where its complaint would get addressed.

B) *The Petitioner's response:*

3.2.30 CGRF is fully functional in Greater Noida Area since 2008. The details have been given on monthly electricity bills as well as on the website of the Company. In addition to the above, as directed by the Commission, the CGRF holds meeting every month at various locations with prior intimation to RWAs, and various other associations.

C) *The Commission's view:*

3.2.31 The Commission has noted the reply submitted by the Petitioner. As submitted by the Petitioner, the CGRF meetings are held every month where all the grievance of the consumers would be heard. The Stakeholders may check for the schedule of the same either in the electricity bills or from the website of the Distribution Licensee. The Licensee is also directed to clearly mention the details of the CGRF meetings on its website and the electricity bills of the consumers.

A) *Comments / Suggestions of the Public:*

3.2.32 Data provided in presentation held during the Public Hearing is not provided beforehand and certain elements in the presentation whose cost has been increased has no relevance with electricity.

B) *The Petitioner's response:*

3.2.33 As per the Conduct of Business Regulations, 2004 and Directions of the Commission, it has published the synopsis of ARR in two national daily newspapers for two consecutive days in both Hindi and English language. The ARR petition alongwith subsequent clarification / submission is also available on the website of the Petitioner. Further, the Commission itself has uploaded the staff paper containing the salient features of the ARR on its website which has been informed to the public at large through separate public notices.

C) *The Commission's view:*

3.2.34 The Commission has noted the objector's concern and the Petitioner's reply thereon.

A) *Comments / Suggestions of the Public:*

3.2.35 **CAG Audit:** Stakeholders submitted that the Commission should direct for a CAG Audit or audit by an independent Auditor for accounts of the Petitioner and only after that the true-up of ARR of the previous years should be done. Accounts of NPCL should be audited by the auditors of CAG. Without statutory audit of their accounts, the authenticity of ARR submitted by NPCL cannot be established and finalization of tariff on such unauthentic accounts will be injustice to the public.

3.2.36 Various stakeholders submitted that NPCL shows the highest expenses in Repairs and Maintenance, which is unreasonable. In this regard, CAG audit should be done by the third Agency.

B) ***The Petitioner's response:***

3.2.37 Petitioner submitted that it is a public limited company incorporated under the Companies Act, 1956 as amended. As per the provisions of the Companies Act, the annual accounts of the Company are required to be audited by qualified Chartered Accountants, being member of the Institute of Chartered Accountants of India (ICAI) which is termed as statutory audit. The Statutory auditors are appointed by the shareholders in its general body meeting. The annual accounts are audited in accordance with the accounting standard laid down by ICAI. The statutory auditor's report is submitted to the shareholders as well as to the Central Government.

3.2.38 Petitioner submitted that in addition to the above, its accounts are also audited by qualified cost accountants who are the members of the Institute of Cost and work Accountants of India (ICWAI). The aforesaid cost auditors are appointed by the Central Government and their report is also submitted to the shareholders as well as Central Government. Apart from the above, the accounts are also scrutinized / audited in detail central / state government authorities such as Income Tax, Service / Sales Tax departments Department of Electrical Safety.

3.2.39 Banks and Financial Institutions also carries detailed due diligence of the accounts of the Petitioner not only at the time of sanctioning of the loan but also post sanction of the loan. The Banks and FIIs also physically verify stocks and fixed assets of the Company and review projections and performance from time to time.

3.2.40 Above all, the Commission also scrutinizes in detail not only the annual accounts but also its overall performance. It is also pertinent to mention here that the Company is one of the most efficient distribution licensee having T & D loss 8-8.50%, collection efficiency close to 99% and has clean audit reports, no default in statutory dues, dues to employees, bank loans / interest payments, government duty, power purchase bills, creditors etc.

3.2.41 In addition, the Petitioner do not get any subsidy from Central / State Government or cheap source of finances under various government schemes e.g. RGGVY, E-APDRP etc.

C) *The Commission's view:*

3.2.42 The Commission has noted the submission of the Petitioner. The Commission for the current tariff exercise has considered the accounts submitted by the Petitioner. As regard the requirement of CAG Audit or any third party audit the Commission is of the view that as FY 2013-14 accounts would already have been audited, the Petitioner is directed that from FY 2014-15 onwards it should get its accounts audited by an independent auditor. Such auditor under the supervision of the Commission shall undertake a financial audit of the Licensee.

3.2.43 Apart from auditing of the financial accounts, the power purchase and the sales of the Licensee should also be audited on the regular basis so that deformities if any can be identified and removed. The Commission for the same may appoint a separate auditor, who under the supervision of the Commission shall undertake the audit of the power purchases and sales of the Petitioner.

3.2.44 The Commission allows O&M expenses (including R&M Expenses) to the petitioner on normative basis irrespective of the actual expenses incurred by it thereby protecting the interest of the consumers.

A) *Comments / Suggestions of the Public*

3.2.45 **Capability of NPCL to supply electricity to Noida West:** Stakeholders submitted that considering the present situation where NPCL is not able to supply 24 hours supply to Greater Noida consumers, how it will be able to supply electricity to Noida (West).

B) *The Petitioner's response:*

3.2.46 Petitioner submitted that it has been procuring power as per availability of the Open Access to UPPTCL transmission system. There is no shortage of power in the market, however, subject to the availability of transmission capacity, it has been procuring requisite power to meet the demand of the consumers of its licensed area.

C) *The Commission's view:*

3.2.47 As discussed earlier the Petitioner should take appropriate measures to have the adequate power and network availability so that it can effectively supply power to all its consumers.

A) *Comments / Suggestions of the Public:*

3.2.48 Stakeholders submitted that NPCL should also be brought under the ambit of RTI.

B) *The Petitioner's response:*

3.2.49 Petitioner submitted that it does not fall under the ambit of the Right to Information Act, 2005 and it is fully complying with the provisions of the Electricity Act, 2003 as well as the Rules, Regulations and Order of the Commission.

C) *The Commission's view:*

3.2.50 Although the Petitioner being a private company does not fall under the ambit of the RTI, the Commission has powers to ask all the Tariff related information from the Petitioner. The Commission after scrutinising all the relevant information and other fact and figures has determined the ARR / Tariff for the Petitioner.

A) *Comments / Suggestions of the Public:*

3.2.51 **Incorrect Meters:** NPCL is installing incorrect meters and recovering excess amount which it is not refunding back.

B) *The Petitioner's response:*

3.2.52 Petitioner submitted that it has been installing meters of high quality and accuracy, which are also sample tested at its NABL accredited Meter Testing Lab. Not a single specific incident was brought to the notice of the Petitioner in the hearing.

C) *The Commission's view:*

3.2.53 The stakeholders should specifically submit the details of such incorrect meters to the Petitioner. The Petitioner is directed to look into the matter and take appropriate action wherever required.

A) *Comments / Suggestions of the Public:*

3.2.54 **Recovery of minimum, maximum and fixed charges:** Stakeholders submitted that the minimum, maximum and fixed charges are not being billed in accordance with the Tariff Orders.

B) *The Petitioner's response:*

3.2.55 Petitioner submitted that it has been raising bills in accordance with the tariff orders of the Commission.

C) *The Commission's view:*

3.2.56 The stakeholders should specifically submit the details of such incorrect billing to the Petitioner. The Petitioner is directed to look into the matter and take appropriate action wherever required.

A) *Comments / Suggestions of the Public:*

3.2.57 **Complaint Addressing:** Treatment of complaints by NPCL is not appropriate and thus, the consumer satisfaction is low.

B) *The Petitioner's response:*

3.2.58 Petitioner submitted that the complaints of the consumers are addressed in time bound manner. Any consumer dissatisfied with the response of NPCL is free to approach CGRF which is fully functional in Greater Noida Area.

C) *The Commission's view:*

3.2.59 The Commission has noted the objection and the reply submitted by the Petitioner. The Consumers are advised to approach the CGRF where appropriate action shall be taken based on the issue raised. Petitioner is also directed to ensure that all the issues may get resolved at the consumer and the licensee's level for better customer satisfaction.

A) *Comments / Suggestions of the Public:*

3.2.60 **No Tariff Increase Required:** Tariff increase is not required as already the tariff is high and also capex work has already done.

B) *The Petitioner's response:*

3.2.61 Petitioner submitted that the Tariff is determined by the Commission based on all the facts submitted in ARR Tariff petition by the Petitioner.

C) *The Commission's view:*

3.2.62 The Commission has taken the note of the Stakeholders. The Commission has determined the ARR / Tariff for NPCL after considering all the facts and figures which has been detailed subsequently in the Order.

A) *Comments / Suggestions of the Public:*

3.2.63 Stakeholders asked the basis of recovering additional security charges by NPCL.

B) *The Petitioner's response:*

3.2.64 Petitioner submitted that as per the provisions of Section 4.20 (a) of the Electricity Supply Code, 2005 (3rd Amendment), as notified by the U.P Electricity Regulatory Commission vide its Order dated 11th August, 2006, each consumer is required to maintain a Security Deposit to cover the estimated power consumption for two months.

3.2.65 Therefore, on the basis of average consumption during previous financial year, the Security Deposit equivalent to two months consumption is required to be maintained and any shortfall in the same is being recovered as Additional Security Deposit.

C) *The Commission's view:*

3.2.66 The Commission has taken the note of the Stakeholders. The Petitioner should ensure that any amount being recovered from the consumers should be as per the Commission's Orders in various matters.

A) *Comments / Suggestions of the Public:*

3.2.67 **Middle man involvement:** Stakeholders submitted that there are many middle men involved who ask for compensation to supply electricity for 24 hours to the consumers.

B) *The Petitioner's response:*

3.2.68 Petitioner submitted that it distributes power in accordance with the rules, regulations and provisions of the Electricity Act 2003. As far as the Petitioner is concerned, there are no middle man involved or authorized by the NPCL and the consumers are requested to bring such instances, if any, in the knowledge of the Petitioner for appropriate action.

C) *The Commission's view:*

3.2.69 The Commission has noted the above objection and the reply of the Petitioner.

(i) *Comments / Suggestions of the Public:*

3.2.70 **Delayed Payment Surcharge:** Stakeholders submitted as the consumers have paid additional security deposit for a period of 60 days, then why the delay payment surcharge is claimed if the payment is made after 45 days.

(ii) *The Petitioner's response:*

3.2.71 Petitioner submitted that the security deposit equivalent to two months consumption, on which, it is regularly paying interest is to secure payment of electricity bills. Consumer is required to pay their electricity bills within due dates failing which DPS is charged as per Tariff Orders of the Commission.

(iii) ***The Commission's view:***

3.2.72 The security amount deposited to the Petitioner is to restrict the consumers to make the payment defaults. The Commission also allows appropriate interest charges on the same to the consumer. Further, as the electricity bills are already claimed after the end of the month, delaying the recovery beyond the due date would have additional financial implications on the Licensee. Timely payment of bills is the responsibility of the consumers so as to ensure better services, thus the delayed payment surcharge as allowed by the Commission is reasonable.

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

3.2.73 **Delay in giving new connections:** Stakeholders submitted that the time taken for new connection is 2 to 4 months and also NPCL is takes 6 to 72 Hours to resolve the complaints.

B) ***The Petitioner's response:***

3.2.74 Petitioner submitted that it is providing new connections well within the time frame provided by the UPERC in the Electricity Supply Code, 2005 except where it is not feasible due to technical reasons or for non-compliance of applicable terms & conditions. It always resolves complaints of the Consumers, promptly and much before the prescribed time. Not even a single specific complaint was mentioned during the public hearing.

C) ***The Commission's view:***

3.2.75 The Commission has noted the objection raised, it is advised to the stakeholders that they approach the CGRF along with the specific instances where the Petitioner has delayed in giving new connections or resolving the complaints so that the necessary action may be taken.

3.3 LIST OF ATTENDEES:

3.3.1 The list of individuals and organizations who have submitted their objections / suggestions / comments on the ARR & Tariff petition in writing & in oral are given in Annexure I.

4. TRUE-UP FOR FY 2012-13

4.1 SALES APPROVAL:

4.1.1 The energy sales based on actual audited accounts for FY 2012-13 represent growth of 11.89% over FY 2011-12 (876.36 MUs). The Commission approves the sales based on the audited accounts at 980.64 MUs.

4.1.2 The category-wise sales approved for FY 2012-13 is shown in the Table below:

Table 4:1: CATEGORY WISE SALES FOR FY 2012-13 – APPROVED (MU)

Sr. No.	Category	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
1	LMV-1: Domestic Light, Fan & Power	186.95	173.26	173.26
2	LMV-2: Non Domestic Light, Fan & Power	15.75	19.32	19.32
3	LMV-3: Public Lamps	15.94	21.46	21.46
4	LMV-4: Institutions	7.91	9.73	9.73
5	LMV-5: Private Tube Wells	16.51	13.63	13.63
6	LMV 6: Small and Medium Power	30.14	35.94	35.94
7	LMV-7: Public Water Works	7.03	10.13	10.13
8	LMV-8: STW and Pumped Canals	0.31	0.31	0.31
9	LMV-9: Temporary Supply	25.15	21.19	21.19
10	HV-1: Non Industrial Bulk Power	45.73	54.23	54.23
11	HV-2: Large and Heavy Power	629.97	621.44	621.44
	Total	**981.38**	**980.64**	**980.64**

4.1.3 The Category wise Number of Consumers, Connected Load and Sales approved / trued-up for FY 2012-13 are summarized in the Table below:

Table 4:2: CATEGORY WISE CONSUMERS, LOAD & SALES – APPROVED

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MU)
1	LMV-1: Domestic Light, Fan & Power	50,233	192.22	173.26
2	LMV-2: Non Domestic Light, Fan & Power	1,873	11.70	19.32
3	LMV-3: Public Lamps	3	6.35	21.46
4	LMV-4: Institutions	427	6.26	9.73
5	LMV-5: Private Tube Wells	1,101	6.04	13.63
6	LMV 6: Small and Medium Power	1,608	32.82	35.94
7	LMV-7: Public Water Works	165	3.08	10.13

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MU)
8	LMV-8: STW and Pumped Canals	1	0.15	0.31
9	LMV-9: Temporary Supply	1,043	11.46	21.19
10	HV-1: Non Industrial Bulk Power	66	38.38	54.23
11	HV-2: Large and Heavy Power	462	228.86	621.44
	Total	**56,982**	**537.33**	**980.64**

4.2 DISTRIBUTION LOSSES:

4.2.1 Petitioner submitted that the actual Distribution losses for FY 2012-13 are7.61% as compared to the approved loss level of 8.0%

4.2.2 Petitioner submitted that it used to draw its entire / majority load at 33 kV only. However, from FY 2012-13, with the addition and full operation of 220 / 132 / 33 kV RC Green Substation, EHV Technical Losses, arising out of Line Losses of 220 kV Lines and two stage Transformation Losses i.e. 220 / 132 kV and then 132 / 33 kV, has also been added to the distribution losses of the Company. Accordingly, the Commission, in its Tariff Order dated 31st May, 2013, has approved 0.60% as EHV losses over and above Distribution Losses of 8.0% for FY 2012-13.

4.2.3 Petitioner submitted that as per the Audited Accounts for FY 2012-13, the EHV and distribution losses are at 0.45% & 7.61%, respectively.

Commission's Analysis

4.2.4 The actual Distribution Losses and EHV losses of the Petitioner are less than as compared to the losses approved by the Commission. Considering the above fact, the Commission for the purpose of Truing up has approved the Distribution Losses and the EHV losses on actual basis as shown in the Table below:

Table 4:3: DISTRIBUTION LOSSES AND EHV LOSSES APPROVED BY THE COMMISSION FOR FY 2012-13

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Distribution Loss %	8.00%	7.61%	7.61%
EHV Losses %	0.60%	0.45%	0.45%

4.2.5 The Commission has further allowed the sharing of efficiency gain at 50% for achieving the Distribution losses less than the target loss level in accordance with Regulations 2.4 (3), 3.2 (6) and 4.11 of Distribution Tariff Regulations, 2006.

4.3 ENERGY BALANCE:

4.3.1 The Commission in the above sections has discussed about true-up of sales and distribution losses. Based on above elements, the approved power purchase requirement and the energy balance for FY 2012-13 is as shown in the Table below:

Table 4:4: ENERGY BALANCE APPROVED BY THE COMMISSION FOR FY 2012-13

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Energy Sales (MU)	981.38	980.64	980.64
Distribution Loss %	8.00%	7.61%	7.61%
EHV Losses	0.60%	0.45%	0.45%
Distribution Loss including EHV losses (MU)	91.78	85.53	85.53
Energy Purchase (MU)	**1,073.16**	**1,066.16**	**1,066.16**

4.4 POWER PURCHASE QUANTUM & COST:

4.4.1 Based on the above trued-up energy balance for FY 2012-13, the power purchase requirement works out to 1066.66 MU.

4.4.2 As per the prevailing arrangement, NPCL receives 45 MW of power from UPPCL at pooled cost. The balance power was procured by NPCL on short term basis through Open Access Route. The details of power purchase and the cost approved vide Tariff Order dated 31st May, 2013 and actually incurred by NPCL for FY 2012-13 is provided in the Table below:

Table 4:5: POWER PURCHASE COST AS SUBMITTED BY THE PETITIONER FOR FY 2012-13

Item	Approved vide T.O. 31/05/13			True-up Petition		
Retail Sales (MU)	981.38			980.64		
Losses	8.55%			8.02%		
Power Purchase	1,073.16			1,066.16		
Sources of Power Purchase	**Energy**	**Rs./kWh**	**Costs**	**Energy**	**Rs./kWh**	**Costs**
UPPCL	340.96	3.61	123.09	305.48	3.61	110.28

Item	Approved vide T.O. 31/05/13			True-up Petition		
Power Purchase from Traders	674.50	3.98	268.37	760.66	3.99	303.16
Power Purchase from RE	57.70	6.11	35.26	0.03	0.00	0.00
Sub-Total	1073.16	3.98	426.72	1066.16	3.88	413.43
PGCIL charges			32.25			24.21
UPPTCL charges						
Total Transmission charges			32.25			24.21
UPPCL BST Arrear for FY 2010-11 & FY2011-12			50.19			49.38
Total Power Purchase	**1073.16**	**4.74**	**509.15**	**1066.16**	**4.57**	**487.02**

4.4.3 The briefs about the power purchase from the above table are as follows:

- The total quantum as per Audited Annual Accounts for FY 2012-13 is 1066.16 MU with power purchase from UPPCL as 305.48 MU, from open access as 760.66 MU and 0.03 MU from Captive generation from Solar Power Generating System installed at the roof top of the Petitioner's office building.
- The power purchase cost for UPPCL is booked at Rs. 3.61 / kWh as approved vide Tariff Order dated 31st May, 2013 and the actual landed cost of power purchased from Open Access is Rs. 3.99 / kWh as against the approved rate of Rs. 3.98 / kWh in Tariff Order dated 31st May, 2013.
- Petitioner has claimed the arrear of BST of UPPCL's power for FY 2010-11 and FY 2011-12 as Rs. 49.38 Crore based on actual import for the period as against Rs. 50.19 Crore approved by the Commission.
- The transmission charges for UPPTCL and PGCIL are at Rs. 24.21 Crore as against Rs. 32.25 Crore approved in tariff order dated 31st May, 2013.

4.4.4 Accordingly, the total power purchase cost incurred in FY 2012-13 is Rs. 487.02 Crore.

4.4.5 As submitted by the Petitioner, the Commission vide Tariff Order dated 31st May, 2013 has approved the BST for FY 2012-13 as Rs. 3.61 / kWh, the same has been considered for the purpose of Truing up of ARR for FY 2012-13.

4.4.6 The Commission further observes that power availability from UPPCL for FY 2012-13 has been restrained at 45 MW and therefore, balance requirement of power has been met from Open Access Market. During FY 2012-13, the Petitioner has procured 760.66 MU from Open Access Market at an average cost of Rs. 3.99 / kWh which is almost equivalent to the average cost approved by the Commission in its Tariff Order dated 31st May, 2013. Further, the average power purchase cost for power procured from Open Access of Rs. 3.99 / kWh at NPCL periphery is competitive from all India average power purchase rate of Rs. 4.34 / kWh (ex-bus) transacted under bilateral trade during FY 2012-13 (source – MMC Report of CEA). Hence, the Commission approves the power purchased from Open Access on actuals at Rs. 3.99 / kWh.

4.4.7 It has been further observed that in the Tariff Order dated 31st May, 2013 the Commission has also approved the power purchase quantum from renewable sources as 57.70 MU in FY 2012-13. However, in FY 2012-13 the Petitioner has procured only 0.03 MU from renewable sources. In respect of the same, the Commission asked the Petitioner to submit an appropriate justification for not procuring power from renewable sources to comply with RPO.

4.4.8 The Petitioner in its reply, submitted that the Commission released the "Promotion of Green Energy through Renewable Purchase Obligation Regulations", 2010 on 17th August, 2010, wherein it has stated that during each Financial Year, every obligated entity shall purchase a minimum % of its total consumption of electricity (in kWh) from Renewable Energy (RE) sources under RPO. It is also specified in the above Regulation that, in order to meet the RPO, additional non-solar power shall be purchased beyond the limit specified, with approval of the Commission in case adequate solar power or solar certificate is not available.

4.4.9 Petitioner submitted that it is putting continued efforts to procure sufficient RE power to meet its obligation. Petitioner submitted that it has installed 20 kWp Grid-in-Feed SPG (Solar Power Generation) Roof Top Solar Panels on one of its office buildings. These have generated 47,463 units so far since installation i.e. February 2012, in last 20 months. Petitioner submitted that after lof of pursuance, it has recently entered into an agreement for procurement of power through waste to energy based power plant at Okhla, New Delhi. Petitioner submitted that, based on its commitment to buy entire power within the framework of UPERC (Captive and Non-Conventional Energy Generating Plants) Regulations,2009, GNIDA has decided to install a solar plant of 1MWp capacity in Greater Noida Area. Petitioner submitted that as and when this project is commissioned, it will purchase the entire power from them.

4.4.10 Petitioner submitted that it is pertinent to mention that it is having accumulated regulatory assets of Rs. 597.40 Crore as at 31^{st} March, 2013 which is being liquidated through regulatory surcharge of 8% of Retail Tariffs. Petitioner submitted that buying renewable energy at such high costs would increase the burden on the consumers by way of increased tariff and further strain the cash / liquidity of the Company.

4.4.11 Petitioner submitted that it assures that it will continue its endeavor for procurement of renewable power and comply with the regulations however, the delay in procurement as explained herein above is beyond its control. In view of the above, the Petitioner has requested the Commission to grant more time to fulfill its Renewable Obligations.

4.4.12 The Commission observes that inspite of the efforts being made by the Petitioner no actual renewable power is being procured by the Petitioner to fulfill its RPO obligation. The Petitioner should ensure that the RPO obligation is met in the future years. Petitioner is also directed to submit the source wise (generating source or REC) detailed action plan to fulfill its RPO Obligations in future years. For the purpose of Truing up the Commission has approved the actual power procured through renewable sources.

4.4.13 The summary of power purchase cost as approved by the Commission for FY 2012-13 is as shown in the Table below:

Table 4:6: POWER PURCHASE COST AS APPROVED BY THE COMMISSION - FY 2012-13

Item	True-up Approved		
Retail Sales (MU)	980.64		
Losses	8.02%		
Power Purchase	1,066.16		
Sources of Power Purchase	**Energy**	**Rs./kWh**	**Rs. Crore**
UPPCL	305.48	3.61	110.28
Power Purchase from Traders	760.66	3.99	303.16
Power Purchase from RE	0.03	0.00	0.00
Sub-Total	1066.16	3.88	413.43
PGCIL charges			24.21
UPPTCL charges			
Total Transmission charges			24.21
UPPCL BST Arrear for FY- 11 & FY 12			49.38
Total Power Purchase	**1066.16**	**4.57**	**487.02**

- The total quantum approved for FY 2012-13 is 1066.16 MU with power purchase from UPPCL as 305.48 MU, from open access as 760.66 MU and 0.03 MU from renewable energy sources.
- The power purchase cost for UPPCL is approved at provisional BST rate of Rs. 3.61 / kWh.
- The transmission charges for UPPTCL and PGCIL of Rs. 24.21 Crore and UPPCL BST arrears of Rs. 49.38 Crore are approved as per audited accounts.

4.4.14 Accordingly, the total power purchase cost is trued-up at Rs. 487.02 Crore.

4.5 OPERATION & MAINTENANCE (O&M) EXPENSES:

4.5.1 Operation and Maintenance (O&M) expenses comprise of Employee related costs, Administrative and General (A&G) Expenses, and Repair and Maintenance (R&M) expenditure.

4.5.2 The Clause No. 4.3 of the Distribution Tariff Regulations, 2006 stipulates:

"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.

2. Where such data for the preceding five years is not available the Commission may fix O&M expenses for the base year as certain percentage of the capital cost.

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).”

4.5.3 Petitioner submitted that the Commission in Tariff Order dated 31st May, 2013 has approved the O&M expenses at Rs. 28.26 Crore for FY 2012-13 and as per Audited Annual Accounts the actual O&M Expenses for FY 2012-13 other than Statutory / Regulatory Expenses are Rs. 30.60 Crore.

4.5.4 Petitioner submitted that it has so far been claiming the O&M expenses on normative basis in accordance with the Regulations, irrespective of the actual expenses incurred by it. However, for FY 2012-13 the Petitioner has requested the Commission to allow O&M expenses based on actuals as per Audited Annual Accounts due to following reasons:

4.5.5 Incremental O&M Expenses @ 2.5 % on the capital addition in the previous year are inadequate. The incremental O&M expenses for the ensuing financial year, if capped @ 2.5% of capital addition, would be grossly inadequate and would not be commensurate with the volume of the business. To illustrate, the Annual Maintenance Contract (AMC) cost of IT assets are ranging between 12.5% to 15% p.a., on office equipment, it is generally @ 10%. The R & M expenses would tend to go up with the ageing of the assets and may increase many folds in power deficit scenario due to increased wear & tear of electrical equipment in distribution system owing to frequent operation for load shedding, power cuts, tripping etc.

4.5.6 Other Cost Drivers: Clause 4 to Regulations 4.3 of the Distribution Tariff Regulations, 2006 states as under:

> *"4. The O&M expenses shall be brought to an efficient level i.e. in equivalence with similarly placed efficient utilities. The Hon'ble Commission may fix norms based on the circuit kilometers of distribution lines and number of bays in substation and such other parameters, as may be determined by the Hon'ble Commission in due course of time."*

4.5.7 Petitioner submitted that the Commission, in its various Orders, has time and again acknowledged the performance standards of the Petitioner and also in its Order dated 1st September, 2008 observed that NPCL is the best performing utility in U.P. Having regard to observation of the Commission, it has been striving hard to control and optimize its O&M Expense primarily keeping the consumers interest in view. Petitioner submitted that the FOR Model Regulations for Multi Year Distribution Tariff provides for benchmarking the O&M Expenses of any Distribution Utility with its peers in the same State or outside State. The Commission in its Tariff Order dated 14th October, 2010 has mentioned that:

> *"22 (j) In relative analysis, performance parameters of other Distribution Licensees within the same state or in other states, shall be considered by the Commission to estimate norms."*

4.5.8 Petitioner submitted that based on the above, the Commission in its Tariff Order dated 14th October, 2010 has directed it to conduct a study to benchmark its O&M Cost and it has accordingly appointed ICRA Management Consultancy Services Private Limited to conduct the study after conducting competitive bidding and prior approval of the Commission. Petitioner submitted that based on the study conducted, it is no more feasible to sustain the existing low cost operation without compromising with service and safety standards. Therefore, the denial of justified expenses allowance to the Company would jeopardize the operational efficiency achieved by it over past 20 years. There is an urgent need for imminent allocation of higher O&M Cost to enable the Company to maintain and improve upon the service standards and prepare itself for growing requirement of the consumers servicing. Petitioner further, submitted that all expenses have been duly audited by Statutory Auditors and approved by the Board of Directors of the Company. These expenses are allowed in full not only in the Companies Act, 1956 but also in the Income Tax Act, 1961.

4.5.9 Petitioner further submitted that its O&M Expenses are much lower as compared to other Distribution Utilities of U. P. as well Discoms of other States. The Petitioner submitted that it has become imperative to take additional and timely efforts to meet the upcoming demand growth in the area and to maintain a reliable and efficient power supply and it has already started initiative in this regard. Therefore, it is submitted to allow the O&M expenses in full as per audited accounts for FY 2012-13. In view of the above, the Petitioner requested the Commission to approve the O&M expenses at Rs. 30.60 Crore for FY 2012-13 based on its audited annual accounts.

Commission's Analysis:

4.5.10 The Commission in its deficiency note asked the Petitioner to submit the reconciliation of the above cost with the cost as per the audited accounts.

4.5.11 The Petitioner in its reply submitted the reconciliation of the O&M Expenses claimed in the Petition with the audited accounts as shown in the Table below:

Table 4:7: RECONCILIATION OF O&M EXPENSES AS SUBMITTED BY PETITIONER FOR FY 2012-13

Sl. No.	Description	Amount (Rs. Crore)
1	Employee Expenses as shown in Audited Account in Note-25	8.05
2	Other Expense as shown in Audited Accounts in Note-29	29.1
3	Total O&M Expenses Shown in Audited Accounts	37.15
4	Less: Items dealt with separately in ARR as per Tariff Regulation	
i	Bad debts & provision of doubtful debts (net)	-5.98
ii	Loss on sale of Fixed Assets	-0.04
iii	Regulatory Expenses :	-0.88
	Subtotal	-6.92
5	**Total O&M Expenses for FY 2012-13**	**30.23**

4.5.12 The Commission sought clarifications from the Petitioner wherein it revised the O&M Expense from Rs. 30.60 Crore to Rs. 30.23 Crore as per audited accounts.

4.5.13 In accordance with the Clause No. 4.3.1 of Distribution Tariff Regulations, 2006 the net O&M expenses would be computed based on Inflation Index over FY 2011-12 true-up expenses for FY 2012-13. The Weighted average Inflation Index computed is 8.75% for FY 2012- 13 as given in the Table below:

Table 4:8: INFLATION INDEX FOR FY 2012-13

Month	Wholesale Price Index		Consumer Price Index	
	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13
April	152.10	163.50	186.00	205.00
May	152.40	163.90	187.00	206.00
June	153.10	164.70	189.00	208.00
July	154.20	165.80	193.00	212.00
August	154.90	167.30	194.00	214.00
September	156.20	168.80	197.00	215.00
October	157.00	168.50	198.00	217.00
November	157.40	168.80	199.00	218.00
December	157.30	168.80	197.00	219.00
January	158.70	170.30	198.00	221.00
February	159.30	170.90	199.00	223.00
March	161.00	170.10	201.00	224.00
Average for Financial Year	156.13	167.62	194.83	215.17
Calculation of Inflation Index (CPI-40%, WPI-60%) for FY 2012-13				
Inflation index for FY 2011-12	171.61			

Month	Wholesale Price Index		Consumer Price Index	
	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13
Inflation index for FY 2012-13	186.64			
Applicable Inflation rate	**8.75%**			

4.5.14 The Commission for the purpose of Truing up for FY 2012-13 has allowed the O&M Expenses based on the Regulation 4.3 of UPERC Tariff Regulations, 2006 and as allowed in previous years.

4.5.15 The gross O&M expenses also include additional O&M expenses at 2.50% capitalization of assets in the preceding year. The capitalized assets in the preceding year include assets handed over by GNIDA and UPSIDC free of cost in the FY 2011-12. These assets have been considered on the basis of values declared by respective authorities. The Commission has also gone through the audited accounts of NPCL wherein, the value of those assets is ascertained by the auditor. Further the audited accounts mention that the assets have been handed over for maintenance purpose only while the ownership is yet to be transferred. Accordingly, the Commission has considered the additional O&M expenses for these assets to be allowed for O&M purposes only. Any other impact on other parameters like depreciation, capital expenditure, capitalization etc. is not being allowed till the company takes ownership of the assets.

4.5.16 Based on the above, the computation of O&M expenses Trued-up for FY 2012-13 is as shown in the Table below:

Table 4:9: O&M EXPENSES FOR FY 2012-13 AS APPROVED BY THE COMMISSSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Total additions to Fixed Assets	75.81		77.20
Less: Assets Retired/Scrapped	1.39		1.39
Net Addition to Fixed Assets	74.42		75.81
Preceding Year Gross O&M	24.28	30.23	24.28
Incremental O&M @ 2.5%	1.86		1.90
Inflation Index Applicable	8.75%		8.75%
O&M Expenses escalated	26.40		26.40
Total O & M expenses	**28.26**	**30.23**	**28.30**

4.6 STATUTORY & OTHER RELATED EXPENSES:

4.6.1 As against the approved statutory and other related expenses of Rs. 2.35 Crore the Petitioner for Truing up of ARR for FY 2012-13, has claimed other statutory expenses of Rs. 0.88 Crore as per its audited accounts. These expenses are over and above the expenses incurred on fees and other UPERC related expenses and has requested for allowance of the same.

Commission's Analysis

4.6.2 Under the above head the Petitioner has claimed CGRF expense of Rs. 0.16 Crore in FY 2012-13. In this regard Regulation 22 of the Consumer Grievances Redressal Forum Regulations, 2007 is reproduced below:

> *"Treatment of Expenses –*
>
> *All reasonable costs incurred by the Distribution Licensee on the establishment and running of the Forum, shall be a pass through in the Annual Revenue Requirements filed by the Distribution Licensee after deducting the amount of fees collected by the Distribution Licensee under the regulations."*

4.6.3 In view of the above, the Commission approves CGRF expense of Rs. 0.16 Crore.

4.6.4 Further, the Petitioner has claimed expenses incurred towards competitive bidding process for long-term / short-term power procurement, technical studies and other activities as directed by the Commission. In this regard Regulations 4.3.5 of Distribution Tariff Regulations, 2006 is reproduced as below:

> *"The Commission may consider additional O&M expenses on account of war, insurgency, and change in laws or like eventualities for a specified period."*

4.6.5 Accordingly, the Commission approves the additional statutory expenses incurred towards competitive bidding process, demand side management activities and technical studies on actuals. The table below highlights the approved statutory and other expenses approved by the Commission for FY 2012-13:

Table 4:10: STATUTORY/OTHER REGULATORY EXPENSES (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Demand Side Management Expenses	0.20	0.21	0.21
CGRF Expenses	0.20	0.16	0.16
UPERC Expenses	0.00	0.00	0.00
Competitive Bidding Expenses	0.25	0.08	0.08
Technical studies as directed by Commission	0.20	0.06	0.06
Service Tax payable due to change in law	1.50	0.37	0.37
Total	**2.35**	**0.88**	**0.88**

4.7 CAPITAL EXPENDITURE (CAPEX):

4.7.1 For FY 2012-13, the Petitioner in the True-up petition has claimed capex of Rs. 135.08 Crore as against Rs. 139.69 Crore approved by the Commission in its Tariff Order dated 31st May, 2013.

4.7.2 Apart from the above capex, an amount of Rs. 0.85 Crore has been capitalized as interest during construction period.

Commission's Analysis:

4.7.3 The actual capital expenditure for FY 2012-13 has been considered as per the audited accounts. The opening capital work in progress (CWIP) for FY 2012-13 is Rs. 1.76 Crore. Total capitalization i.e. transfers to GFA as per the audited accounts is Rs. 135.08 Crore. Accordingly, the capital expenditure incurred by the Petitioner for the FY 2012-13 as per the Audited Accounts works out to be Rs. 133.88 Crore.

4.7.4 The interest capitalization for FY 2012-13 has been considered as Rs. 0.85 Crore.

4.7.5 The details of the capex claimed and approved / true-up by Commission for FY 2012-13 is provided in the below:

Table 4:11: CAPEX TRUE-UP FOR FY 2012-13 (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Total Additions to Assets (excluding interest capitalization)	139.69	135.08	135.08
Add: Closing CWIP	2.50	0.56	0.56
Less: Opening CWIP	1.76	1.76	1.76
Total Capex (excluding interest capitalization)	**140.43**	**133.88**	**133.88**
Add: Interest Capitalization	1.28	0.85	0.85
Total Capex	**141.71**	**134.73**	**134.73**
Consumer Contribution & GNIDA	10.00	10.79	10.79
Net Capex	**131.71**	**123.94**	**123.94**
Debt @ 70%	92.19	86.76	86.76
Equity @ 30%	39.51	37.18	37.18

4.7.6 Consumer contribution of Rs. 10.79 Crore is taken as per the audited accounts for FY 2012-13.

4.8 INTEREST AND FINANCE CHARGES:

4.8.1 The Licensee has claimed Interest and Finance Charges which includes following heads:

- Interest on Long Term Loans;
- Finance Charges;
- Interest on working capital / short term loans;
- Interest on consumer security deposits
- Carrying Cost of Regulatory Asset

4.8.2 Each of the above cost elements are discussed separately as under:

4.9 INTEREST ON LONG TERM LOANS:

4.9.1 In the true-up petition, the Petitioner has claimed interest on loan as Rs. 28.77 Crore after considering loan additions of Rs. 86.76 Crore.

Commissions’ Analysis

4.9.2 The Commission has gone through the interest expenses claimed by the Petitioner for FY 2012-13. It has been observed by the Commission, that the Petitioner has claimed the interest expense of Rs. 7.51 Crore for loan from GNIDA with the opening and closing loan amount of Rs. 12.25 Crore and Rs. 3.46 Crore respectively, which results very high interest rate. As regard the same, the Commission asked the Petitioner to submit an appropriate clarification in this regard clearly explaining the reason for such a high interest rate along with the supporting documents for its claim.

4.9.3 The Petitioner in its reply submitted that it has procured 13 plots of land in FY 2007-08 against which an aggregate loan of Rs. 12.73 Crore was extended by GNIDA to be paid in 12 half yearly equal installments. However, due to the dispute regarding acquisition of land between GNIDA and farmers, these lands could not be handed over and registered in the name of the Petitioner even after the due allotment of the same and deposit of application and allotment money. Pending transfer and registration of land, the payment of the principal installments and interest on the GNIDA's loan were kept in abeyance. Due to this reason only, it has not been claiming any interest against such loans since FY 2007-08 even though the loan funding was approved by the Commission vide its Tariff Order dated 1st September, 2008. Petitioner submitted that the Commission while approving ARR for FY 2012-13 had also acknowledged the same.

4.9.4 Petitioner further, submitted that during FY 2012-13, out of the 13 plots, GNIDA handed over 7 plots of lands to the petitioner and claimed interest from the date of allotment. Based on the allotment and the applicable rates, the total cumulative interest was paid to GNIDA in FY 2012-13. A schedule of interest paid on various plots alongwith the copy of the challans has also been submitted by the Petitioner. Petitioner submitted that due to the above reasons and after the physical possession and completion of the registration of land, interest and repayment of GNIDA loan has been considered on actual payment basis.

4.9.5 The Commission further observed that the Petitioner submitted the total loan requirement for FY 2012-13 as Rs. 86.76 Crore, however the loan funding has been shown only for Rs. 86.40 Crore. In this respect the Commission asked the Petitioner to submit an appropriate justification. In reply to the same, the Petitioner submitted that the Interest for FY 2012-13 has been computed considering the loan funding at Rs. 86.76 Crore only and inadvertently, the same was mentioned as Rs. 86.40 Crore.

4.9.6 The Commission has gone through the above replies of the Petitioner and has found them in order. The interest on long term loans as submitted by NPCL and as true-up by Commission for FY 2012-13 is given in Table below:

Table 4:12: INTEREST ON LONG TERM LOANS AS SUBMITTED BY PETITIONER FOR FY 2012-13 (Rs. Crore)

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Bank – Foreign	2.88		2.88		0.08
Yes Bank (FY08)	12.80		4.80	8.00	1.40
Bank of Maharashtra (FY 10)	27.26		4.93	22.33	3.38
Yes Bank (FY 10)	4.10		4.10		0.19
IDBI Bank(FY11)	58.01		11.05	46.96	7.02
HDFC Car Loan	0.01		0.01		
GNIDA	12.25		8.80	3.46	7.51
Normative Loans (FY08)	3.19		0.53	2.66	0.40
ICICI Bank (FY12)	40.52		3.38	37.15	5.57
Central Bank of India (FY 13)		62.76		62.76	1.96
ICICI Bank (FY 13)		24.00		24.00	0.75
Total	**161.03**	**86.76**	**40.48**	**207.31**	**28.27**

4.9.7 The opening balances of loan trued-up for FY 2012-13 are considered as per closing balances of true-up for FY 2011-12.

4.9.8 The normative loan of FY 2007-08 is continued in FY 2012-13 with repayment considered based on 10-year repayment period.

4.9.9 The debt component has been considered at 70% and accordingly the additions during the year FY 2012-13 is at Rs. 86.76 Crore. The source of loan is Central Bank of India and ICICI bank Limited with rate of interest at 12.50% and 12.75%. NPCL has submitted the bank sanction letters with the Petition and accordingly the Commission has taken the actual interest rates for computing the interest expenses.

4.9.10 The repayments, rate of interest and interest on existing loans are approved as per actual loan portfolio for FY 2012-13. The repayment and interest in respect of GNIDA loan has been considered on the basis of actual payment acknowledged by challan deposited during the year.

Table 4:13: INTEREST ON LONG TERM LOANS APPROVED BY THE COMMISSION FOR FY 2012-13 (Rs. Crore)

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Bank – Foreign	2.88		2.88		0.08
Yes Bank (FY08)	12.80		4.80	8.00	1.40
Bank of Maharashtra (FY 10)	27.27		4.93	22.34	3.38
Yes Bank (FY 10)	4.14		4.14		0.20
IDBI Bank(FY11)	58.01		11.05	46.96	7.02
GNIDA	12.25		8.80	3.46	7.51
Normative Loans (FY08)	3.18		0.53	2.65	0.40
ICICI Bank (FY 12)	40.52		3.38	37.15	5.57
Central Bank of India (FY 13)		62.76		62.76	1.96
ICICI Bank (FY 13)		24.00		24.00	0.75
Total	**161.06**	**86.76**	**40.50**	**207.31**	**28.27**

4.10 INTEREST ON WORKING CAPITAL:

4.10.1 The Distribution Tariff Regulations, 2006 provides for normative interest on working capital based on the principles outlined and accordingly Licensee is eligible for interest on working capital worked out on this basis. Further the Clause No. 4.8 (2) (b) of the Distribution Tariff Regulations, 2006 provides for rate of interest on working capital borrowings at bank rate specified by RBI + appropriate margin decided by Commission. For the purpose, the Commission has considered weighted average of SBI-PLR as given in the Table below:

Table 4:14: WEIGHTED AVERAGE SBI-PLR

From	To	Days	SBI PLR (%)
4-Feb-13	31-Mar-13	56	14.45
27-Sep-12	3-Feb-13	130	14.50
1-Apr-12	26-Sep-12	179	14.75
Weighted Average		365	14.61

4.10.2 In the truing up Petition for FY 2012-13, the Petitioner has considered the security deposit passed onto UPPCL amounting to Rs. 11.28 Crore. Such amount has been added while computing the total working capital requirement for the year as had been done in previous years. The total interest on working capital claimed by the Petitioner is Rs. 8.14 Crore.

Commission's Analysis

4.10.3 The Commission has worked out the working capital and interest on working capital for FY 2012-13 as given in Table below:

Table 4:15: INTEREST ON WORKING CAPITAL AS APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
One Month's O&M Expenses	2.55	2.62	2.43
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	15.00	15.03	15.03
Receivables equivalent to 60 days average billing on consumers	104.90	98.24	98.24
Gross Total	**122.46**	**115.89**	**115.70**
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003			
Opening Balance	63.89	63.89	63.89
Received during the year	14.00	15.18	15.18
Closing Balance	**77.89**	**79.07**	**79.07**
Less: Security Deposit with UPPCL	11.28	11.28	11.28
Net Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	59.61	60.20	60.20
Net Working Capital	**62.85**	**55.69**	**55.50**
Rate of Interest for Working Capital	14.61%	14.61%	14.61%

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Interest on Total Working Capital	**9.19**	**8.14**	**8.11**

4.11 FINANCE CHARGES

4.11.1 Petitioner submitted that since, the Term Loans requirement for FY 2012-13 has been tied-up by the Company during the FY 2011-12 itself, the processing charges for the term loans have been claimed by the Petitioner and Trued-up by the Commission, while approving the ARR for FY 2011-12 .

4.11.2 Petitioner submitted that during FY 2012-13, the Company has incurred the expenses on renewal / enhancement of the existing Working Capital Facilities in accordance with their respective terms of the agreement. Petitioner submitted that during FY 2012-13, it has negotiated and issued Commercial Paper of Rs. 50 Crore on the basis of LC from Yes bank Limited to facilitate short-term funding of regulatory asset and working capital requirement.

4.11.3 The summary of processing charges as claimed by the Petitioner for FY 2012-13 is provided in Table below:

Table 4:16: SUMMARY OF PROCESSING CHARGES AS CLAIMED BY THE PETITIONER (Rs. Crore)

Particulars	Approved	Limits	Charges as % of Facility	Actual
IDBI Bank Limited	5.25			
- Working Capital		50	0.96%	0.48
Yes Bank Limited				
- Commercial Paper/ Working Capital		130	0.92%	0.94
ICICI Bank				
- Working Capital		10	0.17%	0.02
Axis Bank				
- Working Capital		80	0.70%	0.56
Central Bank of India				
- Working Capital		50	0.79%	0.39
Grand Total	**5.25**	**240**	**0.99%**	**2.39**

4.11.4 In addition to the above the Petitioner also claimed Credit Rating Charges and Other Finance Charges as Rs. 0.17 Crore and Rs. 0.37 Crore respectively.

Commission's Analysis

4.11.5 As may be observed from the above table, Petitioner has claimed Rs. 2.39 Crore for processing charges which is to facilitate short-term funding of regulatory asset and working capital requirement. Petitioner has specifically submitted that the claimed processing charges are only for funding the regulatory assets and the working capital requirement and not for the term loans.

4.11.6 It may be observed that the Petitioner claims the carrying cost on the Regulatory Asset separately which is allowed by the Commission at the SBI PLR with monthly compounding. The Commission is of the view that any expense to fund the regulatory asset has to be borne from the carrying cost allowed by the Commission and should not be claimed additionally. Thus, it would not be appropriate to allow the expenses to facilitate the funding the regulatory asset (shortfall in cash-flow) and the same can be allowed only for the normative working capital requirement allowed by the Commission.

4.11.7 The Commission in this regard also asked the Petitioner to submit the breakup of actual processing charges incurred for funding the normal working capital requirements and the shortfall due to regulatory asset.

4.11.8 The Petitioner in its reply vide email dated 22nd August, 2014 submitted the working of the processing charges pertaining only to the normative working capital requirement as allowed by the Commission. The Processing charge as per the computation of the Petitioner is working out to Rs. 0.56 Crore.

4.11.9 In view of the above, the Commission while approving the finance charges has considered the processing charges only for the normative working capital requirement which has been recomputed as Rs. 0.55 Crore..

4.11.10 The summary of the Finance charges as claimed by the Petitioner and as approved by the Commission for FY 2012-13 are shown in the Table below:

Table 4:17: FINANCE CHARGES APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Credit Rating Charges	0.10	0.17	0.17
Processing Charges	5.25	2.39	0.55
Other Finance Charges	0.31	0.37	0.37

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Total Finance Charges	**5.66**	**2.93**	**1.09**

4.12 INTEREST ON SECURITY DEPOSIT:

4.12.1 Clause No. 4.8.3 of the Distribution Tariff Regulation, 2006 provides that that the licensee shall pay interest equivalent to the bank rate or more on the consumer security deposits, as may be specified by the Commission.

4.12.2 The Commission in its Tariff Order dated 31st May, 2013 has approved the Interest on Security Deposit at 9.50% based on the RBI's Bank Rate prevailing on the 1st April of the FY 2012-13. Accordingly the Petitioner in its True-up petition has claimed interest on security deposit as Rs. 7.10 Crore at 9.50%.

Commission's Analysis

4.12.3 The Commission has approved the actual interest on security deposit paid / provided for FY 2012-13 as per audited accounts for FY 2012-13. The details of the interest on security deposits claimed and trued-up by Commission for FY 2012-13 are given in the Table below:

Table 4:18: INTEREST ON SECURITY DEPOSIT AS APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Opening Balance of Security Deposit	63.89	63.89	63.89
Addition During the year	14.00	15.18	15.18
Closing Balance for Security Deposit	77.89	79.07	79.07
Average Balance for Security Deposit	**70.89**	**71.48**	**71.48**
Rate of Interest	9.50%	9.50%	9.50%
Interest payable on Security Deposit	**6.73**	**7.10**	**7.10**

4.12.4 The company has paid interest on consumer security deposit @ 9.5% p.a. on its consumer security deposits. The interest on security deposit is trued-up at Rs. 7.10 Crore as per the Audited Accounts of FY 2012-13.

4.13 INTEREST CAPITALISATION:

4.13.1 Petitioner submitted that as per the directions of the Commission and Hon'ble ATE, from FY 2011-12, it has adopted the methodology for capitalization of actual interest cost incurred over new assets in accordance with "Accounting Standard 16 on Cost of Borrowing".

4.13.2 According to the methodology, interest expenses incurred on the purchase of materials is being computed from the date of supply and in case of labour expenses, it is being computed from the date of erection for each project. Petitioner submitted that it is using SAP based ERP for the purpose of accounting and maintenance of Fixed Asset Register. Thus, the interest cost so computed is included in the project cost and is being capitalized along with the same for deprecation, RoE etc. purposes.

4.13.3 Considering the above methodology appropriate, the Commission has approved the Interest capitalization for FY 2012-13 as Rs. 0.85 Crore as per Audited Accounts of the Petitioner.

4.14 SUMMARY OF INTEREST & FINANCE CHARGES:

4.14.1 The Summary of Interest and Finance Charges trued-up by the Commission for FY 2012-13 are given in the Table below:

Table 4:19: SUMMARY-INTEREST & FINANCE CHARGES APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Interest on Long term loans	26.25	28.27	28.27
Interest on short term loans/working capital	9.19	8.14	8.11
Finance charges	5.66	2.93	1.09
Interest on security deposit	6.73	7.10	7.10
Total Interest & Finance charges	**47.82**	**46.44**	**44.58**
Less: Interest capitalization	1.28	0.85	0.85
Net Interest & Finance charges	**46.54**	**45.59**	**43.73**

4.15 CAPITALISATION OF ASSETS & COMPUTATION OF EQUITY:

4.15.1 As per clause 4.10.1 of the Distribution Tariff Regulations, 2006, the Petitioner has claimed return on equity at 16% on the equity base determined.

Commission's Analysis:

4.15.2 As per Clause 1 of Regulation 4.10 of the Distribution Tariff Regulations, 2006, return on equity shall be allowed at 16% on the equity base determined in accordance with Regulation 4.7.

4.15.3 The Capitalisation of Assets or Capital Formation takes place from Opening Work in Progress (WIP) and investments / capex undertaken during the year. The true-up computation of equity approved by the Commission for FY 2012-13 is given in the Table below:

Table 4:20: CAPITALISATION OF ASSETS & COMPUTATION OF EQUITY APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Opening CWIP	1.76	1.76	1.76
Capital Investment	141.71	134.73	134.73
Total capitalization=Transfer to GFA	140.97	135.93	135.93
Capitalisation of Capex approved during the year in the year	139.21	134.17	134.17
Consumer contribution	10	10.79	10.79
Remaining investment	**131.71**	**123.94**	**123.94**
Debt	92.19	86.76	86.76
Equity	39.51	37.18	37.18
Portion of Inv. Assumed to be capitalised through CC	9.82	10.75	10.75
Portion of remaining investment to be capitalised	**129.38**	**123.43**	**123.43**
Debt	90.57	86.40	86.40
Equity	38.81	37.03	37.03
Portion of Opening CWIP	0.46	0.46	0.46
Total Equity for RoE	**39.27**	**37.49**	**37.49**

4.16 GROSS FIXED ASSETS (GFA) & WORK-IN-PROGRESS:

4.16.1 NPCL has submitted the audited GFA for truing-up and the same is presented in the table below along with Commission's approval for FY 2012-13.

Table 4:21: GROSS FIXED ASSETS APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Opening Balance (GFA)	481.60	481.58	481.60
Addition during the Year	140.97	135.93	135.93
Retirement during the Year	1.77	2.04	2.05
Closing Balance	**620.80**	**615.47**	**615.48**

4.17 DEPRECIATION:

4.17.1 Petitioner submitted that depreciation on plants, equipments and installations has been computed under separate categories in accordance with the rates prescribed under the Distribution Tariff Regulations, 2006. In case of Computers and IT assets, depreciation has been provided at the rates prescribed by the Commission in its Tariff Order dated 1st September, 2008. Petitioner submitted that the Depreciation corresponding to the consumer contribution has been reduced from depreciation on above GFA.

Commission's Analysis:

4.17.2 The Commission in its Distribution Tariff Regulations, 2006 has specified the rates to be utilized for the purposes of computing depreciation for different class of assets. The Commission in the Tariff Order dated 1st September, 2008 para 4.16.3 had taken a stand to allow Licensee to charge higher depreciation on IT assets at 30% instead of 12.77%. Considering the same, the depreciation expenses as claimed by the Petitioner and as approved by the Commission for FY 2012-13 are provided in the Table below:

Table 4:22: DEPRECIATION APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Depreciation	34.46	34.32	34.32
Less: Depreciation on Consumer Contribution	5.27	5.49	5.49
Net Depreciation	29.19	28.83	28.83
Average Normative GFA	551.20	548.52	548.54
Weighted average depreciation rate	6.25%	6.26%	6.26%

4.18 INCOME TAX:

4.18.1 Clause 4.13 of UPERC Distribution Tariff Regulations, 2006, specified as below:-

"4.13 Tax on Income:

1. Tax on the income streams of the distribution licensee from core business shall be treated as an expense and shall be recovered in tariff.

2. Any under-recoveries or over-recoveries of tax on income shall be adjusted every year on the basis of income tax assessment under the Income Tax Act, 1961 as certified by the statutory Auditors"

4.18.2 Petitioner submitted that the Commission vide its Tariff Order dated 26th June, 2007 provided that Taxes shall be allowed on actual basis. Accordingly, the Commission in its various Tariff Orders had been approving the income tax liability on actual payment basis. Accordingly, the Petitioner claimed the total income tax liability for FY 2012-13, as Rs. 41.11 Crore.

4.18.3 Petitioner submitted the following as regard to income tax payments made during FY 2012-13:

- The Commission vide its Tariff Order dated 19th October, 2012 and 31st May, 2013 has revised the truing-up for FY 2007-08 and FY 2008-09, trued-up the ARR for FY 2009-10 to FY 2011-12 and approved the ARR for FY 2012-13 and FY 2013-14 provisionally. The effect of the approvals for such costs for all the 6 years since FY 2007-08 were provided while finalizing the accounts for FY 2012-13. Resultantly, the income pertaining to these years was taxed along with the income for FY 2012-13.

- Accordingly, the tax payable on MAT basis for these years have been recomputed considering the effect of Tariff Orders and the difference with original MAT payment along with interest, being the under-recovery for previous years, has been provided in accounts for FY 2012-13. Therefore, an amount of Rs. 38.37 Crore has been assessed as payable under MAT provisions for FY 2012-13.

- Petitioner submitted that the Income Tax Department vide its Assessment Order dated 20th December, 2011 has raised a demand of Rs. 4.72 Crore towards income tax for FY 2008-09. The Company has deposited Rs. 1.90 Crore in FY 2011-12 and remaining Rs. 2.81 Crore during FY 2012-13 which has been included in above computation.

- Petitioner submitted that the Tax Demands for preceding years amounting to Rs. 6.74 Crore provided for in the audited accounts during FY 2012-13 have not been included in ARR for FY 2012-13 as the same has already been approved by the Commission in true-up of ARR for FY 2009-10 to FY 2011-12.
- Petitioner also submitted the Income Tax challans along with the Petition.

Commission's Analysis:

4.18.4 As against the approved income tax of Rs. 10.75 Crore for FY 2012-13, the Petitioner in its Petition has claimed the Income Tax as Rs. 41.11 Crore. Petitioner in its Petition has also submitted the challans for the income tax payments. The Commission while examining the submitted challans had observed some discrepancies in the Income Tax claimed in the Petition and as per the challans submitted as shown in the Table below:

Table 4:23: INCOME TAX AS CLAIMED BY THE PETITIONER AND AS PER CHALLANS (Rs. Crore)

Particulars	Challans	Petition
MAT	38.704	38.27
Income Tax demand	2.81	2.84
Total	41.514	41.11

4.18.5 In respect of the above, the Commission asked the Petitioner to submit the justification for the above discrepancy.

4.18.6 In reply to the above, the Petitioner submitted that the amount of tax in the true-up petition was inadvertently shown as Rs. 41.11 Crore despite actual tax payment (based on challan), being Rs. 41.51 Crore. Petitioner also requested the Commission to condone the omission and allow Taxes of Rs. 41.51 Crore in the True-up of ARR for FY 2012-13 as per challans, being, actually paid by it.

4.18.7 It may be noted that as the Commission has been allowing the Income Tax as per the actual payments made in a year which may include the income tax liability for other years also. This will result in higher allowable income tax for some years while allowable income tax based on actual payments for other years may be lower than the actual. For the Truing-up purpose the Commission in line with the approach followed in previous years, has approved the actual Income Tax liability of Rs. 41.51 Crore as per the challans submitted.

4.19 CONTINGENCY RESERVE:

4.19.1 Clause No. 4.14 of the Distribution Tariff Regulations, 2006 provides for creation of Contingency Reserve upto 0.5% of opening gross fixed assets to be included in ARR for meeting cost of replacement of equipment damaged due to force majeure situations.

4.19.2 NPCL in its true-up petition has not claimed any contingency reserve for FY 2012-13. Accordingly, the Commission for the truing up purpose for FY 2012-13 has not considered any contingency reserve.

4.20 PROVISION FOR BAD & DOUBTFUL DEBTS:

4.20.1 The expenses claimed by the Petitioner on account of bad and doubtful debts for FY 2012-13 are Rs. 5.69 Crore as against the approved amount of Rs. 5.81 Crore. The Petitioner submitted that any recovery around 97% - 98% of the sales should undoubtedly be considered as efficient collection and, therefore, the balance 2-3% may be provided as bad and doubtful debts.

Commission's Analysis:

4.20.2 As per clause 4.4 of the Distribution Tariff Regulations, 2006,

> *"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."*

4.20.3 Thus, from the above, bad debts subject to actual written off in the audited books shall be allowed upto 2% of the revenue for the year under consideration. The Commission had provisionally approved bad debts for FY 2012-13 at 1.00% of revenue vide Tariff Order dated 31st May, 2013. The Petitioner has claimed bad debts for FY 2012-13 at 0.997% of revenue billed during the year as per transparent policy duly approved by the Commission.

4.20.4 The Commission considers it appropriate that since Licensee has written off bad debts on actual basis after taking its Management's approval, the bad-debts may be trued-up at 0.997% level on revenue approved by Commission. The details of bad-debts trued-up by the Commission for 2012-13 are provided in the Table below:

Table 4:24: BAD & DOUBTFUL DEBTS FOR FY 2012-13 (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Receivable from Customers as at the beginning of the year	39.68	39.68	39.68
Revenue billed for the year	581.08	571.02	571.02
Collection for the year	549.01	562.85	562.85
Gross receivable from customer as at the end of the year	71.75	47.85	47.85
% of Provision	1.000%	0.997%	0.997%
Provision for Bad & Doubtful debts	**5.81**	**5.69**	**5.69**

4.21 MISCELLANEOUS EXPENSES:

4.21.1 Petitioner submitted that the Commission in its Tariff Order dated 31st May, 2013, has approved a Miscellaneous Expenditure viz. loss on sale of fixed assets at Rs. 0.35 Crore. During, FY 2012-13, most of the assets retired comprised of meters which are largely funded through consumer contribution. Thus, though the loss on sale / retirement of these meters was Rs. 0.46 Crore, Rs. 0.42 Crore was set-off from consumer contribution and remaining Rs. 0.04 Crore on account of loss on sale of fixed assets is claimed as miscellaneous expenditure. Petitioner requested the Commission to allow the same accordingly for FY 2012-13.

4.21.2 Considering that due to fast obsolescence and normal wear and tear, some of the assets are required to be scrapped before their useful life. Hence, the loss on sale of assets incurred due to disposal of such scrap assets is genuine and legitimate business expenditure and therefore, the Commission approves miscellaneous expenditure at Rs. 0.04 Crore as per Audited Accounts of the Petitioner for FY 2012-13.

4.22 RETURN ON EQUITY:

4.22.1 The Licensee is entitled to earn Return on Equity as per Clause No. 4.10 of the Distribution Tariff Regulations, 2006.

4.22.2 Petitioner based on its computations of equity after making adjustment for interest capitalization has claimed return of Rs. 21.95 Crore.

Commission's Analysis:

4.22.3 The return on equity computed by Commission and approved for FY 2012-13 is provided in the Table below:

Table 4:25: RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2012-13 (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Regulatory Equity Base at the beginning of the year	118.44	118.44	118.44
Assets Capitalised during the year	140.97	135.93	135.93
Equity portion of Assets Capitalised during the year	39.27	37.49	37.49
Regulatory Equity Base at the end of the year	157.72	155.93	155.93
Computation of Return on Equity			
Return on Opening Regulatory Equity Base at 16%	18.95	18.95	18.95
Return on Addition to Equity Base during the year at 16%	3.14	3.00	3.00
Total Return on Equity	**22.09**	**21.95**	**21.95**

4.22.4 The return on equity trued-up for FY 2012-13 is Rs. 21.95 Crore as against Rs. 22.09 Crore approved in Tariff Order dated 31st May, 2013.

4.23 NON TARIFF INCOME:

4.23.1 The Non-Tariff Income includes delayed payment surcharge, miscellaneous charges, income from investments, interest on fixed deposits and income from consultancy business. The non-tariff income claimed by NPCL for truing-up for FY 2012-13 is Rs. 1.13 Crore.

4.23.2 In order to appropriately compensate for the cost incurred for financing that deferred payment beyond the normative period, the Commission in its Tariff Order dated 31st May, 2013 has reduced the amount of non-tariff income by the financing costs of DPS on account of the reasons highlighted in section 6.18 of the aforesaid Order.

4.23.3 The financing cost of delayed payment surcharge is computed by the Commission based on the actual DPS for the year. The DPS is grossed up conservatively based on the highest applicable surcharge rate which is 1.5% per month. Further, the financing cost is arrived at on the grossed-up amount and the weighted average SBI PLR rate applicable. The computation of the financing cost for DPS is provided below:

Table 4:26: COST OF BORROWING FOR DPS APPROVED BY THE COMMISSION FOR FY 2012-13 (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
Delayed Payment Surcharge (Rs. Crore)	2.50	1.33	1.33
DPS grossed up at 1.50% per month or 18% per annum	18%	18%	18%
Amount (Rs. Crore)	13.89	7.39	7.39
Financing cost @SBI PLR	14.61%	14.61%	14.61%
Cost of Borrowing (Rs. Crore)	**2.03**	**1.08**	**1.08**

4.23.4 The Commission approves the non-tariff income net of financing cost for DPS at Rs. 1.13 Crore for the truing-up for FY 2012-13.

4.24 REVENUE FROM SALE OF POWER:

4.24.1 NPCL in the true-up petition has submitted that the revenue from sale of power as per Audited Accounts is Rs. 571.02 Crore. The Commission has approved the sales as per Audited Accounts and accordingly approves the revenue from sale of power at Rs. 571.02 Crore. The category wise revenue from sale of power for FY 2012-13 is provided in the Table below:

Table 4:27: REVENUE APPROVED BY THE COMMISSION FOR FY 2012-13

Particulars	Sales	Revenue	Average Realisation
	(MU)	(Rs. Crore)	(Rs/kWh)
LMV-1: Domestic Light, Fan & Power	173.26	68.37	3.95
LMV-2: Non Domestic Light, Fan & Power	19.32	13.73	7.11
LMV-3: Public Lamps	21.46	12.48	5.82
LMV-4: Institutions	9.73	6.58	6.76
LMV-5: Private Tube Wells	13.63	1.29	0.95
LMV 6: Small and Medium Power	35.94	30.34	8.44
LMV-7: Public Water Works	10.13	6.93	6.84
LMV-8: STW and Pumped Canals	0.31	0.21	6.75
LMV-9: Temporary Supply	21.19	15.34	7.24
HV-1: Non Industrial Bulk Power	54.23	35.99	6.64
HV-2: Large and Heavy Power	621.44	379.77	6.11
Total	**980.64**	**571.02**	**5.82**

4.25 REVENUE GAP OF FY 2011-12:

4.25.1 The revenue gap carried forward from FY 2011-12 is Rs. 431.83 Crore as determined by the Commission in its Order dated 31st May, 2013. The same is considered for the purpose of ARR for FY 2012-13.

4.26 CARRYING COST:

4.26.1 Petitioner submitted that the carrying forward of Regulatory Assets should be resorted to only under exceptional circumstances, but if Regulatory Assets are created by the Commission, then the Licensee is entitled to the Carrying cost of Regulatory Assets.

4.26.2 Petitioner submitted that in order to avoid tariff shock, the Commission has been creating regulatory assets, and in such a case, the financing costs / carrying costs on such regulatory assets needs to be necessarily and mandatorily be allowed to the Company. In fact, the Tariff Policy, 2006 provides that in such case the State Commissions should ensure appropriate return on equity in order to enable the utilities to borrow in future also. Keeping the above in view, the Commission, in its Tariff Order dated 19th October, 2012 and 31st May, 2013, has allowed carrying cost of regulatory asset at weighted average SBI-PLR on monthly compounding basis. Accordingly, the Hon'ble Commission has approved a carrying cost of Rs. 65.00 Crore for FY 2012-13 in its aforesaid Tariff Order. Based on the same principles, the Petitioner claimed the carrying cost also for FY 2012-13.

Commission's Analysis

4.26.3 Regulation 6.12 (3) of Distribution Tariff Regulations, 2006 provides for allowance of financing cost on regulatory assets. Further, the Hon'ble ATE has held that proper financing costs / carrying costs / interest charges on the regulatory assets has to be allowed by the Commission. In respect to the same, the Commission in its Order dated 19th October, 2012 specified as follows:

> *"The Commission has gone through the submissions and is in agreement to the contention of the Petitioner. Accordingly, the Commission approves the percentage of carrying cost to be allowed to the Petitioner based on monthly compounding of weighted average SBI PLR rate applicable for the year."*

4.26.4 Thus, considering the same, the Commission for FY 2012-13 has also computed the carrying cost at on monthly compounding of weighted average SBI PLR rate applicable for FY 2012-13 as shown in the Table below:

Table 4:28: CARRYING COST APPROVED BY THE COMMISSION FOR FY 2012-13

Particulars	Formula	True-up Petition	Approved
Revenue Gap (For FY 2012-13)	A	90.97	87.18
Revenue Gap (For previous year)	B	431.83	431.83
Avg. SBI PLR (With monthly compounding)	C	15.63%	15.63%
Carrying Cost on Revenue Gap for FY 2012-13	D= C x (A/2)	7.11	6.82

Particulars	Formula	True-up Petition	Approved
Carrying Cost on Revenue Gap for previous years	E = C x B/	67.52	67.52
Total Carrying cost	**F = D + E**	**74.63**	**74.33**

4.27 SUMMARY OF ARR FOR FY 2012-13:

4.27.1 Based on the above cost approvals, the Summary of the ARR approved for FY 2012-13 is provided in the Table below:

Table 4:29: SUMMARY OF TRUE UP FOR FY 2012-13 (Rs. Crore)

Sr. No.	Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
1	Power Purchase Expenses	476.91	462.82	462.82
2	Transmission Charges (UPPTCL+PGCIL)	32.25	24.21	24.21
3	Net O&M Expenses	28.26	30.23	28.30
4	Statutory & Other Regulatory Expenses	2.35	0.88	0.88
5	Net Interest charges	47.82	46.44	44.58
6	Depreciation	29.19	28.83	28.83
7	Taxes (Income Tax and FBT)	10.75	41.5100	41.51
8	**Gross Expenditure**	**627.52**	**634.91**	**631.12**
9	Interest capitalized	1.28	0.85	0.85
10	**Net Expenditure**	**626.24**	**634.06**	**630.27**
11	Provision for Bad & Doubtful debts	5.81	5.69	5.69
12	Terminal Depreciation of Assets Retired/Scrapped	0.35	0.04	0.04
13	Provision for Contingency Reserve	-	-	-
14	Prior Period Adjustments	-	-	-
15	**Total net expenditure with provisions**	**632.41**	**639.80**	**636.01**
16	Add: Reasonable Return / Return on Equity	22.09	21.95	21.95
17	Less: Non Tariff Income	1.42	1.13	1.13
18	Add: Efficiency Gains	0.16	1.37	1.37
19	**Annual Revenue Requirement (ARR)**	**653.25**	**661.99**	**658.20**
20	Revenue from Existing Tariff	476.70	571.02	571.02
21	Additional Revenue from Revised Tariff	104.39		

Sr. No.	Particulars	Approved vide T.O. 31/05/13	True-up Petition	True-up Approved
22	Revenue Gap	72.16	90.97	87.18
23	Revenue Gap/ Surplus from Prev. Year	431.83	431.83	431.83
24	Carrying cost	65.00	74.63	74.33
25	**Revenue Gap carried forward**	**568.99**	**597.43**	**593.34**

4.27.2 The Revenue Gap determined for the truing-up for FY 2012-13 is Rs. 87.18 Crore as against Rs. 72.16 Crore provisionally approved in Order dated 31st May, 2013. The Net Revenue Gap for FY 2012-13 after considering the revenue gap of Rs. 431.83 Crore from previous year and carrying cost of Rs. 74.33 Crore is Rs. 593.34 Crore. The same is carried forward in the ARR approval of FY 2014-15.

5. ARR FOR FY 2014-15

5.1 BACKGROUND:

5.1.1 The Commission in the earlier chapters has undertaken Truing-up of ARR for FY 2012-13 based on the audited accounts submitted by the Petitioner. Further, as there has been no significant change in FY 2013-14, the Commission has not revised the ARR for FY 2013-14. In this Section the Commission has discussed in detail each of the component of ARR for FY 2014-15.

5.2 SALES APPROVAL:

5.2.1 Petitioner submitted that based on its consumer base and the data base for specific category of consumers, it can have optimum projections for FY 2014-15 based on customized category-wise analysis. Considering the same, Petitioner has projected its sales for FY 2014-15 as detailed below:

- As regards Large & Heavy Power and Non-Industrial Bulk Load, Petitioner submitted that for preparing demand estimates for FY 2014-15, it has constructed the forecasting models individually for 17 large and heavy power consumers drawing power at load factor of 41% and above, which together account for 42% of the total consumption under HV-2 category while the remaining consumers accounting for 58% of energy sales under HV-2 category have been grouped separately. The Petitioner submitted that the demand estimates for the same has been obtained as a product of (a) the projected Average Consumption (which is the energy demand per consumer) and (b) the anticipated number of consumers under each group. The Petitioner further submitted that the number of consumers in this category is expected to grow substantially with ever increasing population. The Petitioner has estimated the demand from average specific consumption averaged for the period April, 2008 to March, 2013.

- Petitioner submitted that the electricity demand of consumers who are supplied power at low and medium voltage depends on number of economic factors such as level of industrial and commercial activity, rate of infrastructure development, individual household income, electricity pricing compared to other energy sources, etc. Petitioner has estimated the projected consumption for different categories using specific customized models. In case of consumer categories viz. LMV-1, LMV-2, LMV-4, LMV-6, HV-1 and LMV-9 the number of consumers has been projected by the Petitioner using a simple time-series model, barring those located in areas catered by the rural schedule of power supply.

- Petitioner submitted that the domestic consumers under LMV-1 supply has been estimated as per the progressive plan of introducing metered connections in villages, while a negligible increase in LMV-6 consumers in rural areas has been considered as compared to FY 2013-14. The Petitioner submitted that in all these cases, estimates of specific consumption for FY 2014-15 have been forecasted on time series model based on the average specific consumption for the five years period starting April, 2008. The Petitioner submitted that it has considered the specific consumption to be 14-28% higher in FY 2014-15 for various LT category consumers excluding LMV-6 because of increased availability as a result of sourcing additional power from market.

- Petitioner submitted that on similar line the specific consumption for industrial categories i.e. LMV-6 has been considered to increase by 25% over past consumption patterns. The Petitioner further submitted that for LMV-3, LMV-5 and LMV-7 segments, realistic assumptions have been made to project the growth of consumers and connected load based on the available data and inputs from the Greater Noida Development Authority (GNIDA) and UPSIDC.

- As regards unmetered consumers in LT categories, Petitioner submitted that the connected load for Public Lamps category has increased marginally in spite of conversion of connections from unmetered to metered category on account of marginal addition of load due to replacement of existing lamp with higher rating lamps. Petitioner submitted that the energy consumption is estimated based on assessed consumption. As regards the Domestic Light, Fan & Power (LMV-1) and Small Power for Private Tubewells (LMV-5) categories the Petitioner submitted that the demand estimates correspond to progressive reduction in the number of unmetered consumers as a result of conversion of agricultural land to urban developed sectors in the region.

- Petitioner submitted that the demand also accounts for the improved life-style in the villages with the installation of various electrical appliances e.g. T.V., fridge, coolers and in some cases air-conditioners also. Petitioner submitted that the consumption of State Tube Well (LMV-8) category has been retained at existing levels as no growth of connected load has been anticipated.

- In view of the above, the Petitioner submitted that the sales for FY 2014-15 has been projected at a CAGR of 12% over FY 2012-13, which inter alia is primarily attributable to accelerated pace of industrial activity and improved capacity utilization apart from new capacity addition. Petitioner submitted that concurrently, the customer base will expand in the new township, which is witnessing a rapid pace of urbanization. The Petitioner added that this growth is estimated to be achieved keeping in view the assumption of increased availability of power from market and enhanced availability of transmission capacity.

5.2.2 The energy sales, load and consumers as projected by the Petitioner for FY 2014-15 is as shown in the Table below:

Table 5:1: SUMMARY OF NUMBER OF CONSUMERS, CONNECTED LOAD AND SALES AS PROJECTED BY THE PETITIONER FOR FY 2014-15

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MU)
1	LMV-1: Domestic Light, Fan & Power	54,355	218.59	237.79

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MU)
2	LMV-2: Non Domestic Light, Fan & Power	2,463	18.38	32.85
3	LMV-3: Public Lamps	3	6.46	22.38
4	LMV-4: Institutions	516	10.15	18.93
5	LMV-5: Private Tube Wells	965	5.36	14.10
6	LMV 6: Small and Medium Power	1,870	39.05	47.49
7	LMV-7: Public Water Works	236	5.89	15.60
8	LMV-8: STW and Pumped Canals	1	0.15	0.31
9	LMV-9: Temporary Supply	895	7.23	13.49
10	HV-1: Non Industrial Bulk Power	89	46.45	79.24
11	HV-2: Large and Heavy Power	578	267.37	749.78
	Total	**61,971**	**625.08**	**1,231.95**

Commission's Analysis

5.2.3 The Commission for the purpose of analysis has considered the actual sales for last 3 years of the Petitioner and has observed that the actual CAGR for last 3 years is coming at around 11.66%. Further, based on its estimations, the Petitioner has also projected the sales at 12% which is close to the actual CAGR for last 3 years (i.e. FY 2010-11 to FY 2012-13) computed by the Commission, therefore, the sales as projected by Petitioner has been considered for the ARR purpose as shown in the Table below:

Table 5:2: CATEGORY WISE SALES FOR APPROVED BY THE COMMISSION FOR FY 2014-15

Sr. No.	Category	Actual Sales (FY 2012-13) (MU)	Actual Sales (FY 2013-14) (MU)	Sales Approved by the Commission for FY 2014-15 (MU)
1	LMV-1: Domestic Light, Fan & Power	173.26	196.15	237.79
2	LMV-2: Non Domestic Light, Fan & Power	19.32	21.06	32.85
3	LMV-3: Public Lamps	21.46	21.35	22.38
4	LMV-4: Insitutions	9.73	12.91	18.93
5	LMV-5: Private Tube Wells	13.63	11.42	14.10
6	LMV 6: Small and Medium Power	35.94	42.06	47.49

Sr. No.	Category	Actual Sales (FY 2012-13) (MU)	Actual Sales (FY 2013-14) (MU)	Sales Approved by the Commission for FY 2014-15 (MU)
7	LMV-7: Public Water Works	10.13	12.62	15.60
8	LMV-8: STW and Pumped Canals	0.31	0.31	0.31
9	LMV-9: Temporary Supply	21.19	18.02	13.49
10	HV-1: Non Industrial Bulk Power	54.23	62.68	79.24
11	HV-2: Large and Heavy Power	621.44	719.05	749.78
	Total	**980.64**	**1117.62**	**1231.95**

5.2.4 The category wise Number of Consumers, Connected Load and Sales approved for FY 2014-15 are summarised in the Table below:

Table 5:3: CATEGORY WISE CONSUMERS, LOAD & SALES APPROVED FOR FY 2014-15

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MU)
1	LMV-1: Domestic Light, Fan & Power	54,355	218.59	237.79
2	LMV-2: Non Domestic Light, Fan & Power	2,463	18.38	32.85
3	LMV-3: Public Lamps	3	6.46	22.38
4	LMV-4: Institutions	516	10.15	18.93
5	LMV-5: Private Tube Wells	965	5.36	14.10
6	LMV 6: Small and Medium Power	1,870	39.05	47.49
7	LMV-7: Public Water Works	236	5.89	15.60
8	LMV-8: STW and Pumped Canals	1	0.15	0.31
9	LMV-9: Temporary Supply	895	7.23	13.49
10	HV-1: Non Industrial Bulk Power	89	46.45	79.24
11	HV-2: Large and Heavy Power	578	267.37	749.78
	Total	**61,971**	**625.08**	**1,231.95**

5.2.5 Further, in reply to the Commission's deficiency note regarding no. of unmetered connections, load and sales of such consumers up to December, 2013, the Petitioner has submitted as follows:

Table 5:4: DETAILS OF UNMETERD CATEGORIES UPTO DECEMBER, 2013

Category of consumers	No. of Consumers (nos.)	Contracted Load (kW)	Sales (MU)	Revenue (Rs. Lakh)		Consumption / Consumer (MU)	Consumption / kW (MU / kW)
				Billed Amount	Received Amount		
LMV-1 - Domestic	3857	8450.00	7.33	0.66	0.21	0.002	0.001
LMV-3 - Public Lamps	1	3860.00	12.24	9.08	5.45	12.240	0.003
LMV-5 – PTW	687	4170.00	5.02	0.44	0.13	0.007	0.001
LMV-8 - State Tube Wells	1	0.15	0.23	0.19	0.19	0.233	1.525
Total	**4546**	**16480.15**	**24.82**	**10.38**	**5.98**	**0.005**	**0.002**

5.2.6 From the above it is observed that the Petitioner has around 4,546 unmetered consumers compared to total 61,971 consumers projected by it i.e. around 7.34% of the consumers are still unmetered. Although the Commission appreciates that the above number is very low as compared to the other Distribution Licensees in the State, but still the Petitioner should make its best efforts to get such consumers converted into metered connections. It may be noted that the Commission has been persistently highlighting the above fact in its various Orders. Further, in this regards the Commission in its Tariff Order dated 31st May, 2013 had specified as follows:

"9.1.9 The Commission in its pursuit of achieving the mandate of 100% metering is consciously increasing the tariff of un-metered consumers' vis-à-vis metered consumers to discourage unmetered connections. In this regard, the Commission has increased the rates for unmetered category in LMV–1 (Domestic Light, Fan and Power), LMV–2 (Non Domestic Light, Fan and Power), LMV-3 (Public Lamps), LMV–5 (Small Power for Private Tube Wells / Pumping Sets for Irrigation Purposes) and LMV–8 (State Tube Wells / Panchayti Raj Tube Well and Pumped Canals). Therefore, impetus to metering is at the nucleus of present rate design."

5.2.7 However, in spite of the Commission's several directives there has been no significant improvement for achieving 100% metering in the area of NPCL. The Commission opines that the Petitioner should have taken considerate steps to get such consumers converted into metered connection. Therefore, the Commission directs the Petitioner to convert all of its consumers under all the categories into metered connections.

5.2.8 As regards metering of the consumers, Section 55 of the Electricity Act, 2003 stipulates as follows:

> *"55. (1) No licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter in accordance with regulations to be made in this behalf by the Authority:"*

5.2.9 Further, Chapter 5 'Metering' of the U.P. Electricity Supply Code 2005, specifies as follows:

> *"5.1 Licensees obligation to give supply on meters: Requirement of Meters*
>
> *(a) 2 [No new connection shall be given without a Meter and Miniature Circuit Breaker (MCB) or Circuit Breaker (CB) of appropriate specification from the date of issue of this code.*
>
> *(b) All unmetered connections including PTW, streetlights shall be metered by the licensee.*
>
> *(c) The Licensee shall not supply electricity to any person, except through installation of a correct meter in accordance with the regulations to be made by the Central Electricity Authority under Electricity Act, 2003.]*
>
> *Provided that the Commission may, by notification, extend the said period for a class or classes of persons or for such area as may be specified in that notification.*
>
> *2 [Provided also that if a person makes default in complying with the provisions contained in the clauses 5.1(a), (b) and (c), UPERC may make such order as it thinks fit for requiring the default to be made good by the generating company or licensee or by any officer of a company or other association or any person who is responsible for the default."*

5.2.10 From the above, it is evident that metering of consumers is necessary. However, by not complying with the above, the Distribution Licensee is contravening and is in default of above provisions / Regulations. The Distribution Licensee must demonstrate on best effort basis, their will and intent to comply, failing which they are liable for being dealt with appropriately as per provisions of the Act / Regulations.

5.2.11 Although bound by the various provisions of the EA, 2003, various Regulations, and other directions given by the Commission, the Licensee has not been able achieve 100% metering in its area. The Commission is of the view that part of the problem has aroused because of lack of determination of the Distribution Licensee to tackle the above issue and part of the problem has been due to the resistance that the Licensee faces in this regards. The Commission is of the view that a solution to the above problem can only be evolved if both the consumers and the Distribution Licensee work together under the supervision of the Commission to achieve a goal towards 100% metering.

5.2.12 In view of the above, to encourage the unmetered consumers to shift to metered connection the Commission thinks it appropriate to reduce the variable charge for such consumer who shift from unmetered to metered category to some extent ensuring that the monthly electricity bills for such consumers is reduced if they shift from unmetered to metered category. By this way of incentivizing the consumers, the consumers will be encouraged to go to the Distribution Licensee themselves, making it easier for the Distribution Licensee to achieve its target of 100% metering.

5.2.13 Further to discourage the unmetered connections the Commission has decided to increase the Tariff for unmetered category of consumers, for instance the tariff for rural domestic consumers will be specified based on per kW / month from the existing per / connection / month. Further, the Commission provides a final opportunity to all such unmetered consumers to mandatorily get metered connection latest by 31st March, 2015.

5.2.14 To further, encourage the consumers to get metered connection, the Cost of meter may be borne initially by the Licensee which shall be adjusted in the consumers' bill within 6 months of time. However, the above scheme would be applicable only for the consumers who install the meters by 31st March, 2015.

5.2.15 The Distribution Licensee may also provide an option to the consumers to procure meters by themselves. For this, the Distribution Licensee should take necessary actions as it deems fit to achieve the above metering targets. Further, the Commission would like to suggest some steps that shall help the Distribution Licensee to achieve the 100% metering target. As an initial step the Distribution Licensee may empanel meter manufacturing firms, more than one, through a transparent process of open tender for supply of meters for direct procurement by consumers or in any other way the Distribution Licensee deem fit and provide the information regarding the meter and its supplier's outlet to the consumer by way of putting it on the website of the Licensee and by any other appropriate means.

5.2.16 Further, the Commission has also floated an In-House paper on achieving 100% metering targets inviting suggestions / views of the stakeholders including the Distribution Licensee. In response to which the Petitioner also agreed that only the metered supply need to given to all consumers and discourage unmetered supply, the Tariff should be disproportionately higher for the intervening period.

5.2.17 The Commission in the above mentioned In-House Paper has also suggested a model, "Direct procurement of meter by the Consumer" model for procurement of consumer meters, single phase and three phase, including smart and prepaid meters, on new connection and replacement that will help the Distribution Licensee in achieving the metering targets. The Distribution Licensee may refer the same and choose appropriate methodology for procurement of meters by the consumers as it deems necessary.

5.2.18 Thus, in light of the above, the Commission accords final opportunity to the Distribution Licensee and direct it to ensure that all its unmetered consumers get converted into metered connection by 31st March, 2015 beyond which the Tariff for unmetered categories shall be discontinued.

5.3 DISTRIBUTION LOSSES:

5.3.1 The distribution loss approved by Commission for FY 2013-14 was 8% based on past trends. The Licensee in the ARR petition for FY 2014-15 has sought distribution losses at 8.11% due to various socio-political reasons.

5.3.2 Further, the Petitioner has also claimed additional system losses of 0.71% due to addition of EHV voltage level. Petitioner submitted that as the Commission is aware that it was earlier drawing power through Surajapur 132 / 33 kV Substation of UPPTCL and the ABT Meters are placed at the emanating points of 7 Nos. 33 kV feeders. Hence, the T&D Loss was purely the Distribution Loss attributable to 33 kV & below voltage levels. The Petitioner submitted that as also mentioned in the ARR Petition for FY 2013-14, the Technical Loss has shown an upward trajectory with the addition of EHV voltage levels in the Petitioner's distribution system by commissioning of RC Green 132 /33 kV Substation in FY 2010-11 and thereafter upgrading the Substation to 220 kV voltage with the Interface ABT Meter placed at the 220 kV Line emanating end at 400 kV Greater Noida (Pali) Substation.

5.3.3 Petitioner submitted that it has been observed that the EHV Technical Loss arising out of Line Losses of 220 kV Lines and two stage Transformation Losses i.e. 220/132 kV and then 132/33 kV is around 0.7% of the overall import. The Petitioner further submitted that another 220 / 33 kV Gharbara Substation will be added to the system in FY 2014-15, which will further contribute losses at the EHV level.

5.3.4 The Commission in its Order dated 31st May, 2013 had directed the Petitioner to conduct a technical loss study of its network and apart from determining the technical losses, the study should also reflect the efforts and cost required to bring down the losses from current levels of 8%. Petitioner submitted that in compliance to the directive of the Commission, it has conducted the Technical Loss Study. In respect to the same, the Petitioner in a specific reply to the Commission's query also submitted that based on the report on Technical loss Study and Capital Expenditure Planning, the EHV technical losses has been estimated at 0.62% approximately of the total import at 220 kV /132 kV level.

Commission's Analysis

5.3.5 The distribution losses projected by NPCL for FY 2014-15 are at 8.11%. The Commission would reiterate that there has been no significant improvement in loss levels, despite huge capital expenditure / system improvements undertaken by NPCL every year.

5.3.6 The Commission acknowledges the fact that the Greater Noida Area was largely a rural area and with development on year-to-year basis, more of the area is being urbanized. Hence, it requires a huge capital expenditure to cater to the demand of existing and new consumers. However, still the Distribution losses have been constant and are around 8% from so many years. The Commission has also gone through the technical study report submitted by the Petitioner. It has been observed that as per the findings noted in the study report, it would not be viable to put huge investment to reduce the losses further from the existing level.

5.3.7 Apart from network improvement issues, there are other commercial issues such as sales booked to unmetered consumers etc. The Commission is of the view that any improvement in the metering status of the Licensee would assist the Licensee to curtail the losses at below 8% levels. The Commission recognizing the fact that the distribution loss of 8% is one of the lowest in the country, the distribution losses for FY 2014-15 are being approved at 8%, however the Licensee should make best of its efforts to reduce the losses from the exiting level.

5.3.8 The Petitioner in its specific reply to the Commission's query submitted that as per the Technical Loss Study, the EHV technical losses has been estimated at 0.62% of the total import at 220 kV /132 kV level. Further as per the actual data submitted by the Petitioner for FY 2012-13 such losses has been observed to be only 0.45%. The Commission in its previous Order dated 31st May, 2013 had considered the EHV losses as 0.60% which is nearly equal to the loss figure estimated by the Petitioner based on the study report. In view of the above, the Commission provisionally approves additional EHV losses at 0.60% of the total import. The same is provisional and will be reconsidered based on the audited results.

5.3.9 Thus, the Distribution Losses approved for FY 2014-15 is 8.0% of energy available for distribution and EHV losses are approved at 0.60% of the Energy imported by the Licensee.

5.4 ENERGY BALANCE:

5.4.1 The Commission in the above Sections has discussed about approval of sales and distribution losses. Based on these elements, the power purchase requirement and the energy balance for FY 2014-15 is given in the Table below:

Table 5:5: ENERGY BALANCE FOR FY 2014-15 – APPROVED

Particulars	Petition	Approved
Proposed Energy Sales (MU)	1,231.94	1,231.95
Distribution Loss %	8.11%	8.00%
Distribution Loss (MU)	108.69	107.13
Energy Available for Sale	1,340.63	1,339.07
System Losses at 220kV/33kV (MU)	9.52	8.08
Proposed Energy Purchase (MU)	**1,350.16**	**1,347.16**

5.5 POWER PURCHASE QUANTUM & COST:

5.5.1 Based on the above approved energy balance for FY 2014-15, the power purchase requirement of the Petitioner works out to 1347.16 MU.

5.5.2 The Petitioner in its initial submission had submitted that it would procure the required power for FY 2014-15 from UPPCL, Renewable Energy Sources and other short term sources. However, subsequently in a separate Petition (i.e. Petition no. 934 of 2014), the Petitioner submitted that UPPCL has discontinued the supply of 45 MVA of power to NPCL from 12th February, 2014. In respect to the same, the Commission in its deficiency note asked the Petitioner to submit the revised power purchase plan for FY 2014-15 after considering the implications of discontinuation of power from UPPCL.

5.5.3 Petitioner in its replies submitted the revised power purchase plan in which the power was planned to be procured only from short term sources and the renewable sources.

5.5.4 Subsequently, the Petitioner filed two separate Petitions for procurement of power through Tariff based bidding process and adoption of the Tariff by the Commission for first and second quarter of FY 2014-15. In view of the above, the Commission asked the Petitioner to re-submit the revised power purchase plan. The Petitioner submitted the revised power purchase plan vide its email dated 24th July, 2014.

5.5.5 Petitioner in its submission also stated that it has been trying since long back to get connectivity on long term basis from Uttar Pradesh State Transmission Utility (UPPTCL) and in fact it had applied to UPPTCL for Long term connectivity for R C Green Substation in August, 2012. Petitioner submitted that on 19th February, 2014, the matter was discussed at length at a meeting chaired by Principal Secretary (Energy), Govt. of UP in the presence of the Chairman and CEO of GNIDA who is also ex-officio Chairman of the Petitioner. Petitioner submitted that in the meeting, UPPTCL had agreed to grant connectivity for 200 MW power from 220 kV RC Green S/s at 33 kV voltage level instead of 220 kV voltage level, originally applied by the Petitioner. The Petitioner submitted that considering the larger interests of the consumers and also the desire and willingness of the State Government in appealing / fetching new industrial investments in the Greater Noida area, it has executed the Connection Agreement for 200 MW for 220 kV RC Green S/s and 70 MW for 132 kV Surajpur S/s in the month of March, 2014 in the prescribed format as per UPERC Connectivity Regulations. Subsequently, the Bulk Power Transmission Agreement was also executed with UPPTCL for 268 MW in the prescribed format on 27th March, 2014. Petitioner has also submitted a copy of the mentioned agreements to the Commission vide its letter dated 1st April, 2014.

5.5.6 Petitioner submitted that in view of the above Agreements, it is required to pay transmission charges for availing State Transmission Network as per the Long Term Transmission Charges approved by the Commission. Accordingly, the Petitioner has also claimed State Transmission Charges at Rs. 0.135 / kWh for an average drawls of 200 MW, aggregating to Rs. 23.65 Crore, in the total power purchase cost for FY 2014-15.

5.5.7 The detailed revised power purchase plan as submitted by the Petitioner for FY 2014-15 is as shown in the Table below:

Table 5:6: REVISED POWER PURCHASE PLAN FOR FY 2014-15 AS SUBMITTED BY PETITIONER

Supplier's Name	Capacity	Period		MU	MU Imported	Total	Rate (Landed)*	Amount	Transmission	Total
	(In MW)	From	To	Exported	at Gr. Noida	Losses in %	(Rs. / Unit)	(in Rs. Crs)	Chgs (in Rs. Crs)	(in Rs. Crs)
Long Term Transmission Charges	**200**	**4/1/2014**	**3/31/2015**	**1752.00**	**1752.00**	**0.00%**	**0.00**	**0.00**	**23.65**	**23.65**
Power Procured from Open Access										
SCL	40	4/1/2014	4/30/2014	28.69	27.18	5.29%	3.54	9.62	0.63	10.25
SCL	100	5/1/2014	5/31/2014	74.76	70.69	5.44%	3.53	24.96	1.64	26.61
SCL	42	6/1/2014	6/30/2014	30.21	28.38	6.05%	3.52	9.98	0.67	10.64
GUVNL	59	4/1/2014	4/30/2014	42.46	40.19	5.35%	3.14	12.61	0.96	13.57
GUVNL	10	6/1/2014	6/30/2014	3.27	3.09	5.66%	3.15	0.97	0.12	1.10
KISPL	26	4/1/2014	4/30/2014	18.40	17.62	4.21%	3.10	5.46	0.38	5.84
KISPL	43	5/1/2014	5/31/2014	32.17	30.47	5.26%	3.13	9.55	1.24	10.79
KISPL	10	6/1/2014	6/8/2014	2.12	2.12	0.00%	3.12	0.66	0.02	0.68
IIPL	3	4/9/2014	4/22/2014	0.46	0.44	5.41%	3.70	0.16	0.01	0.17
MPL (BHPL)	15	4/1/2014	4/30/2014	10.07	9.53	5.36%	3.43	3.27	0.25	3.51
MPL (BHPL)	20	5/1/2014	5/31/2014	14.06	14.06	0.00%	3.68	5.18	0.00	5.18
MPL (BHPL)	20	6/1/2014	6/30/2014	13.55	13.55	0.00%	3.69	5.00	0.00	5.00
MPL (JKW)	3	4/1/2014	4/15/2014	1.05	1.00	5.27%	3.96	0.39	0.04	0.43
TATA (TPTCL)	17	6/1/2014	6/30/2014	4.70	4.43	5.66%	3.11	1.38	0.11	1.49
SCL-I	7	4/9/2014	4/30/2014	3.91	3.73	4.73%	3.65	1.36	0.10	1.46
SCL-II	12	4/16/2014	4/30/2014	4.21	3.94	6.48%	3.88	1.53	0.09	1.61
SCL-II	24	5/1/2014	5/31/2014	8.62	8.16	5.40%	3.97	3.24	0.19	3.43
SCL-II	75	6/1/2014	6/30/2014	54.14	51.37	5.11%	3.50	17.96	1.21	19.17
MPL (KWHEP)	67	5/27/2014	5/31/2014	8.40	8.10	3.63%	4.54	3.68	0.00	3.68
MPL (KWHEP)	20	6/1/2014	6/30/2014	8.33	8.03	3.63%	4.62	3.71	0.00	3.71
KISPL (Exchange)	20	6/2/2014	6/30/2014	23.05	21.80	5.43%	4.00	8.72	0.50	9.23
APNRL	52	6/28/2014	6/30/2014	3.76	3.56	5.46%	3.99	1.42	0.13	1.55
SCL	100	7/1/2014	9/30/2014	189.89	179.48	5.48%	3.59	64.37	4.50	68.87
MPL	100	7/1/2014	7/31/2014	63.98	60.48	5.48%	3.48	21.05	1.52	22.57
MPL	60	8/1/2014	8/31/2014	38.39	36.29	5.48%	3.61	13.09	0.92	14.01
MPL	100	9/1/2014	9/30/2014	61.92	58.53	5.48%	3.61	21.11	1.47	22.59
NETS	40	7/1/2014	8/31/2014	51.19	48.38	5.48%	3.62	17.51	1.23	18.74
NETS	20	9/1/2014	9/30/2014	12.38	11.71	5.48%	3.61	4.22	0.31	4.53
PTC	50	8/1/2014	8/31/2014	31.62	29.89	5.48%	3.75	11.19	0.77	11.96
Inter State Power - from Trader / Generator	145	10/1/2014	11/30/2014	137.98	130.42	5.48%	4.02	52.43	4.31	56.75
Inter State Power - from Trader / Generator	55	10/1/2014	11/30/2014	11.41	10.78	5.48%	4.55	4.91	0.30	5.20
Inter State Power - from Trader / Generator	40	10/1/2014	11/30/2014	18.67	17.64	5.48%	4.76	8.40	0.47	8.87
Inter State Power - from Trader / Generator	140	12/1/2014	1/31/2015	135.41	127.99	5.48%	4.13	52.81	4.23	57.04
Inter State Power - from Trader / Generator	60	12/1/2014	1/31/2015	12.80	12.10	5.48%	4.23	5.12	0.33	5.45
Inter State Power - from Trader / Generator	45	12/1/2014	1/31/2015	17.58	16.61	5.48%	4.34	7.21	0.53	7.74
Inter State Power - from Trader / Generator	140	2/1/2015	2/28/2015	62.09	58.69	5.48%	4.13	24.22	1.91	26.13
Inter State Power - from Trader / Generator	45	2/1/2015	2/28/2015	4.33	4.10	5.48%	4.23	1.73	0.12	1.85
Inter State Power - from Trader / Generator	35	2/1/2015	2/28/2015	7.59	7.17	5.48%	4.34	3.11	0.19	3.30
Inter State Power - from Trader / Generator	155	3/1/2015	3/31/2015	74.96	70.85	5.48%	4.13	29.23	2.34	31.58
Inter State Power - from Trader / Generator	75	3/1/2015	3/31/2015	8.00	7.56	5.48%	4.23	3.20	0.20	3.40
Inter State Power - from Trader / Generator	45	3/1/2015	3/31/2015	9.42	8.90	5.48%	4.34	3.86	0.27	4.13
Total-Power Procured from Open Access		**4/1/2014**	**3/31/2015**	**1341.26**	**1268.98**	**5.39%**	**3.78**	**479.58**	**34.23**	**513.81**
Power Procured from Renewable Sources										
KISPL (TOWMCPL)	6	4/1/2014	4/30/2014	4.23	4.23	0.00%	4.95	2.09	0.00	2.09
KISPL (TOWMCPL)	6	5/1/2014	5/31/2014	2.93	2.93	0.00%	4.95	1.45	0.00	1.45
Other	16	8/1/2014	3/31/2015	78.30	74.01	5.48%	7.41	54.81	1.95	56.76
Total-Power Procured from Renewable Sources		**4/1/2014**	**3/31/2015**	**85.46**	**81.17**	**5.02%**	**7.19**	**58.36**	**1.95**	**60.30**
Grand Total		**4/1/2014**	**3/31/2015**	**1426.73**	**1350.16**	**5.37%**	**3.98**	**537.94**	**59.83**	**597.76**

* Rate computed for landed cost

5.5.8 The briefs about the power purchase from the above Table are as follows:

- The power purchase from traders estimated is 1268.98 MU and power purchase from renewable sources estimated is 81.17 MU for FY 2014-15.
- The transmission charged projected by NPCL is Rs. 59.83 Crore.
- The transmission charges payable on open access charges include transmission charges of UPPTCL as well as PGCIL for various regions.

5.5.9 Since, UPPCL has discontinued the power supply to the Petitioner, the Commission has considered the entire power purchase requirement for NPCL from the short term sources and renewable sources. The Commission has also considered the Petitioner's revised submission in ARR Petition as well as the Petition for approval of Short-term power through competitive bidding. Observing the prevailing power procurement cost in the Open Access Market, the Commission considers the power purchase rates submitted by the Petitioner to be reasonable. Further, as the Petitioner procures short term power by following the transparent process of bidding, the Commission approves the average rate of landed power of Rs. 3.78 / kWh for open access purchases. As regards the renewable power purchase, the Commission has estimated total power purchase at 6% of the total requirement in accordance with the RPO Regulations. The Commission has considered the rate of power from renewable sources same as projected by the Petitioner. Any variation between the approved power purchase costs and the actual power purchase costs for FY 2014-15 would be considered at the time of truing up.

5.5.10 Further, the Commission in its Tariff Order for FY 2014-15 has approved the Bulk Supply Tariff (BST) for applicable for FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 after undertaking truing up exercise for the mentioned years. The table below highlights the approved power purchase costs of the power procured by NPCL from UPPCL in FY 2008-09 to FY 2011-12 at the rate approved in the previous Order of the Commission. On account of the revised BST rates for FY 2008-09 to FY 2011-12, the Commission approves the additional power purchase cost due to revision of BST rates as provided below:

Table 5:7: ADDITIONAL POWER PURCHASE COST APPROVED - REVISION OF BST

Particulars	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Total
Power Purchase from UPPCL (MU)	353.56	352.97	305.98	340.96	
BST as considered in previous Orders (Rs. / kWh)	2.47	2.64	3.01	3.78	

Particulars	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Total
Revised Approved BST (Rs. / kWh)	2.63	3.05	3.13	3.62	
Cost difference approved (Rs. Crore)	5.63	14.45	3.82	-5.48	18.42

5.5.11 Total power purchase cost as estimated by the Petitioner also includes the Transmission charges of Rs. 59.83 Crore. It has been observed by the Commission that as per the Bulk Power Transmission Agreement the Petitioner shall be paying UPPTCL charges based on the long term transmission rates approved by the Commission, however, the Petitioner in its estimated Transmission charges for FY 2014-15 have included long term transmission charges as well as short term transmission charges. The Commission while approving the total power purchase cost for FY 2014-15 has not considered UPPTCL short term transmission charges of Rs. 8.90 Crore as claimed by the Petitioner. Further, the total Transmission charges has been allowed based on the quantum approved by the Commission.

5.5.12 The overall approval of the power purchase cost for FY 2014-15 is provided in the Table below:

Table 5:8: POWER PURCHASE AS APPROVED BY THE COMMISSION FOR FY 2014-15

Item	Petition			Approved		
Retail Sales (Mus)	1,231.94			1,231.95		
Losses	8.76%			8.55%		
Power Purchase	1,350.16			1,347.16		
Sources of Power Purchase	**(MU)**	**(Rs. /kWh)**	**(Rs. Crore)**	**(MU)**	**(Rs. /kWh)**	**(Rs. Crore)**
Power Purchase from Traders	1,268.98	3.78	479.58	1266.33	3.78	478.58
Power Purchase from RE	81.17	7.19	58.36	80.83	7.19	58.11
Sub-Total	**1350.16**	**3.98**	**537.94**	**1347.16**	**3.98**	**536.69**
Transmission Charges for Open Access (Including Long-term Transmission Charges)			59.83			61.08
Total Transmission charges			59.83			61.08
Underpaid / (Overpaid) Power purchase expenses for previous						18.42

Item	Petition			Approved		
years						
Total Power Purchase Cost	**1,350.16**	**4.43**	**597.76**	**1,347.16**	**4.59**	**616.19**

- The total quantum of power purchase approved by the Commission for FY 2014-15 is 1347.16 MU, which includes power purchase of 80.83 MU from renewable sources (computed as proportion of total power procurement for meeting the renewable purchase obligation) and 1266.33 MU from open access.
- The power purchase cost from traders / open access sources is approved at the weighted average landed rate of Rs. 3.78 per unit which is less than the approved rate of Rs. 3.91 / kWh approved by the Commission for FY 2013-14 in its Order dated 31st May, 2013.
- The power purchase cost from renewable sources is projected at an average cost of Rs. 7.19 per unit as claimed by the Petitioner.
- As the Commission has considered UPPTCL transmission charges at Rs. 0.1937 / kWh approved by the Commission for FY 2014-15 as against the Rs. 0.135 / kWh, the total transmission charges approved by the Commission for NPCL is working out higher than that projected by the Petitioner. As regard the PGCIL charges the Commission has the considered the same based on estimations of the Petitioner.
- Further as the Commission is also undertaking the Truing up of ARR of UPPTCL for previous years, the impact of the same shall be considered during the Truing up of FY 2014-15 based on the actual payment made by the Licensee.

5.6 FUEL & POWER PURCHASE COST ADJUSTMENT SURCHARGE

5.6.1 The mechanisms for adjustment of Fuel & Power Purchase Cost Adjustment Surcharge has been formulated by the Commission vide Amendment No. 3 to the UPERC (Terms and Conditions of Determination of Distribution Tariff) Regulation dated 10th May, 2012.

5.6.2 The Distribution Licensee procures power through short-term purchases and other renewable sources. The power purchase cost including transmission charges accounts for the larger part of the total Annual Revenue Requirement for the Distribution Licensee.

5.6.3 However, power purchase cost being uncontrollable in nature is a pass through to the consumers but the difference in actual cost of procurement of power and the estimated cost of purchase of power gets trued up only after 12 months after the completion of relevant year, provided the true-up Petition is filed based on Audited Accounts. The time lag burdens both the Distribution Licensee as well the consumers. Due to the delayed recovery of allowable procurement of power cost, Distribution Licensee's cash-inflows is severely affected leading to working capital management problems which further affects the consumers by way of interest charges.

5.6.4 The UPERC Distribution Tariff Regulation, 2006 enshrines implementation of the Fuel Cost Adjustment Formula aimed at mitigating the above stated issue. The Fuel Cost Adjustment provided in the Regulations allows the Licensee only to recover the fuel cost adjustment. Sub-section (4) of Section 64 of the Electricity Act 2003 provides that, no tariff or part of any tariff may ordinarily be amended more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula, as may be specified. However, the Hon'ble Appellate Tribunal for Electricity in its Judgment dated 11th November 2011, in the matter of OP No. 1 of 2011, has directed all State Electricity Regulatory Commissions to put in place a mechanism for Fuel and Power Purchase cost adjustment preferably on a monthly basis but in no case exceeding a quarter of a year. Accordingly, it is stated that the recovery of Fuel and power purchase adjustment is legitimate and is in accordance with the Electricity Act, 2003.

5.6.5 The Commission recognizes that the power purchase costs are uncontrollable in nature and are volatile making it difficult to accurately estimate power purchase costs at the time of annual tariff fixation. For the purpose of Fuel & Power Purchase Cost Adjust (FPPCA) as provided in Regulation 6.9 of the UPERC (Terms and Conditions of Determination of Distribution Tariff) Regulation, Amendment No. 3, 2012, the monthly approvals are provided in the Table below. The FPPCA will be applicable from the quarter July 2014 to September, 2014 onwards.

Table 5:9: MOTHLY APPROVED POWER PURCHASE COST

Month	Volume (MU)	Cost (Rs. Crore)
Apr	116.07	51.50
May	119.81	53.16

Month	Volume (MU)	Cost (Rs. Crore)
Jun	115.82	51.39
Jul	119.55	53.05
Aug	119.55	53.05
Sep	115.57	51.28
Oct	109.29	48.49
Nov	105.63	46.87
Dec	107.91	47.88
Jan	107.91	47.88
Feb	96.34	42.75
Mar	113.70	50.45
Total	**1347.16**	**597.77#**

 # Underpaid / (Overpaid) Power purchase expenses for previous years not considered

5.7 OPERATION & MAINTENANCE EXPENSES

5.7.1 Operation and Maintenance (O&M) expenses comprises of Employee costs, Administrative and General (A&G) Expenses, and Repair and Maintenance (R&M) expenditure.

5.7.2 The Clause No. 4.3 of the Distribution Tariff Regulations, 2006 stipulates:

"4.3 Operation & Maintenance Expenses (O&M)

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.

Where such data for the preceding five years is not available the Commission may fix O&M expenses for the base year as certain percentage of the capital cost.

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)."

5.7.3 Petitioner submitted that as per Regulation 4.3 (3) of the UPERC Distribution Tariff Regulations, 2006, O&M expenses allowable for any year shall be the sum total of total O&M expenses for the preceding year escalated by Inflation Index and 2.5% of the additions to Fixed Assets in the preceding year.

5.7.4 Petitioner in its Petition claimed the O&M Expenses for FY 2014-15 as Rs. 58.11 Crore subject to prudence check of the Commission.

Table 5:10: O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2014-15

Particulars	Projected by the Petitioner (Rs. Crore)
Repair & Maintenance	31.21
Employees Expenses	21.04
Administrative & General Expenses	10.91
Total O&M Expenses	63.16
Employee Cost Capitalized	5.05
Net O&M Expenses	**58.11**

5.7.5 Petitioner submitted that so far it has been allowed O&M expenses on normative basis in accordance with the Regulations mentioned above, even though the audited actual expenses were higher. Citing various reasons as discussed in the True-up Section, the Petitioner requested the Commission to allow O&M expenses as projected by it.

Commission's Analysis:

5.7.6 In accordance with Clause No. 4.3.1 of Distribution Tariff Regulations, 2006 the O&M expenses are computed based on Inflation Index. Accordingly, the weighted average Inflation Index computed at 7.69% for FY 2013-14 has been used for computing the O&M expenses for FY 2014-15.

Table 5:11: INFLATION INDEX CONSIDERED FOR COMPUTING THE O&M EXPENSES FOR FY 2014-15

Month	Wholesale Price Index		Consumer Price Index	
	2012-13	2013-14	2012-13	2013-14
April	163.50	171.30	205.00	226.00
May	163.90	171.40	206.00	228.00
June	164.70	173.20	208.00	231.00
July	165.80	175.50	212.00	235.00
August	167.30	179.00	214.00	237.00
September	168.80	180.70	215.00	238.00
October	168.50	180.70	217.00	241.00
November	168.80	181.50	218.00	243.00
December	168.80	179.60	219.00	239.00
January	170.30	179.00	221.00	237.00
February	170.90	179.50	223.00	238.00
March	170.10	180.30	224.00	239.00
Average for Financial Year	167.62	177.64	215.17	236.00
Calculation of Inflation Index (CPI-40%, WPI-60%) for FY2014-15				
Inflation index for FY 2011-12	186.64			
Inflation index for FY 2012-13	200.99			
Applicable Inflation rate	**7.69%**			

5.7.7 The gross O&M expenses also include additional O&M expenses towards capitalization of assets in the preceding year. The capitalized assets in the preceding year include assets handed over by GNIDA and UPSIDC free of cost in FY 2013-14. These assets have been considered on the basis of values declared by respective authorities.

5.7.8 The Commission has also gone through the Audited Accounts of NPCL wherein, the value of these assets has been ascertained by the auditor through communications received from GNIDA and UPSIDC. Further, the Audited Accounts mention that the assets have been handed over for maintenance purpose only while the ownership is yet to be transferred to NPCL. Accordingly, the Commission has considered the additional O&M expenses for these assets to be allowed for O&M purposes only. Any other impact on parameters like depreciation, capital expenditure, capitalization etc. is not being allowed till the Petitioner takes ownership of these assets.

5.7.9 The Commission is of the view that if the O&M expenses are projected for ensuing year on the basis of actual O&M expenses for previous year as suggested by the Petitioner, there will be no sanctity of fixation of norms in Tariff Regulations. As per the Distribution Tariff Regulations, some of the elements of ARR are considered on normative basis and the actual expenses under some elements may be higher as compared to approved expenses, while the actual expenses under some elements may be lower as compared to approved expenses. Further, the Distribution Tariff Regulations also provides the sharing mechanism of controllable elements and hence the Commission has approved the O&M expenses on normative basis as per the provisions of Distribution Tariff Regulations.

5.7.10 The computations of net O&M expenses approved for FY 2014-15 are shown in the Table below:

Table 5:12: O&M EXPENSES FOR FY 2014-15 (Rs. Crore)

Particulars	Petition	Approved
Total additions to Fixed Assets	58.11	167.45
Less: Assets Retired/Scrapped		1.90
Net Addition to Fixed Assets		165.55
Preceding Year Gross O&M		34.54
Incremental O&M @ 2.5%		4.14
Inflation Index Applicable		7.69%
Net O&M Expenses		37.20
Gross O&M Expenses	**58.11**	**41.33**

5.8 STATUTORY / OTHER REGULATORY EXPENSES

5.8.1 In the ARR Petition for FY 2014-15, the Petitioner has claimed other statutory expenses of Rs. 3.33 Crore over and above normative O&M expenses. Petitioner requested the Commission to consider the following regulatory / statutory expenses separately, in addition to the O&M Expenses for day to day running and maintenance.

Table 5:13: STATUTORY / OTHER REGULATORY EXPENSES CLAIMED BY THE PETITIONER (Rs. Crore)

Particulars	Petition
Demand Side Management Expenses	0.25
CGRF Expenses	0.24
Competitive Bidding Expenses	0.30
Technical studies as directed by Commission	0.50
Service Tax payable due to change in law	0.74
Corporate Governance Expenses due to change in law	1.30
Total	**3.33**

Commission's Analysis:

5.8.2 The Petitioner has claimed CGRF expense of Rs. 0.24 Crore in FY 2014-15. In this regards Regulation 22 of the Consumer Grievances Redressal Forum Regulations, 2007 stipulates as follows:

"Treatment of Expenses –

All reasonable costs incurred by the Distribution Licensee on the establishment and running of the Forum, shall be a pass through in the Annual Revenue Requirements filed by the Distribution Licensee after deducting the amount of fees collected by the Distribution Licensee under the regulations."

5.8.3 In view of the above, the Commission approves CGRF expense of Rs. 0.24 Crore.

5.8.4 Further, the Petitioner has claimed expenses incurred towards demand side management (DSM) and competitive bidding process for long term power procurement. In this regard Regulation 4.3.5 of Distribution Tariff Regulations, 2006 stipulates as follows:

"The Commission may consider additional O&M expenses on account of war, insurgency, and change in laws or like eventualities for a specified period."

5.8.5 The Commission has elaborated its views on undertaking Demand Side Management measures by the Utility in Section 9.9 of Tariff Order dated 14th October, 2010 and has also discussed about the benefits of the same in terms of reducing power purchase costs and utilization of energy efficiently. In view of the same, the Commission approves the additional statutory expenses incurred towards DSM and competitive bidding process.

5.8.6 The Petitioner has claimed expenses of Rs. 0.74 Crore towards liability for payment of service tax on various services being availed by the Petitioner. Petitioner submitted that the Finance Act, 2012 has brought some major changes in the scope, applicability and rates of Service Tax e.g. applicability of Negative list which has widened the applicability of Service Tax on all the services other than defined in Negative List, Reverse Charge of Service Tax whereby the Service Receiver is liable to pay 100% or partial Service Tax, increase in rates of Service Tax from 10.30% to 12.36% etc.

5.8.7 The Commission has taken cognizance of the changes in the statues regarding service tax and has referred to the Distribution Tariff Regulations, 2006. In this regard the Regulation 2.1.5 may be referred as reproduced below:

"The Commission may broadly classify costs incurred by Licensee as controllable and non-controllable. Uncontrollable costs shall include (but not limited to) fuel cost, increase in interest rates, increase in cost on account of inflation, taxes & cess, variation in power purchase unit costs including on account of hydrothermal mix in case of adverse natural events"

5.8.8 Since, the taxes and cess are part of uncontrollable cost, the Commission agrees in principal on allowance of such additional cost. However, since the amount claimed by the Petitioner is based on projection only, the Commission provisionally allows the expense at Rs. 0.74 Crore only subject to truing-up, once the actual expenses are made available to the Commission.

5.8.9 In addition to the above, the Commission has also allowed Rs. 0.50 Crore for undertaking the studies as directed by the Commission from time to time.

5.8.10 Petitioner submitted that the newly enacted Companies Act, 2013 contains many provisions therein which may lead to significant increase in scope of the services and compliance requirement of the Company, Auditors, Directors and Promoters etc. Petitioner submitted that the following major changes may lead to increase in expenses:

- CSR Expenses: The Company is mandatorily required to incur expenses on Corporate Social Responsibility (CSR) activities to the extent of at least 2% of its profits. Such expenses have to be incurred on the activities as defined in provisions of the newly enacted Companies Act, 2013. It is required to constitute the CSR Committee under supervision of Board of Directors for compliance of CSR responsibility of the Company. This is the most catalyst provision of the new Act, which will significantly increase the expenses of the Company.

- Rotation of Auditors: The Auditors of the Company needs to be compulsorily replaced after stipulated period and they have to report on various new compliances enlisted in new the Companies Act, 2013. This would lead to increase in scope of the work of statutory auditors and consequential renegotiation of the auditor's fees.

5.8.11 In view of the above, the Petitioner has claimed an additional amount of Rs. 1.30 Crore in its ARR for FY 2014-15. Petitioner submitted that the above expenses resulting from the mandatory compliance of the provisions of the newly enacted Companies Act, 2013 are absolutely on account of change in the law and therefore additional O&M Expenses on account of the same may be allowed in accordance with the Regulation 4.3(5) of the Distribution Tariff Regulations, 2006.

5.8.12 It may be noted that a major part of the above expense shall be incurred on CSR. In this regard, it has been observed in case on Tata Power the Maharashtra Electricity Regulatory Commission (MERC) in its Order dated 15th February, 2012 in Case No. 105 of 2011 had disallowed such expenses stating as follows:

"The Commission observes that an expenditure of Rs. 8.09 Lakh was incurred in FY 2009-10 towards 'Ambulance Van - Tata Motor', which has been clarified to be Corporate Social Responsibility expenditure under 'HO and SS' asset additions. As regards such expenses, if TPC as a Company or the shareholders of the Company wish to contribute towards Corporate Social Responsibility expenditure, the same should be contributed from the return earned out of the business, rather than passing on such costs to the Utility's consumers. On similar grounds, the Commission has also disallowed the revenue expenditure towards CSR. Hence, for Truing up purposes for FY 2009-10, the Commission has not considered this capital expense of Rs. 8.09 Lakh."

5.8.13 The above disallowance had been done for FY 2009-10 where in the Companies Act, 2013 was not in force.

5.8.14 It is important to note that the essence of the above provision in the Companies Act, 2013 is that the companies shall shed some of their profits in corporate social developments and in case such expenses are passed on to the consumers in the ARR it would indirectly mean that the CSR is being done by the consumers and not by the companies. The Commission at this stage has not allowed expenses separately under the ARR and may be considered during the Truing up for FY 2014-15 after analyzing the actual expenses and case laws in other States.

5.8.15 The Table below highlights the statutory and other expenses approved by the Commission for FY 2014-15:

Table 5:14: STATUTORY / OTHER REGULATORY EXPENSES APPROVED BY THE COMMISSION FOR FY 2014-15 (Rs. Crore)

Particulars	Petition	Approved
Demand Side Management Expenses	0.25	0.25
CGRF Expenses	0.24	0.24
Competitive Bidding Expenses	0.30	0.30
Technical studies as directed by Commission	0.50	0.50
Service Tax payable due to change in law	0.74	0.74
Corporate Governance Expenses due to change in law	1.30	0.00
Total	**3.33**	**2.03**

5.9 CAPITAL EXPENDITURE (CAPEX):

5.9.1 For FY 2014-15, the Petitioner in the ARR Petition has claimed capital investment of Rs. 240.43 and total capitalization (transfer to GFA) of Rs. 240.18 Crore. The above capital investment and capitalization claimed by the Petitioner also includes interest capitalization of Rs. 1.24 Crore.

5.9.2 Petitioner has projected the above capital expenditure for the following major heads:

- Routine Capital Expenditure
- Schemes for Distribution Systems
- Process / System Automation
- Civil Works for Substations
- IT Projects
- Tools & Testing Equipment
- 220 / 33 kV Gharbara Substation GNIDA
- Demand Side Management
- Lands for Substations (including Registration charges, Stamp Duty etc.)

5.9.3 The detailed breakup of the capitalization claimed by the Petitioner for FY 2014-15 is shown in the Table below:

Table 5:15: BREAKUP OF CAPITALISATION AS CLAIMED BY THE PETITIONER FOR FY 2014-15 (Rs. Crore)

Sl. No.	Nature of Works	FY 2014-15
A	**Routine Capital Expenditure**	
1	New Services & Load Augmentation	9.07
2	Replacement Stock	2.39
3	Metering & Energy Audit	0.50
	Sub-Total	**11.96**
B	**Schemes for Distribution Systems**	
1	Conversion of Distribution Transformer House to 33/11kV Sub-station	3.86
2	33/11kV Substations and Switching stations	25.79
3	33kV network development	5.97
4	11kV network development	4.87
5	LT network development	3.73
6	Network at villages	12.30
	Sub-Total	**56.53**

Sl. No.	Nature of Works	FY 2014-15
C.	**Process / System Automation**	
1	RTU for Supervisory Control and Data Acquisition System (SCADA) at 33/11 kV Substations and DMS/OMS	10.85
2	Upgradation/ Development of Communication System Infrastructure	0.90
3	Communication Equipment	0.65
4	Implementation of GIS	2.23
	Sub-Total	**14.63**
D	**Civil Works for Substations etc.**	**40.60**
E	**IT Projects**	**8.39**
F	**Tools & Testing Equipment**	**0.30**
G	**220 / 33 kV Gharbara Substation GNIDA**	**40.00**
H	**Demand Side Management**	**1.50**
I	**Lands for Substations (including Registration charges, Stamp Duty etc.)**	**60.00**
	Sub-Total	**233.90**
	Add: Salary Capitalized	5.05
	Add: Interest Capitalized	1.24
	Total	**240.18**

5.9.4 The capital expenditure (excluding interest capitalization) for FY 2014-15 has been considered as per the Petitioner's submission after deducting the assets (Rs. 1.00 crore) transferred from UPSIDC. The opening capital work in progress (CWIP) for FY 2014-15 is Rs. 2.25 Crore. As Greater Noida area has been developing at a very fast rate which is resulting in the higher electricity requirement and network coverage in the area. Further, as Petitioner has been quite able to achieve its capital expenditure levels in the past total capitalization i.e. transfers to GFA for FY 2014-15 has also been taken as per Petitioner's submission after deducting the assets (Rs. 1.00 crore) transferred from UPSIDC.

5.9.5 The interest capitalization for FY 2014-15 has been considered as Rs. 1.24 Crore.

5.9.6 Debt and Equity has been worked out based on the normative funding of 70:30 as adopted by the Commission in its previous Orders.

Table 5:16: CAPEX DETAILS FOR FY 2014-15 AS APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Petition	Approved
Total Additions to Assets (excluding interest capitalisation)	238.94	237.94
Add: Closing CWIP	2.25	2.25
Less: Opening CWIP	2.00	2.00
Total Capex (excluding interest capitalisation)	239.19	238.19
Add: Interest Capitalisation	1.24	1.24
Total Capex	240.43	239.43
Consumer Contribution & GNIDA	8.92	7.92
Net Capex	231.51	231.51
Debt @ 70%	**162.06**	**162.06**
Equity @ 30%	**69.45**	**69.45**

5.10 INTEREST AND FINANCE CHARGES:

5.10.1 The Licensee has claimed Interest and Finance Charges which includes following heads:

- Interest on Long Term Loans;
- Finance Charges;
- Interest on working capital / short term loans &
- Interest on consumer security deposits.

5.10.2 Each of the above cost elements are discussed separately as under:

5.11 INTEREST ON LONG TERM LOANS:

5.11.1 In the ARR Petition, the Petitioner has claimed interest on debt of Rs. 41.83 Crore after considering loan additions of Rs. 162.06 Crore. The interest on long term loans as submitted by Petitioner is given in Table below:

Table 5:17: INTEREST ON LONG TERM LOANS - PETITION (Rs. Crore)

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Bank of Maharashtra (FY 10)	17.40	-	4.93	12.47	1.86
IDBI Bank(FY11)	35.91	-	11.05	24.86	3.79
GNIDA	1.06	-	1.06	0.00	0.06

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Normative Loans (FY08)	2.13	-	0.53	1.60	0.23
ICICI Bank (FY12)	30.39	-	6.75	23.64	3.35
Central Bank of India (FY 13)	62.76	-	7.84	54.91	7.39
ICICI Bank (FY 13)	23.00	-	4.00	19.00	2.55
ICICI bank (FY 14)	100.00	-	-	100.00	12.14
Normative Loans (FY14)	10.22	-	1.02	9.20	1.18
XYZ Bank	-	162.06	-	162.06	9.28
Total	**282.88**	**162.06**	**37.19**	**407.74**	**41.83**

Commissions' Analysis

5.11.2 The Commission while computing the interest on loan for FY 2014-15 has considered the opening loan balance equivalent to closing loan balance for FY 2013-14 after undertaking the Truing up of FY 2012-13 and considering the revised capital expenditure submitted by the Petitioner for FY 2013-14. The rate of interest for loan addition during FY 2014-15 has been provisionally considered as submitted by the Petitioner i.e. at 13%. The Petitioner should ensure to arrange the funding arrangement for the loan additions at the optimum terms.

5.11.3 Following the same methodology as adopted in previous Order, the repayments, rate of interest and interest on existing loans have been approved as per actual loan portfolio for FY 2013-14.

5.11.4 Accordingly, interest on long term loan approved by the Commission is shown in the Table below:

Table 5:18: INTEREST ON LONG TERM LOANS – APPROVED (Rs. Crore)

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Bank of Maharashtra (FY 10)	17.41	-	4.93	12.47	1.86
IDBI Bank(FY11)	35.91	-	11.05	24.86	3.79
GNIDA	1.06	-	1.06	0.00	0.06
Normative Loans (FY08)	2.12	-	0.53	1.59	0.23
ICICI Bank (FY12)	30.39	-	6.75	23.64	3.35

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Central Bank of India (FY 13)	62.76	-	7.84	54.91	7.39
ICICI Bank (FY 13)	23.00	-	4.00	19.00	2.55
Normative Loan (FY 13)	-	-	-	-	-
ICICI bank (FY 14)	100.00	-	-	100.00	12.14
Normative Loans (FY14)	10.22	-	1.02	9.20	1.18
XYZ Bank	-	162.06	-	162.06	9.28
Total	**282.87**	**162.06**	**37.19**	**407.74**	**41.82**

5.11.5 The interest on long term loan is approved at Rs. 41.82 Crore against claim of Rs. 41.83 Crore.

5.12 INTEREST ON WORKING CAPITAL:

5.12.1 Petitioner submitted that the Distribution Tariff Regulations, 2006 provides for normative interest on working capital based on the principles outlined and accordingly, it is eligible for interest on working capital worked out on this basis. Further, Clause No. 4.8 (2) (b) of the Distribution Tariff Regulations, 2006 provides for rate of interest on working capital borrowings at bank rate specified by RBI + appropriate margin decided by Commission. The Petitioner has considered the weighted average SBI PLR for computing the interest on working capital.

5.12.2 In the Petition for FY 2014-15, the Licensee has considered the security deposit passed onto UPPCL amounting to Rs. 11.28 Crore. The total interest on working capital claimed by the Petitioner is Rs. 12.06 Crore.

Commission's Analysis:

5.12.3 Regulation 4.8 (2) of the Distribution Tariff Regulations, 2006 specify as under:

"4.8 Treatment of Interest Costs:

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."

5.12.4 The Commission has computed the interest on working capital in accordance with the above Regulations.

5.12.5 Interest rate for interest on working capital has been considered as 14.58% as weighted average rate of SBI PLR for FY 2013-14 as also proposed by the Petitioner.

5.12.6 The Commission has worked out the working capital and interest on working for FY 2014-15 as shown in the Table below:

Table 5:19: INTEREST ON WORKING CAPITAL - APPROVED (Rs. Crore)

Particulars	Petition	Approved
One Month's O&M Expenses	5.12	3.61
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	19.83	19.83
Receivables equivalent to 60 days average billing on consumers	151.51	156.55
Gross Total	176.46	180.00
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003		
Opening Balance	96.07	96.07
Received during the year	18.00	18.00

Particulars	Petition	Approved
Closing Balance	114.07	114.07
Less: Security Deposit with UPPCL	11.28	11.28
Net Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	93.79	93.79
Net Working Capital	82.67	86.21
Rate of Interest for Working Capital	14.58%	14.58%
Interest on Total Working Capital	**12.06**	**12.57**

5.12.7 The major reasons for the difference in Petitioned and the approved amount are explained as under:

- The O&M expenses are approved for FY 2014-15 at Rs. 41.33 Crore against Petitioner's claim of Rs. 58.11 Crore.
- The Statutory expenses are approved for FY 2014-15 at Rs. 2.03 Crore against Petitioner's claim of Rs.3.33 Crore.
- Receivables considered by the Commission, are based on the revenue approved by the Commission in this Order, based on the Tariff approved by the Commission.

5.13 FINANCE CHARGES:

5.13.1 Petitioner has estimated the Finance Charge including Processing Charges and Credit Rating Charges of Rs. 7.27 Crore for FY 2014-15.

5.13.2 Petitioner in its original Petition had proposed the processing charges as Rs. 9.75 as against Rs. 5.75 Crore approved for FY 2013-14.

5.13.3 On a specific query raised regarding higher processing charges, Petitioner submitted that the provisions for finance charges with respect to renegotiating of interest rates has been distributed in FY 2013-14 and FY 2014-15. Petitioner submitted that after lots of persuasion and discussion as on date it has convinced all the banks to reduce the rate of interest and therefore, there will not be any finance charges on swapping of loans in FY 2014-15. Petitioner submitted that all the renegotiations for reduction of interest rates took place in FY 2013-14, hence, the finance charges for FY 2013-14 were higher than Rs. 5.25 Crore approved by the Commission. In view of the above, the Petitioner revised the estimated processing charges for FY 2014-15 to Rs. 6.00 Crore, as against Rs. 9.75 Crore proposed originally in the ARR Petition.

Commission's Analysis:

5.13.4 In view of the submissions made by the Petitioner and in accordance with Regulation 4.8.1 of the Distribution Tariff Regulation, 2006, the Commission approves finance charge of Rs. 7.27 Crore which is equivalent to that projected by the Petitioner. However, the same shall be subject to true-up based on the Audited Accounts of the Petitioner. The above expense also include the credit rating charges and other finance charges of Rs. 0.15 Crore and 1.12 Crore respectively. The summary of the finance charges as claimed by the Petitioner and that approved by the Commission is shown in the Table below:

Table 5:20: FINANCE CHARGES – APPROVED (Rs. Crore)

Particulars	Petition	Approved
Credit Rating Charges	0.15	0.15
Processing Charges	6.00	6.00
Other Finance Charges	1.12	1.12
Total Finance Charges	**7.27**	**7.27**

5.14 INTEREST ON SECURITY DEPOSIT:

5.14.1 Regulation 4.8.3 of the Distribution Tariff Regulations, 2006 provides for Interest on Security Deposit amount at bank rate or more, as may be specified by the Commission.

5.14.2 Petitioner in its Petition has claimed interest on security deposit of Rs. 9.46 Crore which has been computed at the rate of 9%.

Commission's Analysis:

5.14.3 The Commission in accordance with Regulation 4.8.3 of the Distribution Tariff Regulations, 2006 has computed the interest on security deposits at the prevailing Bank Rate of 9.00% as on 1st April, 2014. The interest on Security Deposit as claimed by the Petitioner and that approved by the Commission is shown in the Table below:

Table 5:21: INTEREST ON SECURITY DEPOSIT - APPROVED (Rs. Crore)

Particulars	Petition	Approved
Opening Balance of Security Deposit	96.07	96.07
Addition During the year	18.00	18.00
Closing Balance for Security Deposit	114.07	114.07
Average Balance for Security Deposit	105.07	105.07
Rate of Interest	9.00%	9.00%
Interest payable on Security Deposit	**9.46**	**9.46**

5.14.4 The Petitioner is required to pay interest on consumer security deposit at the rate of 9.00% p.a. on the consumer security deposits.

5.15 INTEREST CAPITALISATION:

5.15.1 The Interest capitalization claimed by the Petitioner for FY 2014-15 is Rs. 1.24 Crore.

5.15.2 The Interest capitalization for FY 2014-15 has been computed by the Commission on the basis of normative interest approved on normative loan addition in FY 2014-15 which is Rs. 9.28 Crore. It may be noted that the same methodology was adopted by the Commission in the last Tariff Order which was later accepted by the Hon'ble ATE in Appeal No. 4 of 2011 dated 15th December, 2011. Accordingly, the interest capitalization approved by the Commission for FY 2014-15 works out to Rs. 1.24 Crore.

5.16 SUMMARY OF INTEREST & FINANCE CHARGES:

5.16.1 The Summary of Interest and Finance Charges approved by the Commission for FY 2014-15 are given in the Table below:

Table 5:22: SUMMARY OF INTEREST & FINANCE CHARGES APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Petition	Approved
Interest on Long term loans	41.83	41.82
Interest on short term loans/working capital	12.06	12.57
Finance charges	7.27	7.27
Interest on security deposit	9.46	9.46
Total Interest & Finance charges	**70.61**	**71.12**
Less: Interest capitalization	1.24	1.24
Net Interest & Finance charges	**69.36**	**69.87**

5.17 EFFICIENCY GAINS DUE TO SWAPPING OF LOANS

5.17.1 Petitioner submitted that to minimize the cost of borrowing, it has renegotiated its existing term loan facilities with ICICI Bank, IDBI Bank and Bank of Maharashtra for swapping of these loan facilities with new facilities bearing lower cost. Such, swapping of loans would result in accrual of saving in interest cost of Rs. 4.06 Crore in future years to be shared with its consumers in accordance with Clause 4.8 and 4.11 of Distribution Tariff Regulations, 2006. The Petitioner has worked out the savings in the interest cost for FY 2014-15 amounting to Rs. 0.73 Crore. In accordance with Regulations 4.8 and 4.11 of Distribution Tariff Regulations, 2006 the Commission has provisionally considered the efficiency gain of Rs. 0.73 Crore for FY 2014-15 due to loan swapping as claimed by the Petitioner which shall be subject to True-up as per the Audited Accounts of the Petitioner.

5.18 CAPITALISATION OF ASSETS & COMPUTATION OF EQUITY:

5.18.1 The Petitioner has submitted return on equity computations based on the debt equity ratio of 70:30 as provided in Regulation 4.7 of Distribution Tariff Regulations, 2006.

Commission's Analysis:

5.18.2 As per Clause 1 of Regulation 4.10 of the Distribution Tariff Regulations, 2006, return on equity shall be allowed at 16% on the equity base determined in accordance with Regulation 4.7.

5.18.3 The Capitalisation of Assets or Capital Formation takes place from Opening Work-in-Progress (WIP) and investments/ capex undertaken during the year. The computation of equity approved by the Commission for FY 2014-15 is given in the Table below:

Table 5:23: CAPITALISATION OF ASSETS & COMPUTATION OF EQUITY – APPROVED (Rs. Crore)

Particulars	Petition	Approved
Opening CWIP	2.00	2.00
Capital Investment	240.43	239.43
Total capitalization=Transfer to GFA	240.18	239.18
Capitalization of Capex approved during the year in the year	238.18	237.18
Consumer contribution	8.92	7.92
Remaining investment	231.51	231.51
Debt	162.06	162.06
Equity	69.45	69.45
Portion of Inv. Assumed to be capitalized through CC	8.84	7.85
Portion of remaining investment to be capitalized	229.34	229.33
Debt	160.54	160.53
Equity	68.80	68.80
Portion of Opening CWIP	0.56	0.56
Total Equity for RoE	**69.36**	**69.36**

5.19 GROSS FIXED ASSETS (GFA) & WORK-IN-PROGRESS:

5.19.1 The capitalization and transfer to GFA is approved as projected by the Petitioner, however the interest capitalised is considered as computed by the Commission in the previous Section. Accordingly, the approved GFA is shown in the Table below:

Table 5:24: GROSS FIXED ASSETS - APPROVED (Rs. Crore)

Particulars	Petition	Approved
Opening Balance	781.02	780.03
Addition during the Year	240.18	239.18
Retirement during the Year	2.10	2.10

Particulars	Petition	Approved
Closing Balance	**1019.10**	**1017.11**

5.20 DEPRECIATION:

5.20.1 The Commission in its Distribution Tariff Regulation has specified the rates to be utilised for the purposes of computing depreciation for different class of assets.

5.20.2 The Commission in its Tariff Order dated 1st September, 2008 under para 4.16.3 had taken a stand to allow Licensee to charge higher depreciation on IT assets at the rate of 30% instead of 12.77%.

5.20.3 Petitioner in its Petition has claimed net depreciation of Rs. 47.39 Crore for FY 2014-15 after deducting the depreciation on Consumer Contribution.

5.20.4 The depreciation expenses approved by Commission for FY 2014-15 are provided in the Table below:

Table 5:25: DEPRECIATION - APPROVED (Rs. Crore)

Particulars	Petition	Approved
Depreciation	54.76	54.67
Less: Depreciation on Consumer Contribution	7.38	7.38
Net Depreciation	47.39	47.30
Average Normative GFA	900.06	898.57
Weighted average depreciation rate	6.08%	6.08%

5.21 INCOME TAX:

5.21.1 Petitioner submitted that based on the existing provisions of the Income Tax Act, 1961, the Income Tax liability of the Company for FY 2014-15 shall be at the Corporate Tax Rates and likely accrual of tax demand has been estimated at Rs. 45 Crore.

5.21.2 Petitioner submitted that due to protracted litigation on power purchase price, as a measure of abundant precaution it has been claiming power purchase price as billed by PVVNL / UPPCL in its Income Tax Returns. Consequent to the favourable decision of the Hon'ble Allahabad High Court, Lucknow bench, it was liable to pay income tax at normal corporate tax rate. However, since UPPCL, has filed SLP in the Hon'ble Supreme Court against the aforesaid Judgment, it has continued to pay income tax at Minimum Alternate Tax (MAT) rate, which is lower than the normal corporate tax rate. Petitioner submitted that in the event of favourable decision by the Hon'ble Supreme Court, it would be required to pay income tax at normal corporate rates from retrospective dates alongwith interest. In such event, it will also be required to pay taxes on past power purchase differentials which amounts to Rs. 30.54 Crore (approx.) till FY 2012-13. Further, there will also be a demand with respect to interest on the same, which is calculated in accordance with the provisions of the Income Tax Act, 1961 and amounts to Rs. 17.28 Crore as on 31st March 2013.

5.21.3 Petitioner submitted the Commission in its Tariff Order dated 26th June, 2007 had observed that the above differential income tax liability will be allowed in the year in which actual payment is made. Therefore, it has not claimed the above tax liability of Rs. 47.81 Crore in ARR for FY 2014-15 and will claim the same in the year in which the assessment will be finalized. Petitioner submitted that above should not prejudice it rights to claim the same in future on actual payment basis.

5.21.4 Considering the above, the Petitioner requested the Commission to approve the income tax liability for FY 2014-15 at Rs. 45.00 Crore subject to the true up in future on actual payment.

5.21.5 On a specific query raised by the Commission the Petitioner in its replies, submitted that it has been paying taxes as per Minimum Alternate Tax (MAT) due to accumulated losses arising from the claims made in income tax return in respect of excessive billing done by UPPCL and the same is under dispute and pending before the Hon'ble Supreme Court. The Petitioner further submitted that based on the projections, all the accumulated losses will be consumed up in FY 2013-14, therefore, it would be liable to pay Income Tax as per normal tax provisions for FY 2014-15. Thus, the tax liability for FY 2014-15 has not been estimated as per MAT provisions.

Commission's Analysis

5.21.6 It has been observed that the Income Tax of Rs. 45.00 as claimed by the Petitioner for FY 2014-15 is considerably higher than the Income Tax approved by the Commission for FY 2013-14 in its Tariff Order dated 31st May, 2014 which was only Rs. 25.84 Crore.

5.21.7 As detailed above, such higher Income Tax has been claimed considering that the Petitioner from FY 2014-15 onwards would have to pay the Income Tax at the corporate tax rate instead of the MAT rate. The Commission is of the view that the only income which the Petitioner earns from the regulated Distribution Business is RoE apart from other efficiency gains which are very less.

5.21.8 Therefore the Commission has computed the Income Tax liability for the Petitioner at the corporate tax rate of 33.99% at the approved RoE. The Commission has provisionally considered the Income tax liability for FY 2014-15 which shall be subject to actual Income Tax paid by the Petitioner in FY 2014-15 which will also cover the tax liability for previous years if any. Thus, as against the Income Tax of Rs. 45.00 Crore by the Petitioner the Commission has provisionally approved Income Tax of Rs. 12.91 Crore for FY 2014-15 i.e. 33.99% of approved RoE for FY 2014-15.

5.22 CONTINGENCY RESERVE

5.22.1 Petitioner submitted that as per Regulation 4.14 of the Distribution Tariff Regulations, 2006 it is required to create Contingency Reserve up to 0.5% of the opening Gross Fixed Assets. Petitioner submitted that the Commission vide its Tariff Order dated 31st May, 2013 has not allowed the provision of contingency reserve to reduce extra burden on the consumers.

5.22.2 The Petitioner has not provided any amount on account of Contingency Reserve in ARR for FY 2014-15 in view of the observations made by the Commission in its Tariff Order dated 31st May, 2013. However, the Petitioner submitted that contingency reserve is being created to meet the eventualities in the nature of major calamities, act of God etc. and thereby, causing huge loss to the network. In any case, the amount so allocated, can be used with prior permission of the Commission only. Thus, as a matter of prudent practice, the Petitioner requested the Commission to reconsider allowance of the provision of contingency reserve.

Commission's Analysis

5.22.3 As the Petitioner, in its petition, stated that the Commission has not allowed contingency reserve in view of accumulated regulatory asset and accordingly, it is not claiming any amount on account of the contingency reserve. Agreeing with the Commission's earlier view that the same would put additional burden on the consumers, the Commission approves the contingency reserve for FY 2014-15 at NIL.

5.23 PROVISION FOR BAD & DOUBTFUL DEBTS:

5.23.1 The expenses claimed by Petitioner on account of bad and doubtful debts for FY 2014-15 are Rs. 8.62 Crore. The Petitioner submitted that any recovery around 97% - 98% of the sales should undoubtedly be considered as efficient collection and, therefore, the balance 2 - 3% may be provided as bad and doubtful debts. However, the Petitioner in its Petition has claimed the above amount at 1% of the estimated revenue from Sale of power.

Commission's Analysis:

5.23.2 The Commission has approved bad-debts for FY 2014-15 at 1% of estimated revenue billed during the year. Regulation 4.4 of the Distribution Tariff Regulations, 2006 provides for bad-debts with ceiling limit upto 2% of revenue receivables and that the same are written off actually with transparent policy approved by Commission. The Petitioner has claimed a provisioning of 1.0% for FY 2014-15 as Rs. 8.62 Crore.

5.23.3 The Commission approves the provisioning at 1.0% as for FY 2014-15. Any variations would be considered at the time of true-up for FY 2014-15. Accordingly the provision for bad debts as considered by the Commission for FY 2014-15 is shown in the Table below:

Table 5:26: BAD & DOUBTFUL DEBTS FOR FY 2014-15 (Rs. Crore)

Particulars	Petition	Approved
Receivable from Customers as at the beginning of the year	84.63	85.49
Revenue billed for the year	861.56	889.97
Collection for the year	819.55	846.58

Particulars	Petition	Approved
Gross receivable from customer as at the end of the year	118.02	119.98
% of Provision	1%	1%
Provision for Bad & Doubtful debts	**8.62**	**8.90**

5.24 MISCELLANEOUS EXPENSES:

5.24.1 As explained in the Truing-up Section, the Commission has provisionally approved the miscellaneous expenditure on loss on sale of fixed asset at Rs. 0.23 Crore subject to Truing-up as per Audited Accounts of the Petitioner.

5.25 RETURN ON EQUITY:

5.25.1 The Petitioner submitted that it is entitled to earn Return on Equity as per Regulation 4.10 of the Distribution Tariff Regulations, 2006.

5.25.2 The Petitioner based on its computations of equity after making adjustment for interest capitalization has claimed return of Rs. 37.99 Crore.

Commission's Analysis:

5.25.3 The return on equity has been computed by Commission in accordance with Regulation 4.10 of Distribution Tariff Regulations, 2006 at 16% of the equity. The return on equity as approved by the Commission for FY 2014-15 is shown in the Table below:

Table 5:27: ROE APPROVED BY THE COMMISSION FOR FY 2014-15 (Rs. Crore)

Return on Equity Computation	Petition	Approved
Regulatory Equity Base at the beginning of the year	202.76	202.76
Assets Capitalised during the year	240.18	239.18
Equity portion of Assets Capitalised during the year	69.36	69.36
Regulatory Equity Base at the end of the year	272.13	272.12
Computation of Return on Equity		
Return on Opening Regulatory Equity Base at 16%	32.44	32.44
Return on Addition to Equity Base during the year at 16%	5.55	5.55
Total Return on Equity	**37.99**	**37.99**

5.26 NON TARIFF INCOME:

5.26.1 The Non-Tariff Income includes delayed payment surcharge, miscellaneous charges, income from investments, interest on fixed deposits and income from consultancy business. The non-tariff income claimed by the Petitioner in its Petition is Rs. 1.31 Crore net of Rs. 1.38 Crore i.e. Cost of Borrowing for DPS.

5.26.2 As per the approached followed by the Commission its previous Orders and to appropriately compensate for the cost incurred for financing the deferred payment beyond the normative period, the Commission in this Order has reduce the amount of non-tariff income by the financing costs of DPS.

5.26.3 The financing cost of delayed payment surcharge has been computed by the Commission based on the projected DPS for the year. The DPS has been grossed up conservatively based on the highest applicable surcharge rate which is 1.5% per month. Further, the financing cost is arrived at on the grossed-up amount and the weighted average SBI PLR rate has been applied. The computation of the financing cost for DPS is provided in the Table below:

Table 5:28: COST OF BORROWING FOR DPS

Particulars	Petition	Approved
Delayed Payment Surcharge (Rs. Crore)	1.70	1.70
DPS grossed up at 1.50% per month or 18% per annum	18%	18%
Amount (Rs. Crore)	9.44	9.44
Financing cost @SBI PLR	14.58%	14.58%
Cost of Borrowing (Rs. Crore)	**1.38**	**1.38**

5.26.4 The Commission approves the non-tariff income as per Petitioner’s submission and the financing cost for DPS as computed above. Accordingly, the non-tariff income net of cost for DPS amounting to Rs. 1.31 Crore has been approved in the ARR for FY 2014-15. Any variations would be taken at the time of Truing-up.

5.27 REVENUE FROM SALE OF POWER AT EXISITING TARIFFS:

5.27.1 For FY 2014-15, the Petitioner has computed the revenue from sale of power at existing tariff and regulatory surcharge as approved by the Commission vide Tariff Order dated 31st May, 2013 at Rs. 861.56 Crore (including regulatory surcharge of Rs. 64.10 Crore). The Petitioner has also submitted the detailed computation of the Revenue estimated by the Petitioner at the exiting Tariff.

5.27.2 The Commission has gone through the submissions by the Petitioner and apart from minor mathematical and linking errors, the Commission found the data to its satisfaction. The Commission has recomputed the estimated revenue at existing Tariff based on the approved billing determinants for FY 2014-15 and the Tariff approved by the Commission in Order dated 31st May, 2013. Accordingly, the Commission has approved the revenue from sale of power at existing Tariff as provided in the Table below:

Table 5:29: REVENUE AT EXISTING TARIFF RECOMPUTED BY THE COMMISSION FOR FY 2014-15

Particulars	Sales	Revenue	Average Realisation
	(MU)	(Rs. Crore)	(Rs/kWh)
LMV-1: Domestic Light, Fan & Power	237.79	119.83	5.04
LMV-2: Non Domestic Light, Fan & Power	32.85	24.38	7.42
LMV-3: Public Lamps	22.38	15.63	6.99
LMV-4: Institutions	18.93	14.93	7.89
LMV-5: Private Tube Wells	14.10	2.20	1.56
LMV 6: Small and Medium Power	47.49	38.97	8.21
LMV-7: Public Water Works	15.60	11.25	7.21
LMV-8: STW and Pumped Canals	0.31	0.23	7.35
LMV-9: Temporary Supply	13.49	9.25	6.86
HV-1: Non Industrial Bulk Power	79.24	60.83	7.68
HV-2: Large and Heavy Power	749.78	487.72	6.50
Subtotal	**1,231.95**	**785.20**	**6.37**
Regulatory Surcharge		64.16	0.52
Total	**1,231.95**	**849.36**	**6.89**

5.28 REVENUE FROM SALE OF POWER AT APPROVED TARIFFS:

5.28.1 The Commission in its Tariff Order for other State Distribution Licensees for FY 2014-15 has approved the retail Tariffs for different category of consumers of the State, effective within 7 days from the date of publication. Same Tariffs are also made applicable in the supply area of NPCL. The Commission hereby retains the Tariffs for NPCL as approved in Tariff Order for the other State Distribution Licensees and approves the same as final Tariffs. The detailed Rate Schedule is enclosed as Annexure III.

5.28.2 The Commission in this Section has computed the revenue at approved tariffs for FY 2014-15. Based on these approved tariffs and the period of applicability, the approved revenue for FY 2014-15 for NPCL is as shown in the Table below:

Table 5:30: REVENUE APPROVED BY THE COMMISSION FOR FY 2014-15

Particulars	Sales	Revenue	Average Realisation
	(MU)	(Rs. Crore)	(Rs/kWh)
LMV-1: Domestic Light, Fan & Power	237.79	122.35	5.15
LMV-2: Non Domestic Light, Fan & Power	32.85	24.93	7.59
LMV-3: Public Lamps	22.38	15.63	6.99
LMV-4: Institutions	18.93	15.13	7.99
LMV-5: Private Tube Wells	14.10	2.27	1.61
LMV 6: Small and Medium Power	47.49	41.21	8.68
LMV-7: Public Water Works	15.60	11.75	7.53
LMV-8: STW and Pumped Canals	0.31	0.26	8.21
LMV-9: Temporary Supply	13.49	9.74	7.22
HV-1: Non Industrial Bulk Power	79.24	63.75	8.04
HV-2: Large and Heavy Power	749.78	517.42	6.90
Subtotal	**1,231.95**	**824.42**	**6.69**
Regulatory Surcharge		**68.07**	**0.55**
Total	**1,231.95**	**892.49**	**7.24**

5.29 REVENUE GAP OF FY 2012-13 and FY 2013-14:

5.29.1 As detailed earlier in this Order the Commission has undertaken the Truing-up of ARR for FY 2012-13 and has not revised the ARR for FY 2013-14. In view of the above, the revenue gap of FY 2012-13 as approved in this Order and revenue gap of FY 2013-14 as approved by the Commission in its Order dated 31st May, 2013 has been considered in the ARR of FY 2014-15. Accordingly, the consolidated revenue gap for FY 2012-13 and FY 2013-14 works out to Rs. 607.43 Crore.

5.30 CARRYING COST:

5.30.1 Petitioner in its Petition submitted that it had received Rs. 72.00 Crore by invocation of performance bank guarantees on 8th October, 2013, submitted by Essar Power Jharkhand Limited under PPA dated 9th May 2012. The same was been challenged by Essar Power Jharkhand Limited before the Commission. Pending final disposal at the time of filing of the Petition, the Petitioner in its Petition assumed availability of Rs. 72.00 Crore towards recovery of regulatory assets and accordingly, computed carrying cost on regulatory asset after adjusting Rs. 72.00 Crore received through invocation of these guarantees.

5.30.2 Subsequently the Commission had issued Order on 30th May, 2014 in the aforesaid matter wherein the Commission had directed the Petitioner to restore the bank guarantee of Rs. 72.00 Crore within 15 days of the Order. On a specific query raised in this regard, the Petitioner in its reply submitted that it has refunded the aforesaid amount on 3rd July, 2014 and the PBG has been restored on 4th July, 2014.

5.30.3 Considering the same, the Commission while computing the carrying cost for FY 2014-15 has considered the adjustment of Rs. 72.00 Crore only from 1st April, 2014 to 3rd July, 2014. Further, as detailed earlier in Truing-up Section for FY 2012-13, the Commission has computed the carrying cost for FY 2014-15 at monthly compounded weighted average SBI PLR rate as shown in the Table below:

Table 5:31: CARRYING COST AS APPROVED BY THE COMMISSION FOR FY 2014-15

Particulars	Formula	Amount (Rs. Crore)
Revenue Gap / Surplus (For FY 2014-15)	A	-53.79
Revenue Gap (For previous year)	B	607.43
Liquid amount available with NPCL from Essar	C	-72.00

Particulars	Formula	Amount (Rs. Crore)
Avg. SBI PLR (With monthly compounding)	D	15.59%
Carrying Cost on Revenue Gap for FY 2014-15	E = D x (A/2)	-4.19
Carrying Cost on Revenue Gap for previous years	F = D x B	94.70
Carrying Cost of Liquid amount available with NPCL from Essar	G = D x C x 93 /365	-2.86
Total Carrying cost	**H = E + F + G**	**87.65**

5.31 SUMMARY OF ARR FOR FY 2014-15:

5.31.1 Based on the above cost approvals, the summary of the ARR approved for FY 2014-15 is provided in the Table below:

Table 5:32: SUMMARY FOR FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Petition	Approved
1	Power Purchase Expenses	537.94	555.10
2	Transmission Charges (UPPTCL+PGCIL)	59.83	61.08
3	Net O&M Expenses	58.11	41.33
4	Statutory & Other Regulatory Expenses	3.33	2.03
5	Interest charges	70.61	71.12
6	Depreciation	47.39	47.30
7	Taxes (Income Tax and FBT)	45.00	12.91
8	**Gross Expenditure**	**822.20**	**790.88**
9	Interest capitalized	1.24	1.24
10	**Net Expenditure**	**820.96**	**789.63**
11	Provision for Bad & Doubtful debts	8.62	8.92
12	Miscellaneous Expenses	0.23	0.23
13	**Total net expenditure with provisions**	**829.80**	**798.76**
14	Add: Reasonable Return / Return on Equity	37.99	37.99
15	Less: Non Tariff Income	1.31	1.31
16	Add: Efficiency Gains	0.73	0.73
17	**Annual Revenue Requirement (ARR)**	**867.22**	**836.17**
18	Revenue from Existing Tariff	861.56	849.36
19	Revenue Gap/(Surplus) for FY 2014-15	5.66	(13.19)
20	Revenue Gap/ Surplus from Prev. Year	659.97	607.43
21	Carrying cost	92.15	87.65
22	**Net Revenue Gap**	**757.78**	**681.89**
23	Total Revenue at Approved Tariff	-	889.97

Sr. No.	Particulars	Petition	Approved
24	Additional Revenue from Revised Tariff	757.78	40.61
25	**Revenue Gap carrying forward**	**-**	**641.28**

5.31.2 From the above, the Revenue surplus for FY 2014-15 is Rs. 13.19 Crore at existng tariff. The total Revenue Gap at existing tariff for FY 2014-15 after considering the revenue gap of Rs. 607.43 Crore from previous years and carrying cost of Rs. 87.65 Crore is Rs. 681.89 Crore. The revenue at revised tariff is approved at Rs.889.97 Crore implying additional revenue due to tariff increase of Rs. 40.61 Crore during FY 2014-15. Thus, the revenue gap approved for FY 2014-15 to be carried forward to subsequent years is Rs. 641.28 Crore.

5.31.3 Further, the revenue gap carried forward for FY 2014-15 is approved provisionally and shall be subject to final true-up.

6. OPEN ACCESS CHARGES

6.1 BACKGROUND:

6.1.1 The Commission has notified the 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 7th June, 2005 to operationalize long-term and short-term open access in the State. The Regulations also provides that effective from 1st April, 2008 any consumer with demand of above 1 MW can avail open access on transmission and distribution systems.

6.1.2 Subsequently, the Commission has also finalized the necessary regulatory framework as below:

- UPERC (Terms and Conditions for Open Access) (First Amendment) Regulations, 2009 that includes among others, the 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 from 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.

6.1.3 Further, the Commission has also advised the SLDC to develop the procedure for energy accounting of electricity drawn from the grid by an open access customer who is connected with the distribution system or electricity injected into the grid by a generating station embedded in the distribution system.

6.2 RECENT DEVELOPMENTS:

6.2.1 In the absence of procedures and guidelines from State Transmission Utility (in short 'STU') and State Load Despatch 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", shall come into force from the date it was notified in the Gazette.

6.2.2 The said amendment, which includes procedures for Long-Term Open Access and Short-Term Open Access mainly, focuses on:

- 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.
- 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.
- 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.

6.2.3 The Commission has finalized the model Bulk Power Transmission Agreement (BPTA) and Supplementary BPTA for availing transmission services of UPPTCL.

6.2.4 The Commission has also finalized the model Bulk Power Wheeling Agreement (BPWA) which is to be signed between a Distribution Licensee and the 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.

6.3 OPEN ACCESS CHARGES:

6.3.1 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.

6.4 WHEELING CHARGES:

6.4.1 Clause 2.1 (2) and (3) of the Distribution Tariff Regulations, 2006 specify that the ARR / Tariff filing by the Distribution Licensee shall separately indicate Aggregate Revenue Requirement (ARR) for Wheeling function and Retail Supply function embedded in the distribution function and that till such time complete segregation of accounts between Wheeling and Retail Supply function takes place, ARR proposals for Wheeling and Retail Supply function shall be submitted on the basis of an allocation statement to be prepared by the Distribution Licensee based on their best of judgement.

6.4.2 As per Distribution Tariff Regulations, 2006 the Annual Expenditure of the Distribution Licensee shall comprise of the following components:

For Retail Supply Business

- Power Purchase Cost Only
- Transmission Charge
- SLDC Charges

As per proportionate allocation towards Wheeling and Retail Supply Business

- Operation & Maintenance Expense
- Depreciation
- Interest & Financing Costs
- Bad and Doubtful Debts
- Return on Equity
- Taxes on Income
- Other expense
- Contribution to Contingency Reserve

6.4.3 The above given Expenditures have to be proportionately allocated towards both Wheeling & Retail Supply Business. The allocation % of the ARR into Wheeling and Retails Supply is provided by the Petitioner.

6.4.4 The Commission for the purpose of this Tariff Order has adopted the basis of allocation of the expenses provided by the Licensee and has accordingly approved the ARR into Wheeling and Retail Supply for FY 2014-15 as given in the Table below:

Table 6:1: WHEELING & RETAIL SUPPLY ARR - APPROVED (Rs. Crore)

Sr. No.	Item	Allocation % FY 2014-15		Allocation FY 2014-15		
		Wheeling	Retail Supply	Total Approved ARR	Wheeling ARR	Retailing Supply ARR
a	b	c	d	e	f = c x e	g= d x e
1	Power Purchase Expenses	0.00%	100.00%	555.10	-	555.10
2	Transmission Charges	0.00%	100.00%	61.08	-	61.08
3	O&M Expenses	74.00%	26.00%	41.33	30.59	10.75
4	Statutory & Other Regulatory Expenses	0.00%	100.00%	2.03	-	2.03
5	Interest Charges	100.00%	0.00%	69.87	69.87	-
6	Depreciation	91.00%	9.00%	47.30	43.04	4.26
7	Taxes (Income Tax & FBT)	93.00%	7.00%	12.91	12.01	0.90
8	**Gross Expenditure**			**789.63**	**155.51**	**634.12**
Add:	**Special Appropriation**					
9	Add: Provision for Bad & Doubtful Debts	0.00%	100.00%	8.90	-	8.90
10	Add: Miscellaneous Expenses	100.00%	0.00%	0.23	0.23	-
11	**Total Net Expenditure with Provisions**			**798.76**	**155.74**	**643.02**
12	Add: Reasonable Return/ Return on Equity	93.00%	7.00%	37.99	35.33	2.66
13	Less: Non Tariff Income	0.00%	100.00%	1.31	-	1.31
14	Add: Efficiency Gains	93.00%	7.00%	0.73	0.68	0.05
15	**Annual Revenue Requirement (ARR)**			**836.17**	**191.75**	**644.42**

6.4.5 Based on the same, the wheeling charges for FY 2014-15 have been worked out by the Commission as shown in the Table below:

Table 6:2: WHEELING CHARGES - APPROVED (Rs./kWh)

Details	Unit	FY 2014-15
		Approved
Net Approved Distribution (Wheeling Function) ARR	Rs. Crore	191.75
Retail Sales by NPCL	MU	1,231.95
Wheeling Charges	**Rs./kWh**	**1.557**

6.4.6 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. 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 NPCL and that for wheeling at voltages above 11 kV shall be 50% of the average wheeling charges as given in the Table below. Further, as detailed in the Tariff Order of UPPTCL for FY 2014-15, 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. Due to substantial use of short-term Open Access, the basis on which the short-term Open Access Charges are being levied in the country have undergone change. This could be observed from the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 wherein the transmission charges for long-term, medium-term and short-term designated ISTS customers of the transmission system are same. In view of the same the Commission has approved the short term distribution wheeling charges same as long term wheeling charges.

Table 6:3: LONG TERM VOLTAGE LEVEL WHEELING CHARGES (Rs./kWh)

Details	Unit	FY 2014-15
		Approved
Connected at 11 kV Voltage Level	Rs/kWh	1.245
Connected above 11 kV Voltage Level	Rs / kWh	0.778

6.4.7 In addition to the payment of wheeling charges, the open access customers also have to bear the wheeling losses in kind. 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.

6.4.8 The Licensee in the Petition for FY 2014-15 has submitted that the technical losses at 11 kV voltage level would be around 3.18% and the technical losses above 11 kV voltage level upto 132 kV would be in around 2.04%. Hence, the Commission has considered the wheeling loss applicable for Open Access transactions entailing drawal at 11 kV voltage level at 3.18%, and that for drawal at voltages above 11 kV voltage level at 2.04%.

6.4.9 The wheeling charges determined above shall not be payable if the Open Access customer is availing supply directly through the State transmission network.

6.5 CROSS SUBSIDY SURCHARGE:

6.5.1 The Commission has computed the cross-subsidy surcharge for Open Access consumers in accordance with the methodology specified in Regulation 6.6 of Distribution Tariff Regulations, 2006.

6.5.2 As per Regulation 6.6, 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 Licensee to supply electricity to the consumers of the applicable class. In case of a consumer opting for open access, the Distribution Licensee 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.

6.5.3 The Commission has computed the cross subsidy surcharge for the relevant consumer categories using the following formula:

$$S = T - [C(1 + L/100) + D]$$

Where

S is the cross subsidy 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. In case of the Petitioner, this works out to Rs. 4.55 /kWh considering the cost of marginal power purchase from open access.

D is the average wheeling charges for transmission and distribution of power which is Rs. 1.557 /kWh

L is the system Losses for the applicable voltage level, expressed as a percentage, which is computed at 2.04% at 33 kV, 3.70% at 11 kV and 8.76% at LT level.

6.5.4 As per the above formula, the avoidable cost of supply for the Open Access consumers as approved is provided in the Table below, which will be applied against the tariff applicable for the relevant consumer category for computation of Cross subsidy surcharge as and when any consumer applies for the same.

Table 6:4: COST OF SUPPLY AS APPROVED BY THE COMMISSION (Rs. / kWh)

S No.	Categories	Wh. Charge (D)	Wt. Avg. Power Purchase Cost (C)	System Loss (L)	Total Cost
1	**HV Categories at 11 KV**	1.25	4.55	3.70%	5.964
2	**HV Categories above 11 KV**	0.78	4.55	2.04%	5.422

6.5.5 The impact of migration of consumers from the network of the incumbent Distribution Licensee on the consumer mix and revenues of a particular Distribution Licensee shall be reviewed by the Commission from time to time as may be considered appropriate.

6.6 ADDITIONAL SURCHARGE:

6.6.1 Petitioner in its Petition submitted that the Commission in its Tariff Order dated 31st May, 2013 has approved additional surcharge as Nil (zero). It is pertinent to mention that Section 42(4) of the Electricity Act, 2003 provides that a consumer permitted to receive supply of electricity from a person other than distribution licensee of the area in which such consumer is located, shall be liable to pay an Additional Surcharge to meet the fixed cost of the Distribution licensee arising out of his obligation to supply.

6.6.2 Petitioner submitted that in addition to the above, Regulation 6.8 of the Distribution Tariff Regulations, 2006 prescribes as follows:

> *"6.8 Additional Surcharge*
>
> *1. Where a consumer avails open access, the Commission may determine the additional surcharge to meet the fixed costs of distribution licensee arising out of his obligation to supply and permit collection of such additional surcharge for the period the fixed cost remains stranded. For recovery of additional surcharge, the distribution licensee shall conclusively demonstrate that his obligation in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. Further, fixed costs related to electrical network assets should be recovered through wheeling charges.*
>
> *2. The Commission shall determine the amount of additional surcharge to be paid by the consumer to the licensee based on the statement of account submitted by the licensee and objections thereof if any of the consumer.*
>
> *3. The additional surcharge shall be leviable for such period as the Commission may determine."*

6.6.3 In view of the above, the Petitioner submitted that its power purchase is largely from the short term sources. Petitioner submitted that the short term power procurement contracts are subject to single tariff and are not segregated between fixed and variable charges as such. However, at the same time, all such contracts invariably carry a covenant to procure at least 80% of the contracted supply or else it will have to pay compensation of Rs. 1.00 per unit of the shortfall.

6.6.4 Petitioner submitted that in view of Regulation 6.8 of the Distribution Tariff Regulations, 2006, in case a consumer avails open access and do not procure power from the Petitioner, it will be liable to pay compensation at Rs. 1.0 per kWh of the power not procured. In view of the above, the Petitioner proposed additional surcharge of Rs. 1.00 per kWh for such open access customers for FY 2014-15.

6.6.5 It has been observed by the Commission that there has been considerable amount of load shedding in the area of NPCL which implies that there is a power deficit scenario. In such a case if any consumer avails open access, the Licensee does not really have to reduce the power procurement from the tied up short term sources. The distribution licensee in such a scenario still has large number of consumers to whom the available electricity can be supplied and will not then have to pay any compensation to the suppliers. Considering the above, the Commission has approved additional surcharge for FY 2014-15 as Nil (zero). The Commission further directs the Petitioner to improve its demand supply position as the consumers in the Petitioner's area are facing considerable amount of load shedding.

6.6.6 The Petitioner in its subsequent submission in replies to the deficiency note of the Commission further submitted that as per the Tariff Order dated 31st May, 2013, the Commission has approved levy of regulatory surcharge for recovery of cumulative regulatory assets created so far. Petitioner in this regard proposed that the regulatory surcharge should also be recovered from Open Access Consumers at the same rate per unit as applicable to the category to which said consumers belongs.

6.6.7 The Commission has approved levy of Regulatory Surcharge for recovery of cumulative regulatory asset created for the Licensee, which is a part of the tariff charged to different consumer categories. Hence, the Cross Subsidy Surcharge has shall be 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.

6.7 OTHER CHARGES:

6.7.1 The Commission to encourage the Open access in the State rules that the standby charges, grid support charges and parallel operations charges shall be zero in case of Open Access consumers.

7. TARIFF PHILOSPHY

7.1 CONSIDERATIONS IN TARIFF DESIGN:

7.1.1 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.

7.1.2 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 also advocates for adoption of average cost of supply, which should be taken as reference point for fixing the tariff bands for different categories.

7.1.3 The Commission has determined the retail tariff for FY 2014-15 in view of the guiding principles as stated in the Electricity Act, 2003 and Tariff Policy. 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 has 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.

7.1.4 As regards to the linkage of Tariff with the Cost of Service, the Distribution Tariff Regulations state as follows:

> *"1. The tariffs for various categories / voltages shall progressively reflect Licensee's cost to serve a particular category at a particular voltage. Allocation of all costs prudently incurred by the Distribution Licensee to different category of consumers shall form the basis of assessing cost to serve of a particular category. Pending availability of information that reasonably establishes the category-wise / voltage-wise cost to serve, average cost of supply shall be used for determining tariffs taking into account the fact that existing cross subsidies will be reduced gradually. Every Licensee shall provide to the Commission an accurate cost to serve study for its area. The category-wise/ voltage wise cost to serve should factor in such characteristics as supply hours, the load factor, voltage, extent of technical and commercial losses etc.*
>
> *2. To achieve the objective that the tariff progressively reflects the cost of supply of electricity, the Commission may notify a roadmap with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map shall also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy."*

7.1.5 In terms of the Distribution Tariff Regulations, 2006, Tariff Policy 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. In this regard, the Commission has been directing the Licensee to conduct Cost of Service studies to have a tool for alignment of costs and charges. The licensee has filed its duly audited cost records for FY 2012-13 for the verification of the Commission in this regard.

7.1.6 Accordingly, while determining the tariff for each category, the Commission has looked into the relationship between the tariff and the overall average cost of supply for FY 2014-15. Effort has been made to move the tariff of appropriate consumer categories, towards the band of +/- 20% to meet the declared objectives of the Distribution Tariff Regulations, 2006, Tariff Policy and the Electricity Act, 2003.

7.1.7 In view of the above, the Commission has determined the retail tariff keeping in the mind the guiding principles as stated in Section 61 of the Electricity Act, 2003. The accumulated gap at existing Tariff for FY 2014-15 (including the gap for previous years) is Rs. 681.89 Crore. Keeping in view, such a huge amount of accumulated revenue gap and high cost of supply and resultant poor cost coverage in the absence of cost reflective tariff, the Commission has decided to increase the tariff as detailed in the subsequent sections to ensure some recovery of the revenue gap.

100% Metering:

7.1.8 As detailed earlier in this Order, despite categorical provision under Electricity Act, 2003 to necessarily achieve 100% metering, large chunk of consumers are still un-metered in the State. Predominant proportion of rural consumers either in domestic category (LMV-1), commercial (LMV-2) or pump set (LMV-5) category continue to be billed under un-metered category. Further, the Tariff for unmetered domestic category of LMV-1 and unmetered commercial category of LMV-2 is linked with number of consumers and not with the load. It has been observed that the unmetered category of consumers operate unaccounted load which usually higher than 1 KW. The Commission feels that unless very clear incentives and disincentives are built in the system, the vision of universal metering would remain merely a wishful and glorious intention of the legislature. The Commission in view of the same has linked the tariff for such unmetered consumer categories in (LMV-1 and LMV-2) with the contracted load which was earlier linked with number of consumers. The tariff for LMV-5 category is already linked with the load.

7.1.9 To further, incentivise the consumers who shifts from unmetered to metered category, the Commission has allowed a rebate of 10% on Rate applicable as per the applicable tariff of metered category.

7.1.10 The Commission in its pursuit of achieving the mandate of 100% metering has also increased the tariff of un-metered consumers in LMV-9 (Temporary Supply) and LMV-10 (Departmental Employees and Pensioners) categories to discourage unmetered connections. Therefore, impetus to metering is at the nucleus of present rate design.

7.1.11 It has further 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 Licensee continue to supply electricity to the unmetered consumers which results in huge loss of unaccounted electricity. The Commission expressing its utmost concern, accords a final opportunity to the Distribution Licensee and direct them to ensure that all their unmetered consumers get converted into metered connection by 31st March, 2015 beyond which, the Tariff for unmetered categories shall be discontinued.

New Slabs based on consumption

7.1.12 Tariff has been designed in such a way that the effective tariff for the high consumption consumers would be higher than those who consume less electricity. This would discourage the consumers to use more electricity and will contribute in electricity savings. The Commission has introduced new slabs in LMV-1, LMV-2, LMV-4 and LMV-6 categories which will ensure the above philosophy.

Life-line consumers

7.1.13 The Commission in the past has been allowing tariff support to lifeline consumers having load up to 1 kW and maximum consumption of 150 kWh / month. Tariff for the mentioned category had been given in two slabs i.e. (0 to 100 kWh / month) and (101 to 150 kWh / month). Thus, in spirit of the National Electricity Policy, the Commission in this Order, has changed the slabs for the lifeline consumers and has given lower tariff for consumers with consumption up to 50 kWh / month. In view of the same, to ensure that the burden on the genuinely poor consumers get reduced the Commission has also reduced the Tariff for the lower slab and has marginally increased the tariff in the higher slab as depicted in the Rate Schedule.

Rebate for Prepaid Meters:

7.1.14 In order to encourage the prepaid meters, the Commission has allowed the rebate of 1.25% on the Rate of Charge for the consumers having prepaid meters.

Delayed Payment Surcharge / Penalty:

7.1.15 Further, to discourage the late payment of electricity bills the Commission has revised the applicable surcharge / penalty on the late payment of bills to 1.5% per month (based on number of days for which the payment is delayed from the due date).

Load factor rebate

7.1.16 The Commission is of the view that the Load factor rebate encourages the consumers to consume more electricity. Load factor rebate also defeats the approach of the Commission, that the tariff for consumers, consuming more electricity should be higher. Considering the same, the Commission has decided to abolish the load factor rebate.

Single point buyer

7.1.17 It has been general grievance of the consumers that the single point buyers under LMV-1 and HV-1 categories charge variably from it end consumers and earns lot of profit by selling electricity at higher rates. The Commission is of the view that the body seeking the supply at Single point connection for bulk loads under the mentioned categories are responsible for all the activities to supply electricity from the single point connection to the end consumers. The Commission understands that such activities also involve certain amount of cost which is required to be recovered from the end consumers. It has been observed that such additional cost is usually charged from the consumers through a separate maintenance bill or is included in the electricity bill itself. The Commission is of the view that such single point buyer should not be entitled for any unreasonable profits but should be allowed to recover the cost it incurs for supply of electricity. In view of the same, and as depicted in the Rate Schedule the Commission has specified maximum limit of 10% for the single point buyer to charge the end consumers over and above the actual Rate & other applicable charges.

Tariff for Jhuggi / Hutments and Patri shopkeeper:

7.1.18 The Commission has included the required provisions for applicability of Tariff for Jhuggi / Hutments and Patri shopkeeper in the Rate schedule.

Rebate for using Solar water heater

7.1.19 In order to encourage the use of solar energy which will conserve electricity, the Commission has introduced a rebate to the consumers who installs and uses the solar water heater.

Increase in tariff

7.1.20 The Commission has approved a nominal increase in various categories endeavouring that the tariff for various categories should remain within the range of +/-20% of the average cost of supply. However, as the increase in tariff is not only due to increase in ACOS but also for the part recovery of the large accumulated revenue gap for previous years, the tariff for few categories is nominally beyond the limit of +/- 20% of ACOS.

Modification in the OTS Scheme

7.1.21 As depicted in the Rate Schedule the Commission has also made certain modifications in the OTS (One Time Settlement) Scheme for best utilisation of this scheme.

7.1.22 The applicability, character and point of supply and other terms & conditions of different consumer categories have been defined in the Rate Schedule given in Annexure III. In case of any inconformity, the Rate schedule shall prevail over the details given in the various sections of this Order.

8. TREATMENT OF REVENUE GAP

8.1 REVENUE GAP / REGULATORY ASSET

8.1.1 The Commission in current Tariff Order has carried out the true-up for FY 2012-13 and ARR approval for FY 2014-15. The Commission is guided by the provisions of Distribution Tariff Regulations, 2006 for treatment of the revenue gap. The provisions of Distribution Tariff Regulations, 2006 on Regulatory Asset are extracted for reference as under:

> *"**6.12 Regulatory Asset:***
>
> *1. Creation of Regulatory Asset only for the purposes of avoiding tariff increase shall not be allowed and it shall only be created to take care of natural causes or force majeure conditions or major tariff shocks. The Commission shall have the discretion of providing regulatory asset.*
>
> *2. The use of the facility of Regulatory Asset shall not be repetitive.*
>
> *3. Depending on the amount of Regulatory Asset accepted by the Commission, the Commission shall stipulate the amortization and financing of such assets. Regulatory Asset shall be recovered within a period not exceeding three years immediately following the year in which it is created."*

8.1.2 The Petitioner submitted that it has been facing severe pressure on its cash flows and has been managing to fund the revenue gap by borrowing and arranging promoter's equity. Further the Petitioner submitted that it has filed various loan instruments at various time intervals both for working capital as well as term loan and in all the loan agreements, the interest is payable every month. On ac-count of the above reasons, the Petitioner requested to allow interest on regulatory assets on the basis of weighted average SBI PLR as proposed in the petition on monthly compounding basis.

8.1.3 The Regulation 6.12 (3) provides for allowance of financing cost on regulatory assets. Further, the Hon'ble Appellate Tribunal for Electricity has held that proper financing costs / carrying costs / interest charges on the regulatory assets has to be allowed by the State Commission(s). The Commission has gone through the submissions and is in agreement to the contention of the Petitioner. Accordingly, the Commission approves the percentage of carrying cost to be allowed Petitioner based on monthly compounding of weighted average SBI PLR rate applicable for the year on the same principles as has been done by the Commission in its Tariff Order dated 31st May, 2013. The Table below provides the computation of the effective percentage of financing cost approved by the Commission.

Table 8:1: PERCENTAGE CARRYING COST APPROVED

Particulars	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Approved
Weighted Average SBI PLR	14.61%	14.58%	14.58%
Effective Cost with monthly compounding	15.63%	15.59%	15.59%

8.1.4 Based on the approved % of carrying costs and the revenue gap for the respective years, the table below highlights the approved / trued-up ARR, revenue at applicable tariffs, carrying cost and the revenue gap for respective years under consideration in the present Order.

Table 8:2: REVENUE GAP ANALYSIS (Rs. Crore)

Particulars	FY 2012-13 Approved	FY 2013-14 (Approved in Order dated 31st May, 2013)	FY 2014-15 Approved
Annual Revenue Requirement	658.20	719.44	836.17
Revenue at applicable / approved Tariff (without regulatory surcharge)	548.65	730.69	821.47
Revenue from Regulatory Surcharge	22.37	57.14	68.49
Revenue gap from previous years	431.83	593.34	607.43
Carrying cost	74.33	82.48	87.65
Revenue Gap carried forward	**593.34**	**607.43**	**641.28**

8.1.5 From the above table the Commission observes that after revision of tariff including regulatory surcharge approved vide Tariff Order dated 31st May, 2013, the recovery of regulatory asset has still not completed. The revenue gap carried forward for FY 2014-15 is approved on a provisional basis and shall be subject to final true-up during next ARR tariff petition process or as may be decided by Commission and shall be recovered in future years.

8.2 REGULATORY SURCHARGE

8.2.1 As can be seen from the table above, the entire ARR for FY 2014-15 (including carrying cost) could not be recovered completely even after applying approved tariff.

8.2.2 The Commission believes that the revenue gaps / regulatory assets for NPCL are getting accumulated year after year, resulting into cash flow deficit. It has been also observed in the past that due to heavy burden of regulatory assets year after year coupled with heavy borrowings to finance the same along with interest, the revenue gap is burgeoning with every passing year resulting into higher interest cost, which in turn cascades into higher cost of service to the consumers. Therefore, any delay in recovery of revenue gap burdens the consumers for carrying cost, therefore, speedy recovery of the same is essential.

8.2.3 Various government and autonomous agencies are stressing on timely and accurate revision of tariffs for the survival of distribution companies. Even, the Hon'ble ATE, while dealing with a suo-motto Petition, OP No. 1 of 2011, on the letter received from Ministry of Power (Judgment passed on 11th November 2011), has emphasized on timely recovery of regulatory assets. The relevant observation of the Hon'ble ATE in the said matter is reproduced below:

> *"66…… (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 preferable within Control period. Carrying Cost of the Regulatory Asset should be allowed to utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the Distribution Licensee."***
> (at page 75 of the Order)

8.2.4 While the Commission acknowledges that the Licensee is one of the most efficient distribution utility in the country, however, due to heavy burden of regulatory assets year after year coupled with heavy borrowings to finance the same along with interest thereon, suitable tariff revision commensurate with the Annual Revenue Requirements approved by the Commission is inevitable for its survival and sustainability.

8.2.5 The Commission in its previous Tariff Order dated 31st May, 2013 has allowed a regulatory surcharge @ 8% for recovery of past accumulated regulatory asset. Thus, in line with the same, for meeting carrying cost of the revenue gap and liquidation of revenue gap, the Commission has decided to continue with the **regulatory surcharge of 8% over "RATE" as defined in the Rate Schedule for FY 2014-15.**

8.3 FUTURE POWER PURCHASE PROCUREMENT

8.3.1 The Commission acknowledges the efforts and initiatives taken by the Petitioner in containing its power purchase costs. It becomes all the more important to control the power purchase costs as it is the single element which contributes more than 80% of the Annual Revenue Requirement of the Licensee.

8.3.2 The Commission acknowledges that since FY 2008-09, NPCL has been able to bring down the power purchase cost of bilateral agreements from Rs. 6.43 per unit to Rs. 3.99 per unit in FY 2012-13. Currently, the power procurement is being carried out through the transparent process of competitive bidding and there is nothing much the Petitioner can do to regulate the prices. Despite this, the Commission firmly believes that the Petitioner will continue its efforts to procure the power at the least possible rates in order to contain the cost of supply and thereby the regulatory asset for the over-all benefit of the industry as well as consumer. The Commission also concerned on the constant reliance on short-term power from Open Access. As also discussed earlier in this Order the Commission directs the Petitioner to sign a long term Power Purchase Agreement within six months from the Order and also submit the status of the same within 2 months from the date of this Order.

8.3.3 Further, the Commission feels that there is still scope for improvement in the operations of the Licensee and if suitable steps are taken by them in this direction it can result in enormous financial savings. These steps could range from;

- Savings in power procurement
- Effective Demand Supply Management (DSM)

8.3.4 The Commission in the next Chapter on 'Way Forward' has dealt with DSM in detail and has also mentioned that cost for implementation of such measures will be allowed as pass through in the ARR / Tariff process.

9. WAY FORWARD

9.1 BACKGROUND:

9.1.1 The Commission is of the firm opinion that implementation of reforms in the power sector is an imperative and 'on-going' activity. This shall ensure dynamic economic growth of the country and shall never allow any sector to stagnate.

9.1.2 Notwithstanding the various reforms initiated by the Commission, the speed of implementation of these reforms by the Licensee has been a worry. This could be gauged from the fact that even after several years;

- Power from long-term sources is still awaited;
- Development in terms of procurement of Renewable Energy is yet to be made;

9.2 PROACTIVES MEASURES BY COMMISISON IN IMPLEMENTATION OF REFORMS:

9.2.1 The Commission, in its endeavor to expedite implementation of the various reforms has taken proactive measures in the following areas;

- Open Access on Distribution Network;
- Execution of Bulk Power Transmission Agreement;
- Power Trading and Market Development;
- Power Exchange;
- Stressed on Metering;
- Increasing the consumer base;

9.3 OPEN ACCESS ON DISTRIBUTION NETWORK:

9.3.1 Besides preparing the procedures for grant of Open Access, the Commission also finalised the model Bulk Power Wheeling Agreement (BPWA) which is to be signed between a Distribution Licensee and long term customer to agree therein, interalia, to make payment of wheeling charge, surcharge and additional surcharge, if any, for use of the distribution system.

9.4 POWER TRADING AND MARKET DEVELOPMENT:

9.4.1 With the power market opening up and in view of power shortage, the development of a strong power trading mechanism is the need of the future for

NPCL. Capacity building and Institutional strengthening is the first step in this direction. This can be achieved with the creation of a Trading Desk for:

- Real time monitoring;
- External information and networking;
- Skill sets development & training;

9.4.2 In this regard, NPCL has created a Power Procurement Desk for carrying out all activities concerned with inter & intra state open access transactions. The Commission directs NPCL, that the Trading Desk must ensure availability & optimum utilisation of power.

9.5 POWER EXCHANGE:

9.5.1 The Commission has time and again directed the Petitioner to tap the possibilities available for use of Power Exchanges to meet its power demand. Electricity bought from a power exchange where multiple sellers are available on a common platform shall bring economy in power purchases for the NPCL.

9.5.2 NPCL, in its Petition, has submitted that despite sincere and persistent attempts made by it, UPPCL / UPPTCL / UPSLDC have not given standing clearance for participation in the power exchange till date. It has further mentioned that despite CERC’s order, UPPTCL has not granted No Objection / Prior Standing Clearance for participating in the Power Exchange(s)

9.5.3 However, to exploit the potential of the power exchanges to the fullest extent, the utility needs to nurture and develop a team with appropriate skill sets. The team participating in the power exchange on behalf of the utility would need to have adequate knowledge of the power sector, the electricity grid code provisions, open access related issues, balancing and settlement of Open Access intra-state and inter-state transactions, metering, availability based tariff regimen, unscheduled interchange mechanism, scheduling dispatch and energy accounting procedures.

9.5.4 For any other issue, the petitioner may approach the Commission with specific Petition in this regard. The Commission further directs NPCL to submit within 2 months from the date of issue of this Tariff Order the status on participation in the Power Exchange(s).

9.6 OTHER DEVELOPMENTS – NEED FOR THE FUTURE:

9.6.1 The Commission would like to highlight here some of the recent developments that have taken place in the power sector which have strived to fulfil the objectives of the Electricity Act, 2003 in its true spirit. The key issues addressed here are of paramount importance and their implementation will help the power sector in the near future. These issues are as described below:

- Roadmap for reduction of cross subsidy
- Demand side management;
- Non-allocation of PPAs
- Multi Year Tariff (MYT) framework;
- Long Term Power Procurement;
- Compliance of Renewable Purchase Obligation.
- 100% Metering

9.7 DEMAND SIDE MANAGEMENT:

9.7.1 The gap between demand and supply of electricity has become common. The two obvious ways to reduce it are:

- Increase Supply
- Reduce Demand

9.7.2 Increase in supply suffers from following impediments:

- Long gestation period that consumes a lot of quality time;
- Large scale capital investment required for new / expansion of projects;
- Scarce fossil fuels are consumed;

9.7.3 Therefore it is prudent to contain increasing demand through Demand Side Management (DSM) measures. The Distribution Licensee needs to make full utilisation of the available resources in this regard. NPCL should work out strategies with Uttar Pradesh Power Corporation Limited (UPPCL), the State Designated Agency (SDA) to associate with Bureau of Energy Efficiency (BEE) which has been implementing many DSM projects.

9.7.4 The Commission appreciates the efforts taken by NPCL towards DSM to reduce demand. However, to hasten the speed of implementation of these measures, NPCL must create DSM cell with dedicated staff, resources and budget allocations to plan, develop, monitor and implement DSM initiatives on a sustainable basis. In this regard, NPCL is expected to take up the following steps:

- Prepare DSM plans and allocate budget for implementation of the plans.
- Develop & institutionalize bidding mechanism for implementation of DSM projects aimed at savings in terms of MW of load avoided and / or kWh of energy purchase avoided in identified places such as distribution transformers, feeders, or large bulk consumers like airports, shopping malls, commercial complexes, etc.
- Verification of results of DSM programs / projects through third party or expert(s).
- Consideration of the projected feasible savings through Energy Conservation and Energy Efficiency measures in power procurement plans.
- Licensee must ensure that all the DSM measures taken should be cost effective and would result in overall savings for the Licensee / consumers.
- Capacity building of staff.
- Utilities may use pre - identified sources of funds for financing DSM activities.

9.7.5 However, DSM plans should be backed with systematic load research to provide data in terms of expected savings in energy and reductions in demand. This shall also endeavor to provide an insight in to consumer load profile and valuable inputs on cost of service and profitability analysis. This in turn would help NPCL in rate design, load forecasting, load control and load management.

9.7.6 Some of the common measures for DSM that can be taken up are:

- Reduction of Technical & Commercial Losses of Distribution System;
- Energy Efficient Pumps for lifting water;
- Use of CFL / LED lamps in place of Incandescent lamps;
- Energy Efficient Lighting Controls;
- Widespread use of solar water heating system for which capital and interest subsidies are also available;
- Replacement of existing Magnetic Ballasts with use of Electronic Ballasts;
- Automatic Power Factor Controllers;
- Energy Efficient Motors / Fans including water pumping;
- Energy efficient Transformers;
- Segregation of Agricultural feeders;

- Energy Audit of large Government / Commercial / Industrial Consumers;

9.7.7 NPCL should also give wide publicity to 'day to day' DSM measures for public awareness on benefits of conservation of electricity. These include:

- Completely switching off AC, TV, Computers and other electrical appliances when not in use;
- Using white paint for roof tops and walls to enhance reflection for energy saving;
- Defrosting of refrigerators for half an hour during peak load period;
- Encouraging replacement of the conventional electric geysers with energy efficient gas geysers.

9.7.8 The effect of Demand Side Management should reflect in lesser purchase of costly power due to effective energy conservation measures. This shall reduce the revenue requirement of the NPCL. The cost of such DSM projects would be offset by the savings in power purchase cost due to reduction in demand. This should be represented as a separate cost element which shall be allowed by the Commission as a part of the Annual Revenue Requirement of NPCL.

9.7.9 The benefits of DSM can be summarised as below:

- Reduction in customer energy bills;
- Reduction in peak power prices for electricity.
- Reduction in need for new power plant, transmission & distribution network;
- Reduction in air pollution;
- Reduction in dependency on foreign energy sources;
- Creation of long - term jobs to cater to new innovations and technologies;
- Increasing competitiveness of local enterprises;
- Stimulating economic development;

9.7.10 The Commission directs NPCL to regularly update the Commission on the status of implementation of the DSM measures being undertaken / intended to be taken up by the utility. The report must also indicate the cost-benefit analysis of the measures being undertaken by NPCL.

9.7.11 Further NPCL may refer to the "REPORT ON DSM & ENERGY EFFICIENCY" of the Forum of Regulators issued in September, 2008 for detailed information and guidance.

9.8 MULTI YEAR TARIFF FRAMEWORK:

9.8.1 The Commission has approved the Multi Year Distribution Tariff Regulations, 2014 which will be notified in due course of time. NPCL is directed to complete all the perquisites as specified in the mentioned Regulations in time and submit the details to the Commission as per the timelines specified therein.

9.9 COMPLIANCE OF RENEWABLE PURCHASE OBLIGATION:

9.9.1 NPCL shall purchase a minimum percentage of its total consumption of electricity (in kWh) from renewable energy sources under the renewable purchase obligation during each financial year in accordance with the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010.

9.9.2 NPCL may also establish its own generating plant based on renewable energy sources to fulfil renewable purchase obligation

9.10 CONCLUSION:

9.10.1 The Commission, through this particular chapter, has touched upon some of the new developments taking place in the power sector. From this it can be seen that there are some areas where the utility needs to further focus their efforts. The Commission can act as a facilitator, but the actual efforts needs to be put in by the utility itself to achieve the desired results.

9.10.2 As has always been the case, the utility will no doubt rise to the challenge and look at new opportunities coming up in the sector and at the same time not lose focus on the reform initiatives.

9.10.3 The power sector is the flag - bearer of development of any economy. The vibrant health of the power sector is often an accurate reflection of the State's economy. Greater Noida has been the centre of the attraction for all Infrastructure developments and hence it must take all necessary measures to ensure healthy growth of the power sector and propel the State forward towards economic success.

10. DIRECTIVES FOR NPCL

10.1 DIRECTIVES PROVIDED BY COMMISSION AND COMPLIANCE BY PETITIONER

10.1.1 This chapter details the Commission's directives to the Licensee. The Licensee in its ARR and Tariff filings has provided details regarding the status of compliance to the Commission's directives issued vide the Tariff Order for FY 2013-14. The details of compliance to directives by Licensee are provided in Annexure II.

10.1.2 Further, some of the directives issued by the Commission in the present Tariff Order are in continuation or similar to the directives issued in previous Tariff Order. In case of such directives, if the Licensee has not complied with the same earlier, it shall be necessary for the Licensee to provide reasons for non-compliance and further comply with the same as per the time lines prescribed in the present Tariff Order.

10.1.3 The directives for the Licensee as issued under the present Tariff Order are given in the table below along with the time frame for compliance.

Table 10:1: DIRECTIVES FOR NPCL

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order
1.	The Commission directs the Petitioner to enter into a Long term PPA within six months and also submit the status of the same within 2 months from the date of this Order.	2 Months
2.	The Licensee is also directed to clearly mention the details of the CGRF meetings on its website and the electricity bills of the consumers.	Immediate
3.	Licensee is directed to look into all the matters / issues raised during the Public hearing Process to take appropriate action on the same. Licensee is also directed to submit the detailed report on the same within 2 months from the date of this Order.	2 Months
4.	The Commission directs NPCL to initiate concrete steps to purchase power from renewable sources of energy so as to meet its Renewable Purchase Obligation under the UPERC (Promotion of Green	1 Month

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order
	Energy through Renewable Purchase Obligation) Regulations, 2010. Licensee further directed to submit the source wise (generating source or REC) detailed action plan to fulfill its RPO Obligations for FY 2014-15 and for future years within 1 month of this Order.	
5.	The Commission directs the Licensee to ensure that all its unmetered consumers get converted into metered connection by 31st March, 2015.	By 31st March, 2015.
6.	The Commission directs the Licensee to improve its demand supply position as the consumers in the Licensees' area are facing considerable amount of load shedding. Licensee should submit a detailed note on the same within 1 month of this Order.	1 Month
7.	The Commission directs the licensee to provide a copy of the Fixed Asset Register within one month from the finalisation of the audit for FY 2013-14 for the records of the Commission.	Within 1 month from the date of finalization of audited accounts for FY 2013-14.
8.	The Commission directs NPCL to regularly update the Commission on the status of implementation of the DSM measures being undertaken / intended to be taken up by the utility. The report must also indicate the cost-benefit analysis of the measures being undertaken by NPCL.	At end of each quarter of the Financial Year
9.	The Commission directs NPCL to submit within 2 months from the date of issue of this Tariff Order the status on participation in the Power Exchange(s).	2 Months
10.	The Commission has approved the Multi Year Distribution Tariff Regulations, 2014 which will be notified in due course of time. NPCL is directed to	As per the timelines specified in the MYT Regulation, 2014.

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order
	complete all the perquisites as specified in the mentioned Regulations in time and submit the details to the Commission as per the timelines specified therein.	

10.1.4 NPCL should also submit the compliance report on the directions issued by the Commission in the presentation / meeting held on 13th August, 2014. The minutes of presentation / meeting held on 13th August, 2014 have also been circulated by the Commission.

10.1.5 The Commission would like to submit that while it has attempted to enlist most of the directives given in the Tariff Order in the present chapter, the list given above may not be exhaustive and the Licensee is directed adhere to all the directives given in the text of the Tariff Order.

11. APPLICABILITY OF THE ORDER

The Licensee, in accordance to Section 139 of the Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations 2004, shall publish the approved tariffs and regulatory surcharge within three days from the date of this Order. The Licensee shall ensure that the same is published in at least two daily newspapers (one English and one Hindi) having wide circulation in the area of supply. The tariffs and regulatory surcharge so published shall become the notified tariffs applicable in the area of supply and shall come into force after seven days from the date of such publication of the tariffs and regulatory surcharge, and unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order.

(I. B. Pandey) **Member**	**(Meenakshi Singh)** **Member**	**(Desh Deepak Verma)** **Chairman**

Place: Lucknow

Date: 1st October, 2014

12. ANNEXURES

12.1 LIST OF ATTENDEES

ANNEXURE – I

List of Persons who attended Public Hearing in Greater Noida on 11h July, 2014			
S.No.	**Name**	**Address**	**Organization**
1	HSI Food and Beverages	G-11, Site V, UPSIDC	HSI Food and Beverages
2	Gurvinder Singh	407 UPSIDC Greater Noida	Consumer
3	Harendar Bhati	AISI , BETA	Consumer
4	Vipin Mahna	II A, Greater Noida	Consumer
5	Anish Dua	K-30, Site 5, Kasna Industrial area	Consumer
6	Azad Modi	II A, Greater Noida	Consumer
7	Anil Garg	II A Kasna Greater Noida	Consumer
8	J P S Rawat	Uttrakhand	Uttrakhand Swaraj
9	Vikram Khanna	Greater Noida	Active Citizen Team
10	S D Sharma	Meenakshi Associate Ltd. Greater Noida	Meenakshi Associates Ltd.
11	P P Sharma	DBP Engineers	Consumer
12	Anil Khanna	Sunshine Automation, Greater Noida	Sunshine Automation
13	D P Singh	Meelakhpur	Consumer
14	Himanshu Soni	Jagat Farms, Greater Noida	Consumer
15	Rupa Gupta	Gamma II, Greater Noida	Consumer
16	Deepak Kumar	D-20, Site-C, UPSIDC Surajpur, Greater Noida	Consumer
17	Deepak Bhati	C-338, Delta-I, Greater Noida	Consumer
18	Satish Sharma	C-341, Delta-I, Greater Noida	Consumer
19	Neeraj Dagar	H-206, Delta-II, Greater Noida	Consumer
20	Hatomi Surya	E-246, Gamma-I, Greater Noida	Consumer
21	Sushil Kumar	C-127, Sec 37, Greater Noida	Consumer
22	Ajay Singh	UPSIDC, Highclass Lab, Greater Noida	UPSIDC
23	R S Tomar	UPSIDC, Highclass Lab, Greater Noida	UPSIDC
24	Kapil Khatana	Alpha, Greater Noida	Consumer
25	Gajender Singh	Sakhipur Greater Noida	Consumer
26	Jitesh Singh	I-214, Alpha II, Greater Noida	Consumer
27	Arun Pandit	Rampur, Greater Noida	Consumer

List of Persons who attended Public Hearing in Greater Noida on 11h July, 2014			
S.No.	Name	Address	Organization
28	Abhishek	Kasna, Greater Noida	Consumer
29	Anil Jain	F-47, Site C, Surajpur Industrial Area Greater Noida	Consumer
30	Daljit Singh	UPSC, Site C, Greater Noida	Consumer
31	Pradeep Kharbanda	A2/135, UPSIDC V, Greater Noida	Consumer
32	Santosh	Greater Noida	Consumer
33	Aman	E-93, Sec -36, Greater Noida	Consumer
34	N K Srivashan	I-82, Site C, Surajpur, Greater Noida	Consumer
35	Mahesh Chauhan	K-240, Site 5, Greater Noida	Consumer
36	Jitendra Kumar	R.W.A, Alpha-I, Greater Noida	RWA Alpha I
37	Pradeep Juneja	E-74, Site IV, Surajpur, Greater Noida	Consumer
38	Narendra Singh	Lakhnawali, Greater Noida	Consumer
39	C P Bhatti	Village Bisrakh, Greater Noida	Consumer
40	J S Rane	Prasar Metal, Greater Noida	Consumer
41	Lalit Bhati	C-237, Beta-I, Greater Noida	Consumer
42	Jatin Bhati	C-156, Beta-I, Greater Noida	Consumer
43	Alok Nagar	Beta-I, Greater Noida	Consumer
44	Beekesh Yadav	C-186, Beta-I, Greater Noida	Consumer
45	Jitendra	D-15, Site B, Greater Noida	Consumer
46	Deepal	Junpat, Greater Noida	Consumer
47	Javed Akhtar	Gulistapur, Greater Noida	Consumer
48	S A Rizvi +2	Shakti Bhavan, UPPCL,	Shakti Bhavan UPPCL
49	Davenar Tyagi	Gharbhara, Greater Noida	Consumer
50	Ravi Bansal +15	Greater Noida, Udhyog Vyaapar mandal,	Consumer
51	Shashank Garg	Phenoor, Greater Noida	Consumer
52	Digvijay Pratap Singh	M B Industries, Greater Noida	Consumer
53	Sayed Sultan Ahmed	Kulesera, Greater Noida	Consumer
54	Jitendar Parekh	Greater Noida	Consumer
55	Pradeep Agarwal	Greater Noida	Consumer
56	A D Pandey	Greater Noida	Consumer
57	S P Sharma	Greater Noida	Consumer
58	Anil Pandit	Greater Noida	Consumer
59	Pradhan	Greater Noida	Consumer
60	Kavinder Singh	Greater Noida	Consumer
61	Vikram Pasana	Greater Noida	Consumer
62	Pramot Bhati	Greater Noida	Consumer
63	Mukesh Kakkar	Greater Noida	Consumer

List of Persons who attended Public Hearing in Greater Noida on 11h July, 2014			
S.No.	**Name**	**Address**	**Organization**
64	Avadesh Kumar Verma	Greater Noida	Consumer
65	Rajiv Verma	Greater Noida	Consumer
66	Anil Khan	Greater Noida	Consumer
67	Raman Gulati	ABPS Infrastructure Advisory Pvt. Ltd., Noida	UPERC Consultant (ABPS)
68	Abinash Agrawal	ABPS Infrastructure Advisory Pvt. Ltd., Noida	UPERC Consultant (ABPS)

12.2 COMPLIANCE TO DIRECTIVES

ANNEXURE – II

S.no.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Updated Status of Compliances
1	The Commission directs NPCL to procure short term power in accordance with the Guidelines for Short-Term (i.e. for a period less than or equal to one year) Procurement of Power by Distribution Licensees through Tariff based Bidding process, notified by the Ministry of Power on 15th May, 2012.	Immediate	Complied.
2	The Commission directs NPCL to initiate concrete steps to purchase power from renewable sources of energy so as to meet its Renewable Purchase Obligation under the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010.	During each financial year	Despite the best efforts of the Licensee on a continuous basis, it has not been able to procure power within the tariff prescribed as per UPERC CNCE Regulations to comply its RPO. Licensee has also explained various difficulties being faced by it to comply with the Commission's direction discussed earlier in this Order.
3	The Commission directs NPCL to economize on power purchase front	Immediate	Despite the order dated 24/25 September, 2007 of the Hon'ble

S.no.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Updated Status of Compliances
	by exploring possibility of drawing power through UI when the grid frequencies are favorable. UPPTCL is also directed to permit NPCL to draw power from the UI route as and when the frequency is found favorable and not affecting the grid stability.		Commission regarding implementation of ABT accounting, the same has not been implemented by UPPCL / UPTCL. Similarly, UPPCL/ UPPTCL/ PVVNL does not allow the Company to draw additional power under any circumstances even when Grid frequency is 50 Hz or above. The Hon'ble Commission may kindly direct them for compliance. The Commission again directs the UPPTCL to permit NPCL to draw power from the UI route as and when the frequency is found favourable and not affecting the grid stability.
4	The Commission directs NPCL to explore the opportunity of purchasing power through Power Exchange when economical, by participating in Power Exchange(s). UPPTCL / UPSLDC is also directed to provide the requisite Concurrence / No Objection Certificate / Prior Standing Clearance to NPCL for participation in the Power Exchange(s).	Two Months	The Hon'ble Commission has time and again in its various orders and through separate correspondences, has impressed upon procurement of power through Power Exchange. For this purpose, the Company has been following up with UPPTCL/ UPSLDC to grant NOC /Clearance for participating in Power Exchange, which has not been provided till now. On Petitions filed by the Company, CERC vide its orders dated 30/11/2011 and 7/01/2013, directed UPPTCL / UPSLDC to issue NOC for enabling NPCL to procure power through exchange. However, the same has still not been issued. The Commission has issued the required direction in the Presentation / meeting held on 13th August, 2014. The minutes of the same have also been circulated.
5	The Commission directs NPCL to avail	Immediate	NPCL submitted that UPPTCL being a State

S.no.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Updated Status of Compliances
	open access on the transmission network in accordance with the UPERC (Terms and Conditions for Open Access) Regulations, 2004 so as to procure power corresponding to the demand in its area. The Commission also directs UPPTCL to strengthen its transmission network and facilitate open access for NPCL on its transmission network.		Transmission Utility is under obligation to develop State Transmission Network in close coordination with the discoms of the State. However, UPPTCL, as a State Transmission Licensee has completely ignored the development of requisite transmission network in Greater Noida Area, despite fast rising demand, for the reasons best known to them. On the contrary, the Company / GNIDA was directed by the then CMD, UPPCL / UPPTCL to get two 220 / 132 kV Substations in Greater Noida at their own cost. Accordingly, 220/ 33 kV R.C. Green Substation, having capacity of 200 MW, has been constructed at the cost of the Company. However, even then UPPTCL did not allow open access as per requirement of the Company. It is pertinent to mention here that another 220 / 33 kV substation at Gharabra, Greater Noida is under construction and 315 MVA capacity has been paid by NPCL at 400 kV Pali Substation. Due to this unreasonable curtailment of power through open access, NPCL is not been able to supply power in accordance with the demand of the area. The Company requests the Commission's intervention in the matter and seeks its direction to UPPTCL / UPSLDC to allow complete and unrestricted open access in accordance with the provisions of the Electricity Act 2003. The Commission has issued the required

S.no.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Updated Status of Compliances
			direction in the Presentation / meeting held on 13th August, 2014. The minutes of the same have also been circulated.
6	The Commission directs the Petitioner to conduct a study from an expert to determine actual technical loss incurred in new voltage levels viz. 220 kV and 132 kV	Before the filing of next tariff petition	Complied
7	The Commission directs the Petitioner to conduct a study for assessment of additional technical losses due to additional voltage levels of 220 kV and 132 kV at R C Green and Gharbara Substation	Within six months of this Tariff Order	Complied
8	The Commission directs the licensee to provide a copy of the Fixed Asset Register within one month from the finalization of the audit for FY 2012-13 for the records of the Commission	Within one month from the date of finalization of Audited Accounts for FY 2012-13	Complied

ANNEXURE – III

RATE SCHEDULE FOR FY 2014-15

12.3 RATE SCHEDULE FOR FY 2014-15

RETAIL TARIFFS FOR FINANCIAL YEAR 2014-15:

GENERAL PROVISIONS:

These provisions shall apply to all categories unless specified otherwise and are integral part of the Rate Schedule.

1. NEW CONNECTIONS:

(i) All new connections shall be given as per the applicable provisions of Electricity Supply Code and shall be released in multiples of KW only, excluding consumers under categories LMV-5 & LMV-8 of Rate Schedule. Further, for tariff application purposes, if the contracted load (kW) of already existing consumer is in fractions then the same shall be treated as next higher kW load;

2. READING OF METERS:

As per applicable provisions of Electricity Supply Code.

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.

4. BILLING IN CASE OF DEFECTIVE METERS:

As per the applicable provisions of Electricity Supply Code.

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 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:

Demand Charges in kVA = (Demand Charges in BHP / 0.746) * 0 .90

Demand Charges in kVA = (Fixed Charges in kW * 0.90)

Energy Charges in kVAh = (Energy Charges in kWh * 0.90)

Note: If the power factor of a consumer 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 accordingly. 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 + lead logic of the meter should not be used and "lag only" logic of the meter should be provided which blocks leading kVARh thereby treating leading power factor as unity and registering instantaneous kWh as instantaneous kVAh in case of leading power factor.

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. The consumers having load of 10 KW / 13.4 BHP and above, the contracted demand in kVA can be worked out according to the following formula:

Demand in kVA = (Load in BHP *0.746)/ 0.90

Demand in kVA = (Load in kW)/ 0.90

Examples:

A. Contracted demand = 2500 kVA,

Maximum Demand recorded by the meter = 2800 kVA,

75% of the contracted demand = 0.75 x 2500 kVA = 1875 kVA

Billable Demand = 2800 kVA,

Excess Demand = 2800 - 2500 = 300 kVA,

B. Contracted demand = 2500 kVA,

Maximum Demand recorded by the meter = 1800 kVA,

75% of Contracted Demand = 0.75 x 2500 kVA = 1875 kVA

Billable Demand = 1875 kVA,

C. Contracted load = 3 kW,

Maximum load recorded by the meter = 2.2 kW,

75% of Contracted load = 0.75 x 3 kW = 2.25 kW

Billable Load = 2.25 kW,

D. Contracted load = 3 kW,

Maximum load recorded by the meter = 3.20 kW,

75% of Contracted load = 0.75 x 3 kW = 2.25 kW

Billable Load = 3.20 kW,

Excess load = 3.20 – 3.00 = 0.20 kW,

E. Contracted load = 10 kW,

Contracted demand in kVA = 10 / 0.9 kVA = 11.11 kVA

Maximum demand recorded by the meter = 13.20 kVA,

75% of Contracted demand = 0.75 x 11.11 kVA = 8.33 kVA

Billable Demand = 13.20 kVA,

Excess Demand = 13.20 kVA – 11.11 kVA = 2.08 kVA

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 1.5% per month. 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 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:

If the maximum load / demand in any month of a consumer having TVM / TOD / Demand recording meters exceed the contracted load / demand, then such excess load / demand shall be levied equal to twice the normal rate apart from the normal fixed / demand charge as per the maximum load / demand recorded by the meter.

The above shall be without prejudice to the Licensee's right to take such other appropriate action including disconnection of supply, as may be deemed necessary to restrain the consumer from exceeding his contracted load.

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.

Examples:

A. For consumers billed on fixed charge basis:

Contracted load = 5 kW, Maximum load recorded by meter = 7.2 kW,

75% of the contracted load = 3.75 kW, Billable Load = 7.2 kW

Excess Load = 7.2 kW – 5 kW = 2.2 kW,

Rate of Fixed Charges = Rs. 225 / kW

Fixed Charges for maximum load = 7.2 x 225=Rs. 1620

Penalty Charges for excess load = 2.2 x (2 x225) =Rs. 990

Total Charges = 1620 + 990 = Rs. 2610

B. For consumers billed on demand charge basis:

Contracted demand = 2500 kVA, Maximum Demand recorded by meter = 2800 kVA,

75% of the contracted demand = 1875 kVA, Billable demand = 2800 kVA

Excess Demand = 2800 kVA – 2500 kVA = 300 kVA,

Rate of Demand Charges = Rs. 250 / kVA

Demand Charges for maximum demand =2800 x 250=Rs. 700000

Penalty Charges for excess demand = 300 x (2 x 250) =Rs. 150000

Total Charges = 700000+150000= Rs. 850000

C. For consumers billed on demand charge basis:

Contracted load = 10 kW, Contracted demand in kVA = 10 / 0.9 kVA = 11.11 kVA

Maximum demand recorded by the meter = 13.20 kVA,

75% of Contracted demand = 0.75 x 11.11 kVA = 8.33 kVA

Billable Demand = 13.20 kVA,

Excess Demand = 13.20 kVA – 11.11 kVA = 2.09 kVA

Rate of Demand Charges = Rs. 250 / kVA

Demand Charges for maximum demand =13.20 x 250=Rs. 3300

Penalty Charges for excess demand = 2.09 x (2 x 250) =Rs. 1045

Total Charges = 3300+1045 = Rs. 4345

Provided where no TVM / TOD / Demand recording meter is installed, the excess load / demand penalty shall be billed as per the UPERC Electricity Supply Code, 2005 and amendments thereof.

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 0.85 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 1kVA shall be given, unless shunt capacitors having I.S.I specifications of appropriate ratings are installed, as described in para 12.5.

(iii) In respect of the consumers with or without static TVMs, excluding consumers under LMV-1 category up to connected load of 10 kW and LMV-2 category up to connected 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 0.85; then a surcharge of 15% of the amount of bill 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 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. PROVISION RELATED TO SURCHARGE WAIVER SCHEME FOR RECOVERY OF BLOCKED ARREARS:

(i) The Licensee may, on a decision by its Board of Directors, launch a Surcharge Waiver Scheme (One time Settlement Scheme) beginning January and July of every year, for a period of two months each, for recovery of its blocked arrears by waving off surcharge to the extent not exceeding 50% of overall surcharge for which no approval of the Commission shall be required.

Provided that the impact of such surcharge waiver shall not be allowed as pass through in the next ARR / Tariff or true-ups. In this regard, the Licensees would have to submit the certificate duly verified by the statutory auditor, of the surcharge waived for any previous year along with the ARR / Tariff Petition of the ensuing year.

Provided that the Surcharge Waiver Scheme (One time Settlement Scheme) shall not be applicable for the consumers, who have availed the benefit of the above scheme once in last three financial years.

(ii) Further, the Licensee should also ensure that all such cases of incorrect billing which are pending for more than 3 months, disputes due to delay in issuance of first bill after release of connection and delay in finalisation of permanent disconnection shall be disposed of during the period of the scheme in which it has been registered.

(iii) Further, the Licensee shall ensure that till the finalisation of the case in the above scheme, no coercive action should be taken against the registered consumers.

(iv) Further, the Licensee may launch a surcharge waiver scheme without any restrictions on quantum of surcharge waiver provided the State Government provides an advance subsidy to compensate the complete / full loss of the Licensee arising out of surcharge waiver.

(v) The Licensees would be required to submit the full details of each Surcharge Waiver Scheme (One time Settlement Scheme) within one month from the end of the scheme.

10. PROTECTIVE LOAD:

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 fixed per month shall be levied on the contracted protective (as per Electricity Supply Code) load each month. 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 charges for such excess load.

11. ROUNDING OFF:

All bills will be rounded off to the nearest rupee.

12. OPTION OF MIGRATION TO 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.

13. PRE-PAID METERS / AUTOMATIC METER READING SYSTEM:

(i) In line with the directive given in the last Tariff Order, the Commission directs the Licensees to expedite the process of introduction of pre-paid meters on all government connections and public institutions wanting to opt for with loads below 45 kW and installation of automatic meter reading systems for loads above 45 kW.

(ii) Any consumer having prepaid meters shall also be entitled to a discount of 1.25% on Rate as defined in the Tariff Order.

(iii) The token charges for code generation for prepaid meters shall be Rs. 10/- per token.

14. 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.

15. 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.

16. 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.

17. REBATE ON PAYMENT BEFORE DUE DATE:

A rebate at 0.25% of Rate shall be given in case the payment is made before the due date. The consumers having any arrears in the bill shall not be entitled for this rebate. The consumers who have paid the bills in advance as per clause 6.4 of the Electricity Supply Code shall also be eligible for the above rebate applicable on Rate. Suitable changes in the billing software should be made by the Licensee to ensure such rebate to all eligible consumers.

18. TARIFF APPLICABILITY FOR UNMETERED CONSUMER CATEGORIES:

The specified tariff for all the unmetered categories shall be applicable only till 31st March, 2015 unless extended by the Commission through an Order.

19. REBATE TO CONSUMERS WHO SHIFT FROM UNMETERED TO METERED CONNECTION:

Consumers who shift from unmetered to metered connection by 31st March, 2015 shall be given a rebate of 10% on Rate which shall be applicable till end of FY 2016-17.

RATE SCHEDULE LMV – 1:

DOMESTIC LIGHT, FAN & POWER:

1. APPLICABILITY:

This schedule shall apply to:

a) Premises for residential / domestic purpose, Janata Service Connections, Kutir Jyoti Connections, Jhuggi / Hutments, Places of Worship (e.g. Temples, Mosques, Gurudwaras, Churches) and Electric Crematoria.

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 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 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.

3. RATE:

Rate, gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(a) Consumers getting supply as per 'Rural Schedule' (other than Tehsil Head Quarters, Nagar Palikas and Nagar Panchayat Areas):

Description	Description	Fixed charge	Energy charge)
i) Un-metered	Load up to 2 kW	Rs. 180 / kW / month	Nil
	Load above 2 kW	Rs. 200 / kW / month	Nil
ii) Metered	All Load	Rs. 50 / kW / month	Rs. 2.20 / kWh

(b) Supply at Single Point for bulk loads:

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. 70.00 / kW / Month	Rs. 5.25 / kWh

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 10% additional charge on the above specified Rate from its end consumers apart from other applicable charges such as Regulatory Surcharge, Penalty, Rebate and Electricity Duty on actual basis.

(c) OTHER METERED DOMESTIC CONSUMERS:

1. **Lifeline consumers:** Consumers with contracted load of 1 kW, energy consumption up to 150 kWh / month.

Description	Fixed Charge	Energy Charge
Loads of 1 kW only and for consumption up to 50 kWh / month (0 to 50 kWh / month)	Rs. 50.00 / kW / month	Rs. 2.00 / kWh
Loads of 1 kW only and for consumption above 50 kWh / month up to 150 kWh / month (51 to 150 kWh / month)	Rs. 50.00 / kW / month	Rs. 2.85 / kWh

2. **Others:** Other than life line consumers (i.e. consumers who do not qualify under the criteria laid down for lifeline consumers.)

Description	Consumption Range	Fixed Charge	Energy Charge
All loads	Upto 150 kWh / month	Rs. 75.00 / kW / month	Rs. 4.00 / kWh
	151 - 300 kWh / month		Rs. 4.50 / kWh
	301 – 500 kWh / month		Rs. 5.00 / kWh
	Above 500 kWh / month (From 501st unit onwards)		Rs. 5.50 / kWh

Note:

1. 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 on 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.

3. RATE:

Rate, gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(a) Consumers getting supply as per 'Rural Schedule' (other than Tehsil Head Quarters, Nagar Palikas and Nagar Panchayat Areas):

Description	Description	Fixed charge	Energy charge)
i) Un-metered	Load up to 2 kW	Rs. 350 / kW / month	Nil
	Load above 2 kW	Rs. 400 / kW / month	Nil

Description	Description	Fixed charge	Energy charge)
ii) Metered	All Load	Rs. 65 / kW / month	Rs. 2.75 / kWh

(b) Private Advertising / Sign Posts / Sign Boards / Glow Signs / Flex:

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	Minimum Charge
Metered	-	Rs. 14.00 / kWh	Rs. 1200 / kW / Month

Note:

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.

Consumption Range	Fixed Charge	Energy Charge
Upto 150 kWh / month	Rs. 200.00 / kW / month	Rs. 6.00/ kWh
151 – 300 kWh / month		Rs. 6.50/ kWh
301 – 1000 kWh / month		Rs. 6.80/ kWh
Above 1001 kWh / month (From 1001st unit onwards)		Rs. 7.10/ kWh

Note:

1. 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 on maximum demand.

4. REBATE TO POWER LOOMS:

Rebate to Power Loom consumers shall be applicable in accordance with the Government order dated 14th June, 2006 and the Commission's order dated 11th July, 2006 subject to adherence of provision of advance subsidy.

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.

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 for his consumption 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. 1700 per kW or part thereof per month	Rs. 2000 per kW or part thereof per month	Rs. 2500 per kW or part thereof per month

(b) Metered Supply:

Description	Gram Panchayat		Nagar Palika and Nagar Panchayat		Nagar Nigam	
All loads	Fixed Charges	Energy Charges	Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
	Rs. 120 / kW / month	Rs. 5.50 / kWh	Rs. 150 / kW / month	Rs. 5.85 / kWh	Rs. 160 / kW / month	Rs. 6.00 / 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' refer Para '12.3.2'**.**

RATE SCHEDULE LMV– 4:

LIGHT, FAN & POWER FOR PUBLIC INSTITUTIONS AND PRIVATE INSTITUTIONS:

1. APPLICABILITY:

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 Institutions including orphanage homes, old age homes 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.

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.

3. RATE:

Rate, gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

Description	Fixed Charge	Energy Charge
(A) For Public Institutions	Rs. 200 / kW / month	0 – 1000 kWh / month – Rs. 6.50 / kWh
		Above 1000 kWh / month – Rs. 6.80 / kWh
(B) For Private Institutions	Rs. 200 / kW / month	0 – 1000 kWh / month – Rs. 6.80 / kWh
		Above 1000 kWh / month – Rs. 7.10 / kWh

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 power factor compensation capacitors of adequate rating to qualify for the supply. All existing pump sets shall be required to install power factor compensation capacitors.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate gives the fixed and energy charges at which the consumer shall be billed for his consumption 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. 100 / BHP / month	Nil
Consumer under this category will be allowed a maximum lighting load of 120 Watts.	

(ii) Metered Supply

Fixed Charge	Minimum Charges	Energy Charge
Rs. 30.00 / BHP / month	Rs. 75.00 / BHP / month	Rs. 1.00 / kWh

NOTE: *Minimum bill payable by a consumer under Rural Schedule (Metered Supply) shall be Rs. 75 per BHP per month, till the installation of the meter.*

(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. 55.00 / BHP / month	Rs. 220.00 / BHP / month	Rs. 5.00 / kWh

NOTE: *Minimum bill payable by a consumer under Urban Schedule (Metered Supply) shall be Rs. 220.00 per BHP per month, till the installation of the meter.*

RATE SCHEDULE LMV– 6:

SMALL AND MEDIUM POWER:

1. APPLICABILITY:

This schedule shall apply to all consumers of electrical energy having a contracted load up to 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 farming units having loads up-to 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.

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 for his consumption during the billing period applicable to the category:

(A) Consumers getting supply other than Rural Schedule:

Consumption Range	Fixed Charge	Energy Charge
0 – 1000 kWh / month	Rs. 225 / kW / month	Rs. 6.20 / kWh
Above 1000 kWh / month	Rs. 225 / kW / month	Rs. 6.80 / kWh

TOD Rates (% of Energy Charges):

22:00 hrs – 06:00 hrs	(-) 7.5%
06:00 hrs – 17:00 hrs	0%
17:00 hrs – 22:00 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 demand & energy charges as given for under urban schedule without TOD rates.

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 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.

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.

v) 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.

vi) 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 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 default the consumer will forfeit the benefit of seasonal rates for the entire season.

5. REBATE TO POWER LOOMS:

Rebate to Power Loom consumers shall be applicable in accordance with the Government order dated 14th June, 2006 and the Commission's order dated 11th July, 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 office, canteen, staff club, library, crèche, dispensary, staff welfare centres, compound lighting, etc. No separate connection for the same shall be provided.

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.

3. RATE:

(A) Consumers getting supply other than "Rural Schedule":

Rate gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

Fixed Charge	Energy Charge
Rs. 230.00 / kW / month	Rs. 6.80 / kWh

(B) Consumers getting supply as per "Rural Schedule":

The consumer under this category shall be entitled to a rebate of 7.5% on demand & energy charges as given for under other than rural schedule.

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 having a load up to 100 BHP.
(ii) Laghu Dal Nahar having load above 100 BHP.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

3. RATE:

Rate gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

Description	Fixed Charge	Energy Charge
Metered	Rs. 200.00 / BHP / month	Rs. 6.55 / kWh
Un-metered	Rs. 1500.00 / BHP / month	Nil

4. For finding out net load during any quarter of the year for this category refer Para 12.3.3

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.

   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 not exceeding two years, including civil work by all consumers and Govt. Departments.

2. **CHARACTER AND POINT OF SUPPLY:**

   As per the applicable provisions of Electricity Supply Code.

3. **RATE (SEPARATELY FOR EACH POINT OF SUPPLY):**

   Rate gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

   A. Un-metered:

(i) Fixed charges ***for illumination / public address / ceremonies*** for load up to 20 kW per connection plus Rs. 100 per kW per day for each additional kW.	Rs. 3000.00 / day
(ii) Fixed charges for ***temporary shops*** set-up during festivals / melas or otherwise and having load up to 2KW	Rs. 200.00 / day / shop

B. Metered:

Description	Minimum Charge	Energy Charge
Individual Residential construction	Rs. 150.00 / kW / week	Rs. 6.50 / kWh
Others		Rs. 7.85 / kWh

Note:

Charge as specified at A, shall be paid by the consumer in advance.

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:

Un-metered: Rate, gives the fixed and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

Category	Fixed charge / month	Fixed Monthly Energy Charge
Class IV employees / Operating staff	Rs. 140.00	Rs. 160.00
Class III employees	Rs. 170.00	Rs. 200.00
Junior Engineers & equivalent posts	Rs. 230.00	Rs. 370.00
Assistant Engineers & equivalent posts	Rs. 260.00	Rs. 520.00
Executive Engineers & equivalent posts	Rs. 280.00	Rs. 550.00
Superintending Engineers / Deputy General Managers & equivalent posts	Rs. 510.00	Rs. 650.00
Chief Engineers (I & II) / General Managers and above	Rs. 550.00	Rs. 750.00
Additional charge for employees using Air Conditioners.	Rs. 550.00 per month per Air conditioner	

Metered: Metered consumers under this category shall be given 50% rebate on rate of charge applicable to "other metered consumers" under LMV-1 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.

Note: In case of retired / voluntary retired or deemed retired employees, the rate shall be the same as applicable to the post from which he / she has retired.

4. For 'Other Provisions' and 'Mode of Payment' for Departmental Employees refer Para 12.3.1.

Section 23 (7) of Electricity Reforms Act, 1999 provides that "terms and condition of service of the personnel shall not be less favourable to the terms and condition which were applicable to them before the transfer". The same spirit has been echoed under first proviso of section 133 (2) of the Electricity Act, 2003. The benefits for employees / pensioners as provided in section 12 (b) (ii) of the Uttar Pradesh Reform Transfer Scheme, 2000 include "concessional rate of electricity", which means concession in rate of electricity to the extent it is not inferior to what was existing before 14th January, 2000. The rates and charges indicated above for this category are strictly in adherence of above statutory provisions.

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-Storied 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.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

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:

(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:

	For supply at 11kV	For supply at 33 kV & above
Demand Charges	Rs. 270.00 / kVA / month	Rs. 250.00 / kVA / month
Energy Charges	Rs. 6.80 / kVAh	Rs. 6.60 / 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:

	For supply at 11kV	For supply at 33 kV & above
Demand Charges	Rs. 250.00 / kVA / month	Rs. 240.00 / kVA / month
Energy Charges	Rs. 6.60 / kVAh	Rs. 6.40 / 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 10% additional charge on the above specified Rate from its end consumers apart from other applicable charges such as Regulatory Surcharge, Penalty, Rebate and Electricity Duty on actual basis.

RATE SCHEDULE HV– 2:

LARGE AND HEAVY POWER:

1. APPLICABILITY:

This rate schedule shall apply to all consumers having contracted load above 75 kW (100 BHP) for industrial and / or processing purposes as well as to Arc / induction furnaces, rolling / re-rolling mills, mini-steel plants and floriculture & 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.

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 for his consumption during the billing period applicable to the category:

(A) Urban Schedule:

	For supply at 11 kV	**For supply above 11 kV and up to & including 66 kV**	**For supply above 66 kV and up to & including 132 kV**	**For supply above 132 kV**
BASE RATE				
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. 6.30 / kVAh	Rs. 6.00 / kVAh	Rs. 5.80 / kVAh	Rs. 5.60 / kVAh
TOD RATE				
22:00 hrs – 06:00 hrs	(-) 7.5%	(-) 7.5%	(-) 7.5%	(-) 7.5%
06:00 hrs – 17:00 hrs	0%	0%	0%	0%
17:00 hrs – 22:00 hrs	(+) 15%	(+) 15%	(+) 15%	(+) 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 demand & energy charges as given for 11 kV consumers under urban schedule without TOD rates.

(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 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 default the consumer will forfeit the benefit of seasonal rates for the entire season.

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.

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
(a) Demand Charge For supply at and above 132 kV Below 132 kV	 Rs. 280.00 / kVA / month Rs. 6.05 / kVA / month
(b) Energy Charge (all consumption in a month) For supply at and above 132 kV Below 132 kV	 Rs. 280.00 / kVAh Rs. 6.30 / kVAh
(c) Minimum Charge	Rs. 700.00 / 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 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: DELHI METRO RAIL:

1. APPLICABILITY:

This schedule shall apply to the DMRC (Delhi 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:

Demand Charges	Rs. 125.00 / kVA / month
Energy Charges	Rs. 5.60 / kVAh
Minimum charge	Rs. 600 / kVA / month

- Penalty @ Rs. 540 / kVA will be charged on excess demand, if demand exceeds contracted load.
- This category has been made as per the agreement between DMRC and NOIDA Administration.

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.

RATE SCHEDULE HV – 4:

LIFT IRRIGATION WORKS:

1. APPLICABILITY:

This Rate Schedule shall apply to medium and large pumped canals having load of more than 100 BHP (75kW).

2. CHARACTER OF SERVICE & POINT OF SUPPLY:

As per applicable provisions of Electricity Supply Code.

3. RATE:

Rate, gives the demand and energy charges at which the consumer shall be billed for his consumption during the billing period applicable to the category:

(a) Demand Charges:

Voltage Level	Rate of Charge
For supply at 11 kV	Rs. 250.00 / kVA / month
For supply at 33 kV and 66 kV	Rs. 240.00 / kVA / month
For supply at 132 kV	Rs. 230.00 / kVA / month

(b) Energy Charges:

Voltage Level	Rate of Charge
For supply at 11 kV	Rs. 6.50 / kVAh
For supply at 33 kV and 66 kV	Rs. 6.25 / kVAh
For supply at 132 kV	Rs. 6.00 / kVAh

c) Minimum Charges:

Rs. 750.00 / kVA / month irrespective of supply voltage

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.

12.3.1 **DEPARTMENTAL EMPLOYEES:**

1. **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) 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.

(iii) 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.

(iv) No other concession shall be admissible on this tariff.

(v) 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.

(vi) 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.

(vii) In case of Multi-Storied / Societies where the electricity connection are provided at single point with HT metering, the employees / pensioners / family pensioners, shall be provided through a separate meter and shall be given adjustment towards HT side metered energy at single point. Fixed charges equivalent to sanctioned load of the departmental employee shall also be adjusted. One percent of energy consumed by LMV-10 consumer shall also be added towards transformation losses for giving adjustment

(viii) LMV-10 consumers will have to give an undertaking regarding use of Air conditioners.

2. MODE OF PAYMENT:

(i) The Disbursing Officer shall compulsorily and regularly deduct the amount due monthly from the salary bill of each and every employee / pensioners drawing pay / pension from his unit each month. The Drawing Officer shall ensure that each employee / pensioner has given the declaration about the connection in his name together with details of S.C. No. / Book No. and name of the billing division, before the disbursement of pay / pension.

(ii) The monthly amount due from a consumer of this category can also be deposited by the concerned officer / employee to the concerned division in case the said amount is not being deducted from his salary / pension.

(iii) Revenue and Energy Statistics in respect of the category of employee / pensioner shall be regularly prepared by the Divisions in the same manner as for every other manually billed category.

(iv) Recovery from the salary shall be sent to the billing units in accordance with the instructions contained in circular No. 362-CAO/C-177 (Misc.) dated 5.5.89 and No. 380-CAO dated 12.5.89 from Chief Accounts Officer of erstwhile UPSEB, Lucknow.

(v) In case of metered consumption, the mode of payment shall be similar to the domestic consumer.

12.3.2 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 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.

12.3.3 **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 31st 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.

12.4 SCHEDULE OF MISCELLANEOUS CHARGES

Sl. 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	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	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	500.00
	b. Power consumers up to 100BHP/75kW	Per Job	275.00
	c. All other categories of consumers.	Per Job	150.00
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.	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.)	Per Meter	100.00

Sl. 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

CHARGES FOR TATKAL VIDYUT SANYOJAN (TATKAL CONNECTION):

For urban consumers of LMV-1, LMV-2 and LMV-9 categories, desirous of getting connection within 24 hours of making the application, provided such release of connection does not require extension of distribution mains or commissioning of sub-station or augmenting capacity of transformers, shall have to pay following additional charges apart from the regular connection charges:

1. **FOR PERMANENT ELECTRICITY CONNECTION:**
   a. Single Phase Domestic light and fan : Rs. 500 per connection
   b. Three Phase Domestic light and fan : Rs. 750 per connection
   c. Single Phase Commercial : Rs. 750 per connection
   d. Three Phase Commercial : Rs. 1000 per connection

2. **FOR TEMPORARY ELECTRICITY CONNECTION:**
   a. Single Phase (Up to 4 kW) : Rs. 750 per connection
   b. Three Phase (from 5 kW to 24 kW) : Rs. 1000 per connection

12.5 LIST OF POWER FACTOR APPARATUS

FOR MOTORS:

Sl. 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:

Sl. No.	Name Plate Rating in KVA of Individual Welding Transformer	Capacity of the Capacitors (KVAR)
1.	1	1
2.	2	2
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

Sl. No.	Name Plate Rating in KVA of Individual Welding Transformer	Capacity of the Capacitors (KVAR)
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