UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

PETITION NO. : 984/2014

FILED BY

NOIDA POWER COMPANY LIMITED

IN THE MATTER OF

APPROVAL OF ANNUAL REVENUE REQUIREMENT AND DETERMINATION OF TARIFF FOR FY 2015-16 AND TRUE-UP OF ARR FOR FY 2013-14

ORDER UNDER SECTION 62 AND 64 OF

THE ELECTRICITY ACT, 2003

June 18, 2015

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Before

UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Petition No.: 984/2014

IN THE MATTER OF:

Approval of Aggregate Revenue Requirement (ARR) and Determination of Tariff for FY 2015-16 and True-up of ARR for FY 2013-14.

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 June 18, 2015. 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 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.

1.2.3 Further, the Commission has notified Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 on 12th May, 2014. Embarking upon the MYT framework, the Commission has divided the period of five years (i.e. 1st April 2015 to 31st March 2020) into two periods namely –

a. Transition period (1st April 2015 to 31st March 2017)

b. Control period (1st April 2017 to 31st March 2020)

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

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 2013-14 (Actual), FY 2014-15 (Estimated) and FY 2015-16 (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:: DEMAND SUPPLY GAP OF NPCL (MW)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Peak Demand - Restricted	195	256	290
Peak Demand - Unrestricted	228	272	305
Peak Demand Met	195	256	290
Shortfall Unrestricted	33	16	15

1.4.4 As per the Petitioner, the major deterrent is 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. The matter related to the open access has been pending before the Commission.

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.

1.4.9 The matter is pending before the Commission. NPCL is directed to take the necessary action in this regard as directed by the Commission from time to time.

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 2015-16, within the aforesaid prescribed timelines i.e. on November 28, 2014.

2.2 PRELIMINARY SCRUTINY OF THE PETITION:

2.2.1 A preliminary scrutiny of the ARR Petitions for FY 2015-16 was carried out by the Commission and a detailed deficiency note was issued to the Licensee vide letter dated January 15, 2015, directing them to provide the required information within 10 days from the date of issuance of the Deficiency Note.

2.2.2 The Petitioner submitted its replies on February 9, 2015 to the above mentioned deficiency note. The Commission issued a second set of deficiency note vide its mail dated February 27, 2015.

2.2.3 In response to the above the Petitioner vide its letter dated March 3, 2015 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 March 23, 2015 directed the NPCL to publish within 3 days from the issue of the Order a public notice detailing the salient information and facts of the ARR petition for FY 2015-16 and True-up for FY 2013-14 in at least two daily newspapers (One English and One Hindi) for two successive days for inviting views/ comments/ suggestions/ objections/ representations within 15 days from the date of publication of the Public Notice(s) by all stakeholders and public at large. The Commission also directed Petitioner to upload a copy of the petition (including additional information) on the website of the Petitioner.

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:

1. The Statesman (English): March 26, 2015 and March 27, 2015
2. Dainik Jagran (Hindi): March 26, 2015 and March 27, 2015

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 hearings were held at Sitapur on April 9, 2015, Ghaziabad on April 15, 2015, Orai on April 21, 2015 and Gorakhpur on April 27, 2015 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 hearings at Sitapur on April 9, 2015, Ghaziabad on April 15, 2015, Orai on April 21, 2015 and Gorakhpur on April 27, 2015 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 Public 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 **NPCL's own Power Plant:** NPCL was granted contract in Greater Noida with the commitment to erect and run its own Power Plant. But it has failed to do so till date. This is why there is acute shortage of power availability in Greater Noida. It is very important for controlling the tariff, and is not implemented by NPCL even after decade of rendering power distribution services. Hon'ble Commission may order NPCL to full fill their commitment with specific deadline and till that time no revision of tariff is considered.

B) *The Petitioner's response:*

3.2.5 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).

3.2.6 The CEA vide its letter dated January 12, 2012, in reply to Company'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 along with 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.

3.2.7 Further, in an important information released by the MoP on August 17, 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 2015-16 as there is no certainty of availability of the same. The company is actively pursuing the same. As against the above, enough power is available in the market at much lower rates than the power produced by Gas based plants.

C) *The Commission's view:*

3.2.8 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 Long Term sources as soon as possible considering the final decision of the Commission in the case pending before it.

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

3.2.9 **Non revision of tariff:** The last revision of tariff was in the month of October, 2014 and as per Electricity Act 2003 revision of tariff before completion of 12 months is unjustified

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

3.2.10 As per Section 62(4) of the Electricity Act 2003 -

> *"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."*

3.2.11 Accordingly, the Hon'ble Commission had vide its Tariff Order dated October 1, 2014 approved the Retail Tariffs for FY 2014-15 effective from October 9, 2014, while the current petition under consideration is for determination of Tariff for FY 2015-16. Accordingly, the Hon'ble Commission is requested to kindly determine the retail tariffs for F Y 2015-16 based on our petition no. 984/2014.

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

3.2.12 The Commission has taken the note of the Stakeholders views. The Commission has determined the ARR / Tariff for NPCL after considering all the facts and figures which has been detailed subsequently in the Order. The Commission has determined the tariff for FY 2015-16 in accordance to the Electricity Act, 2003 and UPERC Distribution Tariff Regulations, 2006 as amended from time to time.

A) *Comments / Suggestions of the Public:*

3.2.13 **O&M of the street light in Gautam Budh Nagar**: Utility operation and maintenance i.e. street light should be done by NPCL for better Management.

B) *The Petitioner's response:*

3.2.14 NPCL is a Licensee in terms of the first proviso to Section 14 of the Electricity Act 2003, read in conjunction with Section 14 (1) (c) of the Uttar Pradesh Electricity Reforms Act, 1999, and is engaged in the distribution of electricity in Greater Noida Area in Gautam Budh Nagar District in Uttar Pradesh.

3.2.15 The Operation and Maintenance of the street light are being done by Greater Noida Industrial Development Authority who is the owners of the property as well. NPCL is only responsible to supply electricity for the same; hence they can't be entrusted with the responsibility of maintaining the same.

C) *The Commission's view:*

3.2.16 The Commission has noted the objection of the stakeholder and the reply submitted by the Licensee.

A) *Comments / Suggestions of the Public:*

3.2.17 **Low line loss for NPCL**: Line losses in NPCL are very negligible and revenue collection is very high in the country, hence NPCL should offer lowest tariff in the country.

B) *The Petitioner's response:*

3.2.18 With due acknowledgement of the cooperation extended by our consumers, this is to clarify that the ARR of the Company is being approved by the Hon'ble Commission only on the basis of T&D losses @ 8%. After considering the above, the retail tariffs are being determined from year to year.

3.2.19 Thus, in view of the above, we request the Hon'ble Commission to kindly approve the ARR for FY 15-16 as per our ARR petition no. 984/2014 and determine the retail tariffs for recovery thereof.

C) *The Commission's view:*

3.2.20 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.

3.2.21 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 al-lowed 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."*

3.2.22 Thus, for meeting carrying cost of the revenue gap and liquidation of revenue gap, the Commission has continued an appropriate regulatory surcharge at 8% applicable on the "Rate".

A) *Comments / Suggestions of the Public:*

3.2.23 **Extra Regulatory Surcharge:** NPCL is charging 5% extra regulatory surcharge when compared with rest of U.P this is very unfair as in the same state there should not be two tariffs. This is against the law of equality.

B) *The Petitioner's response:*

3.2.24 Based on the accumulated revenue gap of previous 7 years, the Hon'ble Commission has approved the regulatory surcharge @ 8% for recovery of the same. Accordingly the company is levying regulatory surcharge as per the Tariff Order dated October 1, 2014.

C) *The Commission's view:*

3.2.25 The Regulatory Surcharge is allowed to recover the past unrecovered gaps. The Commission has determined the tariff in accordance to the Electricity Act, 2003 and UPERC Distribution Tariff Regulations, 2006. The issue of regulatory surcharge has been addressed subsequently in this Order.

A) *Comments / Suggestions of the Public:*

3.2.26 Increase in tariff of Industrial Consumers: As everybody knows industry condition in UP is very poor. Industry is on ventilator if we increase the tariff further it will be another setback for the industry.

B) *The Petitioner's response:*

3.2.27 The Hon'ble Commission is requested to kindly determine the retail tariffs based on the ARR Tariff petition no. 984/2014 for FY 2015-16.

C) *The Commission's view:*

3.2.28 The Commission has noted the submission of stakeholder and Licensee and same has been addressed subsequently in this Order.

A) *Comments / Suggestions of the Public:*

3.2.29 Hike in Tariff and Regulatory Surcharge: In the presentation given by NPCL they have compared themselves with Delhi & Mumbai while in these cities there is no

a) Minimum bill so that demand and fixed charged should be half
b) No TOD pattern of billing

c) Power is available without trip in 24 hrs.

3.2.30 On the other hand, tripping in Greater Noida in very high more than 11 time /day and we have demanded last time also that the audit of NPCL by CAG or neutral body should be done so that actual situation can be understood.

3.2.31 In the view of above points it is requested not to impose the power rate hike on Greater Noida consumers & further 5% regulatory surcharge should be reduced with in charge or Greater Noida unfairly.

B) *The Petitioner's response:*

3.2.32 This is to clarify that NPCL has made a comparison with the Discoms in Delhi only and that too in case of its power purchase cost and not Retail Tariffs. In any case, the consumers' bills are being raised strictly in accordance with the Tariff Orders of the Hon'ble Commission.

3.2.33 Further, it is pertinent to mention that Hon'ble State Electricity Regulatory Commission of both the States viz. Mumbai and Delhi have provided Time of the Day Tariffs in their respective Tariff Orders.

3.2.34 In respect of Tariff hike and regulatory surcharge, we will request the Hon'ble Commission to kindly refer to our earlier reply.

C) *The Commission's view:*

3.2.35 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 has already in its Order for FY 2014-15 has directed the Petitioner that from FY 2014-15 onwards it should get its accounts audited by an independent auditor. Such auditor should be appointed with the prior approval of the Commission.

3.2.36 Apart from auditing of the financial accounts, the power purchase and the energy 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 energy sales of the Petitioner.

3.2.37 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.

3.2.38 The Commission again directs the Licensee to strictly comply with the directions given in this Order. Rest part of this query has already been addressed by the Commission in response to the earlier objection in this Order.

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

3.2.39 Whether the Apartment Owner Association (AOA)/ RWA can draw power as Single point buyer from the Power Distribution Company under Schedule LMV-1(b) and charge its Flat Owners on retail rate provided under the schedule LMV-1(c) of Tariff Order, as long as AOA/ RWA is making full payment of Electricity to Power Company and is not making profit while charging its Flat Owners on retail rate in the Tariff Order?

3.2.40 Is it mandatory to charge 10% as per Para 7.1.17 of this Tariff Order for 2014-15? If the AOA/RWA does not wish to charge its flat owners any extra charge, can it do so?

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

3.2.41 In this regard, clause 3(b) of the rate Schedule for LMV- 1 Category states as follows-

"Clause 3(b) ….

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".

3.2.42 Further Clause 4.47 relating to Single Point Bulk Supply of the Electricity Supply Code, 2005 states as follows-

"….Provided that in (i) and (ii) above, the body that has taken the single point connection shall be responsible for all payments of the electrical charges to the Licensee and for collection from the end consumers as per applicable tariff for the category used."

3.2.43 From the above, it is amply clear that Single Point Buyer under LMV – 1(b) Rate Schedule can only charge additionally upto 10% of the applicable rate from its end consumers apart from other applicable charges such as Regulatory Surcharge, Penalty, Rebate and Electricity Duty on actual basis.

3.2.44 Hence, these additional charges are required to be recovered on actual basis to compensate for line losses, maintenance of the electrical assets as well as other expenditures for distribution of electricity up to the end consumers with in the Society. Accordingly, the AOA / RWA shall determine the percentage based on their overall actual expenditure vis-à-vis the energy bill for single point connection subject to the maximum ceiling of 10% of the rate charged (i.e. Fixed Charge and Energy Charge).

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

3.2.45 The Commission has noted the submission of stakeholder and Licensee.

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 .

4. TRUE-UP FOR FY 2013-14

4.1 SALES APPROVAL:

4.1.1 The energy sales based on actual audited accounts for FY 2013-14 represent growth of 15.10% over FY 2012-13 (980.64 MUs). The Commission approves the actual energy sales based on the audited accounts at 1128.67 MUs.

4.1.2 The category-wise energy sales approved for FY 2013-14 is shown in the Table below:

Table :: CATEGORY WISE SALES FOR FY 2013-14 – APPROVED (MU)

Sr. No.	Category	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
1	LMV-1: Domestic Light, Fan & Power	187.06	195.49	195.49
2	LMV-2: Non Domestic Light, Fan & Power	20.12	20.43	20.43
3	LMV-3: Public Lamps	11.82	21.30	21.30
4	LMV-4: Institutions	12.90	11.89	11.89
5	LMV-5: Private Tube Wells	11.51	23.49	23.49
6	LMV 6: Small and Medium Power	42.39	42.94	42.94
7	LMV-7: Public Water Works	10.13	12.25	12.25
8	LMV-8: STW and Pumped Canals	0.30	0.31	0.31
9	LMV-9: Temporary Supply	22.24	27.21	27.21
10	HV-1: Non Industrial Bulk Power	62.64	72.40	72.40
11	HV-2: Large and Heavy Power	719.19	700.96	700.96
	Total	**1,100.32**	**1,128.67**	**1,128.67**

4.1.3 The Category wise Number of Consumers, Connected Load and energy sales approved / trued-up for FY 2013-14 are summarized in the Table below:

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

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MUs)
1	LMV-1: Domestic Light, Fan & Power	53,157	202.85	195.49
2	LMV-2: Non Domestic Light, Fan & Power	2,061	13.44	20.43
3	LMV-3: Public Lamps	3	9.08	21.30
4	LMV-4: Institutions	456	6.59	11.89
5	LMV-5: Private Tube Wells	1,111	4.88	23.49
6	LMV 6: Small and Medium Power	1,727	34.35	42.94

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MUs)
7	LMV-7: Public Water Works	165	3.61	12.25
8	LMV-8: STW and Pumped Canals	1	0.15	0.31
9	LMV-9: Temporary Supply	1,239	12.39	27.21
10	HV-1: Non Industrial Bulk Power	71	39.76	72.40
11	HV-2: Large and Heavy Power	494	234.04	700.96
	Total	**60,485**	**561.14**	**1,128.67**

4.2 DISTRIBUTION LOSSES:

4.2.1 Petitioner submitted that the actual Distribution loss for FY 2013-14 was 7.94% as compared to the approved loss level of 8.00%

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 installation 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 May 31, 2013, has approved 0.60% as EHV losses over and above Distribution Losses of 8.00% for FY 2013-14.

4.2.3 Petitioner submitted that as per the Audited Accounts for FY 2013-14, the EHV losses and distribution losses are at 0.48% & 7.94% 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 in its Tariff Order for FY 2013-14. Considering the above fact, the Commission for the purpose of Truing up approves the Distribution Losses and the EHV losses on actual basis as shown in the Table below:

Table :: DISTRIBUTION LOSSES AND EHV LOSSES APPROVED BY THE COMMISSION FOR FY 2013-14

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Distribution Loss %	8.00%	7.94%	7.94%
EHV Losses %	0.60%	0.48%	0.48%

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 truing-up of energy sales and distribution losses. Based on above trued-up energy sales and distribution losses, the approved power purchase requirement and the energy balance for FY 2013-14 is as shown in the Table below:

Table :: ENERGY BALANCE APPROVED BY THE COMMISSION FOR FY 2013-14

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Energy Sales (MU)	1,100.32	1,128.67	1,128.67
Distribution Loss %	8.00%	7.94%	7.94%
EHV Losses	0.60%	0.48%	0.48%
Distribution Loss including EHV losses (MU)	102.90	103.26	103.26
Energy Purchase (MU)	**1,203.22**	**1,231.93**	**1,231.93**

4.4 POWER PURCHASE QUANTUM & COST:

4.4.1 Based on the above trued-up energy balance for FY 2013-14, the power purchase requirement works out to 1,231.93 MU.

4.4.2 As per the prevailing arrangement, NPCL had been receiving 45 MW of power from UPPCL at pooled cost till February 12, 2014 sighting Hon'ble Allahabad High Court's Order dated 1st July, 2013. The balance power was procured by NPCL on short term basis through Open Access Route. The details of power purchase quantum and power purchase cost approved vide Tariff Order dated May 31, 2013 and actually incurred by NPCL for FY 2013-14 is provided in the Table below:

Table :: POWER PURCHASE COST AS SUBMITTED BY THE PETITIONER FOR FY 2013-14

Item	Approved vide T.O. 31/05/13			True-up Petition		
Retail Sales (MUs)	**1,100.32**			**1,128.67**		

Item	Approved vide T.O. 31/05/13			True-up Petition		
Losses	**8.55%**			**8.38%**		
Power Purchase	**1,203.22**			**1,231.93**		
Sources of Power Purchase	**Energy**	**Rs./kWh**	**Costs**	**Energy**	**Rs./kWh**	**Costs**
UPPCL	337.35	3.92	132.35	273.50	3.92	107.30
Power Purchase from Traders	793.68	3.91	310.40	958.73	3.74	358.15
Power Purchase from RE	72.19	7.63	55.08	5.14	4.88	2.50
Unscheduled Interchange				-5.44		0.25
Sub-Total	**1203.22**	4.14	**497.83**	**1231.93**	**3.80**	**468.20**
PGCIL charges			**25.31**			28.57
UPPTCL charges						
Total Transmission charges			**25.31**			**28.57**
Total Power Purchase	**1203.22**	**4.35**	**523.14**	**1231.93**	**4.03**	**496.77**

4.4.3 The brief detail about the power purchase as submitted by the Petitioner is provided below:

- The total quantum as per Audited Annual Accounts for FY 2013-14 is 1231.93 MUs with power purchase from UPPCL as 273.50 MUs, from Short term Sources as 958.43 MUs and 5.14 MUs from Renewable Energy Sources including 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. 3.923 / kWh as approved vide Tariff Order dated May 31, 2013 and the actual landed cost of power purchased from Open Access is Rs. 3.74 / kWh as against the approved rate of Rs. 3.91 / kWh in Tariff Order dated May 31, 2013.
- The Petitioner has claimed that it has net injected the power in the system under Unscheduled Interchange and the net amount payable under the Unscheduled Interchange during the period February 12, 2014 to March 2014 to the amount of Rs. 0.25 Crore.
- The transmission charges for UPPTCL and PGCIL are at Rs. 28.57 Crore as against Rs. 25.31 Crore approved in tariff order dated May 31, 2013.

4.4.4 Accordingly, the total power purchase cost incurred in FY 2013-14 is Rs. 496.77 Crore after adjusting Rs 7.27 Crore on account of the rebate received on power purchase cost.

4.4.5 As submitted by the Petitioner, the Commission vide Tariff Order dated May 31, 2013 has approved the BST for FY 2013-14 as Rs. 3.92 / kWh, the same has been considered for the purpose of Truing up of ARR for FY 2013-14.

4.4.6 The Commission further observes that power availability from UPPCL for FY 2013-14 has been restrained at 45 MW and therefore, balance requirement of power has been met from Open Access Market. During FY 2013-14, the Petitioner has procured 958.73 MUs from Short Term Sources at an average cost of Rs. 3.74 / kWh which is less than the average cost approved by the Commission in its Tariff Order dated May 31, 2013. Further, the average power purchase cost for power procured from Open Access of Rs. 3.74 / kWh at NPCL periphery is competitive from all India average power purchase rate of Rs. 4.27 / kWh transacted under bilateral trade during FY 2013-14 (source – Report on Short-term Power market in India for 2013-14 by CERC). Hence, the Commission approves the power purchased from Short Term Sources on actual at Rs. 3.74 / kWh.

4.4.7 It has been further observed that in the Tariff Order dated May 31, 2013 the Commission has also approved the power purchase quantum from renewable energy sources as 72.19 MU in FY 2013-14. However, the Petitioner has procured only 5.14 MU from renewable energy sources in FY 2013-14. The Commission asked the Petitioner to submit an appropriate justification for not procuring power from renewable sources to comply with Renewable Purchase Obligation (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 to fulfill its 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 The Petitioner submitted that in spite of repeated advertisement in the newspapers it has not been able to get required response from any party to supply solar and non solar renewable energy and has been putting continued efforts to procure sufficient RE power to meet its obligation. In the various attempts the Petitioner had published advertisements in different newspapers, on December 6, 2010 in all editions of Economic Times, on April 11, 2011 in all editions of Business Standard and Indian Express and on September 19, 2012 in The Times of India and The Economic Times, but in first attempt in December 2010 it did not get any response from any party, in the second attempt in April 2011, it received only one response each for non-solar and solar energy.

However, being single bid, the same was not accepted by the Petitioner. Further, in third attempt to procure RE Power in September 2012, the Petitioner once again did not receive any response from any party.

4.4.10 The Petitioner further submitted that it has published similar notices for procurement of RE Power on October 27, 2014 and December 16, 2014 in leading newspapers and again did not receive any response. The tender dated December 16, 2014 has been kept open and the Petitioner would submit the outcome of the same to the Commission once it is completed. NPCL submitted that it will off-take the entire power generated from the upcoming 1.0 MWp Solar Power Plant in its licensed area to be installed & operated by Greater Noida Industrial Development Authority in accordance with CNCE Regulations, 2009, as amended from time to time, which is expected to be commissioned by February 15, 2015.

4.4.11 Petitioner submitted that it assures that it will continue its endeavor for procurement of renewable energy and comply with the CNCE Regulations, 2009, as amended from time to time. However, delay in the procurement as explained above is beyond its control.

4.4.12 The Commission observes that in spite of the efforts being made by the Petitioner sufficient renewable energy is not being procured by the Petitioner to fulfill its RPO. The Petitioner should ensure that the RPO is met in the future years. The Petitioner is also directed to submit the source wise (generating source or REC) detailed action plan to fulfill its RPO for future years. For the purpose of Truing up the Commission has approved the actual power procured through Renewable Energy sources.

4.4.13 The summary of power purchase cost as approved by the Commission for FY 2013-14 is as shown in the Table below:

Table :: POWER PURCHASE COST AS APPROVED BY THE COMMISSION - FY 2013-14

Item	Approved upon Truing Up		
Retail Sales (MUs)	**1,128.67**		
Losses	**8.38%**		
Power Purchase	**1,231.93**		
Sources of Power Purchase	**Energy**	**Rs./kWh**	**Costs**
UPPCL	273.50	3.92	107.30
Power Purchase from Traders	958.73	3.74	358.15
Power Purchase from RE	5.14	4.88	2.50
Unscheduled Interchange	-5.44		0.25

Item	Approved upon Truing Up		
Sub-Total	**1231.93**	**3.80**	**468.20**
PGCIL charges			28.57
UPPTCL charges			
Total Transmission charges			**28.57**
Total Power Purchase	**1231.93**	**4.03**	**496.77**

- The total quantum approved for FY 2013-14 is 1231.93 MU with power purchase from UPPCL as 273.50 MU, from open access as 958.73 MU, 5.14 MU from renewable energy sources and supplied power of 5.44 MU through Unscheduled Interchange.
- The power purchase cost for UPPCL is approved at provisional BST rate of Rs. 3.92 / kWh and the transmission charges for UPPTCL and PGCIL is approved at Rs. 28.57 Crore.

4.4.14 Accordingly, the total power purchase cost is trued-up at Rs. 496.77 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 Petitioner submitted that the Commission in Tariff Order dated May 31, 2013 has approved the O&M expenses at Rs. 34.28 Crore for FY 2013-14.The actual O&M expenses as per Audited Annual Accounts the FY 2013-14 other than Statutory / Regulatory Expenses is Rs. 39.94 Crore.

4.5.3 The Petitioner submitted that in the past it has claimed the O&M expenses on normative basis in accordance with the Distribution Tariff Regulations, 2006, irrespective of the actual expenses incurred by it. However, for FY 2013-14 the Petitioner has requested the Commission to allow O&M expenses based on actual as per Audited Annual Accounts due to following reasons:

a) 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.

b) 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."*

4.5.4 The 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 September 1, 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 October 14, 2010 has mentioned as follows:

> *"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."*

4.5.5 The Petitioner submitted that based on the above, the Commission in its Tariff Order dated October 14, 2010 has directed it to conduct a study to benchmark its O&M expenses 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. The 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.

4.5.6 The Petitioner further submitted that its O&M Expenses are much lower as compared to other Distribution Utilities of U. P. as well as 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 has requested to allow the O&M expenses in full as per audited accounts for FY 2013-14. In view of the above, the Petitioner requested the Commission to approve the O&M expenses at Rs. 39.94 Crore for FY 2013-14 based on its audited annual accounts.

Commission's Analysis:

4.5.7 The Commission in its deficiency note asked the Petitioner to submit the reconciliation of the O&M Expenses with the cost as per the audited accounts.

4.5.8 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 :: RECONCILIATION OF O&M EXPENSES AS SUBMITTED BY PETITIONER FOR FY 2013-14

Sl. No.	Description	Amount in Rs. Cr.
1	Employee cost as shown in Note-25 of Audited Accounts for FY 2013-14	12.21
2	Other Expense as shown in Note-28 of Audited Accounts for FY 2013-14	37.49
3	Total Operating Expenses as per Audited Accounts	49.70
4	Less: Items dealt with separately in ARR as per Distribution Tariff Regulations, 2006	
I	Bad debts written off & provision thereof	(8.53)
II	Loss on sale of Fixed Assets	(0.10)
5	Net O&M Expenses	41.06
	Shown in Retail Tariff Formats as:-	
	Repair & Maintenance Expenditure (RTF F-5)	20.91
	Employee Expense (RTF F-6(a)	12.21
	Administrative & General Expenses (RTF F-7)	6.82
	Regulatory Expenses (RTF F-4)	1.12
5	Total O&M Expenses for FY 2013-14	41.06

4.5.9 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)..."

4.5.10 The Commission in the previous years has been allowing the O&M expenses as per the Distribution Tariff Regulation, 2006 as amended from time to time. As evident from the above, the O&M expenses allowed as per the Distribution Tariff Regulations, 2006 covers the O&M expenses incurred by the Licensee for the existing assets as well as new assets added during the year. The high O&M expenses on the IT assets and the office equipments as cited by the Petitioner, forms the small portion of the Gross Fixed Assets

4.5.11 The Commission is of the view that if the O&M expenses are allowed on the basis of actual O&M expenses 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.

4.5.12 Therefore, as per the reasons stated above, the Commission has allowed the O&M expenses as per the norms specified in the Distribution Tariff Regulation, 2006 as amended from time to time as detailed below.

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 2012-13 trued-up O&M expenses for FY 2013-14. The Petitioner had miscalculated applicable inflation rate to be 7.66%. The applicable inflation rate as per Weighted average Inflation Index as computed by the commission is 7.69% for FY 2013-14 as given in the Table below: :

Table :: INFLATION INDEXES FOR FY 2013-14

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 FY-13-14				
Inflation index for FY 2012-13	**186.64**			
Inflation index for FY 2013-14	**200.99**			
Applicable Inflation rate	**7.69%**			

4.5.14 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 2012-13. 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.

4.5.15 Based on the above, the computation of O&M expenses Trued-up for FY 2013-14 is as shown in the Table below:

Table :: O&M EXPENSES FOR FY 2013-14 AS APPROVED BY THE COMMISSSION (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Total additions to Fixed Assets	141.97	39.94	164.75
Less: Assets Retired/Scrapped	1.77		2.05
Net Addition to Fixed Assets	140.20		162.70
Preceding Year Gross O&M	28.30		28.30
Incremental O&M @ 2.5%	3.50		4.07
Inflation Index Applicable	8.75%		7.69%
O&M Expenses escalated	30.77		30.47
Total O & M expenses	34.28	39.94	34.54

4.6 STATUTORY & OTHER RELATED EXPENSES:

4.6.1 The Petitioner has claimed statutory and other related expenses of Rs. 1.12 Crore as per its audited accounts as against the approved statutory and other related expenses of Rs. 2.53 Crore for Truing up of ARR for FY 2013-14. These expenses are over and above the expenses incurred on fees and other UPERC related expenses. The Petitioner has requested to allow the same.

Commission's Analysis

4.6.2 Under the above head the Petitioner has claimed CGRF expense of Rs. 0.20 Crore in FY 2013-14. 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. 0.20 Crore.

4.6.4 The Petitioner has also claimed expenses incurred towards competitive bidding process for long-term / short-term power procurement, demand side management, 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 actual basis. The table below highlights the approved statutory and other expenses approved by the Commission for FY 2013-14:

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

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Demand Side Management Expenses	0.22	0.20	0.20
CGRF Expenses	0.25	0.20	0.20
UPERC Expenses	0.00	0.00	0.00
Competitive Bidding Expenses	0.30	0.03	0.03
Technical studies as directed by Commission	0.25	0.14	0.14
Service Tax payable due to change in law	1.50	0.55	0.55
Total	**2.53**	**1.12**	**1.12**

4.7 CAPITAL EXPENDITURE (CAPEX):

4.7.1 The Petitioner in the True-up petition has claimed capex of Rs. 150.12 Crore during FY 2013-14 as against Rs. 163.68 Crore (including interest capitalization) approved by the Commission in its Tariff Order dated May 31, 2013. The Petitioner has also claimed Rs. 1.19 Crore towards interest capitalized during FY 2013-14 against Rs. 1.73 Crore approved by the Commission in its Tariff Order dated May 31, 2013.

Commission's Analysis:

4.7.2 The actual capital expenditure for FY 2013-14 has been considered as per the audited accounts. The opening capital work in progress (CWIP) for FY 2013-14 is Rs. 0.56 Crore. Total capitalization i.e. transfers to GFA as per the audited accounts is Rs. 124.69 Crore. Accordingly, the capital expenditure incurred by the Petitioner for the FY 2013-14 as per the Audited Accounts works out to be Rs. 148.94 Crore.

4.7.3 The interest capitalization for FY 2013-14 has been considered as Rs. 1.19 Crore. Consumer contribution of Rs. 14.13 Crore is taken as per the audited accounts for FY 2013-14.

4.7.4 The details of the capital expenditure claimed by the Petitioner and approved / true-up by the Commission for FY 2013-14 is provided in the table below:

Table :: CAPEX TRUE-UP FOR FY 2013-14 (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Total Additions to Assets (excluding interest capitalisation)	161.45	124.69	124.69
Add: Closing CWIP	3.00	24.81	24.81
Less: Opening CWIP	2.50	0.56	0.56
Total Capex (excluding interest capitalisation)	**161.95**	**148.94**	**148.94**
Add: Interest Capitalisation	1.73	1.19	1.19
Total Capex	**163.68**	**150.12**	**150.12**
Consumer Contribution & GNIDA	11.00	14.13	14.13
Net Capex	**152.68**	**135.99**	**135.99**
Debt @ 70%	106.87	95.20	95.20
Equity @ 30%	45.80	40.80	40.80

4.8 INTEREST AND FINANCE CHARGES:

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

- Interest on Long Term Loans
- Finance Charges
- Interest on working capital
- 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. 28.13 Crore after considering loan additions of Rs. 95.20 Crore. Brief details of the interest on Term loan as submitted by the Petitioner are provided below.

a) Opening balances of existing loans are considered as per closing balances of Term Loans as approved by the Commission vide its order dated October 1, 2014 in True-up of ARR for FY 2012-13.

b) Repayments, rate of interest and interest for existing loans are considered as per the terms and conditions of the respective term loans agreements.

c) NPCL had procured 13 plots of land in FY 2007-08 against which a loan of Rs.12.73 Cr was extended by GNIDA to be paid in 12 equal installments. Accordingly, interest and repayment has been claimed under GNIDA loan on actual payment basis.

d) Normative loan of FY 2007-08 as approved by the Commission is continued in FY 2013-14 also as per the method followed by the Commission in Tariff Order dated May 31, 2013.

e) As mentioned above, NPCL has tied-up the Term Loan Facility of Rs. 100 Cr from ICICI Bank Limited bearing interest at the rate of 11.85% per annum for funding the Capital Expenditure for FY 2013-14.

Commissions' Analysis

4.9.2 The Commission has gone through the interest expenses claimed by the Petitioner for FY 2013-14. The interest on long term loans as submitted by NPCL for FY 2013-14 is given in Table below:

Table :: INTEREST ON LONG TERM LOANS AS SUBMITTED BY PETITIONER FOR FY 2013-14 (Rs. Crore)

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Yes Bank (FY08)	8.00	-	8.00	-	0.76
Bank of Maharashtra (FY 10)	22.33	-	4.93	17.40	2.41
IDBI Bank(FY11)	46.96	-	11.05	35.91	5.00
GNIDA	3.46	-	2.40	1.06	0.61
Normative Loans (FY08)	2.66	-	0.53	2.13	0.30
ICICI Bank (FY12)	37.15	-	6.75	30.39	4.38
Central Bank of India (FY 13)	62.76	-	-	62.76	7.52
ICICI Bank (FY 13)	24.00	-	1.00	23.00	2.93

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Normative Loans (FY14)/ ICICI bank (FY 14)	-	95.20	-	95.20	4.22
Total	**207.31**	**95.20**	**34.66**	**267.85**	**28.13**

4.9.3 The opening balances of loan trued-up for FY 2013-14 are considered as per closing balances of true-up for FY 2012-13.

4.9.4 The normative loan of FY 2007-08 is continued in FY 2013-14 with repayment considered based on 10-year repayment period.

4.9.5 The debt component has been considered at 70% and accordingly the additions during the year FY 2013-14 is at Rs. 95.20 Crore. The source of loan is ICICI bank Limited with rate of interest at 11.85%. 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.

4.9.6 The repayments, rate of interest and interest on existing loans are approved as per actual loan portfolio for FY 2013-14.

Table :: INTEREST ON LONG TERM LOANS APPROVED BY THE COMMISSION FOR FY 2013-14 (Rs. Crore)

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Yes Bank (FY08)	8.00	-	8.00	-	0.76
Bank of Maharashtra (FY 10)	22.33	-	4.93	17.40	2.41
IDBI Bank(FY11)	46.96	-	11.05	35.91	5.00
GNIDA	3.46	-	2.40	1.06	0.61
Normative Loans (FY08)	2.66	-	0.53	2.13	0.30
ICICI Bank (FY12)	37.15	-	6.75	30.39	4.38
Central Bank of India (FY 13)	62.76	-	-	62.76	7.52
ICICI Bank (FY 13)	24.00	-	1.00	23.00	2.93
Normative Loans (FY14)/ ICICI bank (FY 14)	-	95.20	-	95.20	4.22
Total	**207.31**	**95.20**	**34.66**	**267.85**	**28.13**

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.

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

4.10.3 In the truing up Petition for FY 2013-14, 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. 10.66 Crore.

Commission's Analysis

4.10.4 The Commission its earlier order has been considering the interest rate on working capital as per the SBI Prime Lending Rate.

4.10.5 **The Reserve Bank of India, which regulates the banking sector in India, has changed the method for levy of interest on the loan. The reserve bank of India has replaced the system of BPLR with the Base Rate system. The relevant extract of the "Master Circular - Interest Rates on Advances" dated July 2, 2012 issued by RBI is reproduced below:**

"…..1.4 The BPLR system, introduced in 2003, fell short of its original objective of bringing transparency to lending rates. This was mainly because under the BPLR system, banks could lend below BPLR. For the same reason, it was also difficult to assess the transmission of policy rates of the Reserve Bank to lending rates of banks. Accordingly, based on the recommendations of the Working Group on Benchmark Prime Lending Rate which submitted its report in October 2009, banks were advised to switch over to the system of Base Rate with effect from July 1, 2010. The Base Rate system is aimed at enhancing transparency in lending rates of banks and enabling better assessment of transmission of monetary policy…"

4.10.6 **Further the relevant extract regarding the base rate and its applicability is reproduced below**:

"…….2.2 Base Rate

2.2.1 The Base Rate system has replaced the BPLR system with effect from July 1, 2010. Base Rate shall include all those elements of the lending rates that are common across all categories of borrowers. Banks may choose any benchmark to arrive at the Base Rate for a specific tenor that may be disclosed transparently…."

"……2.3 Applicability of Base Rate

2.3.1 With effect from July 1, 2010, all categories of loans should be priced only with reference to the Base Rate. Accordingly, the Base Rate system would be applicable for all new loans and for those old loans that come up for renewal. Existing loans based on the BPLR system may run till their maturity. In case existing borrowers want to switch to the new system, before expiry of the existing contracts, an option may be given to them, on mutually agreed terms. Banks, however, should not charge any fee for such switch-over…."

4.10.7 Therefore it is clear from the above that with effect from July 1, 2010 all the loans should be prices only with reference to the base rate. After the notification of the mentioned circular, gradually the interest rate on the existing loan of the companies changed from the BPLR system to Base rate System. The Commission further analysed the actual loan drawn by the Licensee during FY 2013-14. The Commission observed that all the loans of the Licensee are linked to the Base rate notified by the various banks from time to time, which are in line with the guidelines issued by the RBI.

4.10.8 As per the Distribution Tariff Regulation, 2006 notified by the Commission, interest rate on the working capital loan shall be Bank Rate as specified by Reserve Bank of India for the relevant year plus a margin as decided by the Commission. The relevant provision of the regulation 4.8.2(b) of the U.P. Electricity Regulatory Commission (Terms and Conditions for determination of Distribution Tariff) Regulation-2006 is reproduced below:

"….(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…"

4.10.9 Therefore, the Commission, for the purpose of arriving at the appropriate margin over and above the bank rate notified by the RBI, has analysed the actual loan portfolio of the Licensee during FY 2013-14. The Commission has observed that the actual weighted average interest rate of the short term loan during FY 2013-14 is around 12.24%. Therefore considering the reasons as stated above and actual weighted average interest rate of the licensee for FY 2013-14, the Commission hereby approves the interest rate for the computation of interest on working capital and carrying cost as 12.50%, which is derived from the bank rate notified by the RBI and the appropriate margin decided by the commission and is in line with the provisions of the Distribution Regulation, 2006 notified by the Commission.

4.10.10 In the truing up Petition for FY 2013-14, 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.

4.10.11 The Commission has worked out the working capital and interest on working capital for FY 2013-14 as given in Table below:

Table :: INTEREST ON WORKING CAPITAL AS APPROVED BY THE COMMISSION FOR FY 2013-14

(Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
One Month's O&M Expenses	3.07	3.42	2.97
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	14.28	14.28
Receivables equivalent to 60 days average billing on consumers	136.58	135.71	135.71
Gross Total	**154.65**	**153.42**	**152.97**
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003			
Opening Balance	77.89	79.07	79.07
Received during the year	15.00	25.01	25.01
Closing Balance	92.89	104.09	104.08
Less: Security Deposit with UPPCL	11.28	11.28	11.28
Net Security Deposits by the Consumers reduced by Security Deposits under	74.11	80.30	80.30

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
section 47(1)(b) of the Electricity Act 2003			
Net Working Capital	**80.54**	**73.12**	**72.67**
Rate of Interest for Working Capital	14.61%	14.58%	12.50%
Interest on Total Working Capital	**11.77**	**10.66**	**9.08**

4.11 FINANCE CHARGES

4.11.1 The Petitioner submitted that during FY 2013-14, the Company has incurred the expenses on renewal / enhancement of the existing Working Capital Facilities including LC facilities for payment security of Power Purchase Agreements in accordance with their respective terms of agreement and issued Commercial Paper of Rs. 70 Cr. to facilitate short-term funding of regulatory asset and working capital requirement. The Petitioner submitted that it was successful in convincing its bankers to swap existing high interest bearing term loan facilities with ICICI Bank, IDBI Bank and Bank of Maharashtra with low interest bearing term loans.

4.11.2 Apart from the sanction of Rs. 100 Crore term loan facility from ICICI Bank Limited for funding the capital expenditure for FY 2013-14, the Petitioner has also negotiated a term loan facility of Rs. 125 Cr with HDFC Bank Limited at interest rate of 11.25% p.a. in March'2014 for the purpose of funding the capital expenditure for FY 2014-15. Accordingly, the processing charges for sanctioning the term loan facility of Rs. 125 Cr by HDFC Bank Limited for FY 2014-15 have also been claimed by the Petitioner in true-up petition for FY 2013-14.

4.11.3 The summary of processing charges as claimed by the Petitioner for FY 2013-14 is provided in Table below:

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

Sl. No.	Financing Activity	Facility Amount	Charges Paid	Charges as % of Facility
1	Fund Based WCF Renewal & CP Issue	295	2.42	0.82%

Sl. No.	Financing Activity	Facility Amount	Charges Paid	Charges as % of Facility
2	Renewal of LC facility for PPA and other purposes	115	0.97	0.85%
3	Sanction of Fresh WCF	50	0.48	0.96%
4	Sanction of Fresh Term Loans	225	5.2	2.31%
5	Swapping of Existing Term Loans	280	1.33	0.47%
	Total	**965**	**10.39**	**1.08%**

4.11.4 In addition to the above, the Petitioner also claimed Credit Rating Charges, Collection Facilitation Charges and Other Finance Charges as Rs. 0.10 Crore, Rs. 0.16 Crore and Rs. 0.28 Crore respectively.

Commission's Analysis

4.11.5 The Petitioner has claimed Rs. 10.39 Crore for processing charges which is to facilitate short-term funding of regulatory asset and working capital requirement.

4.11.6 It would not be appropriate to allow the expenses to facilitate the funding of 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 submitted on February 9, 2015 stated that the working of the processing charges pertains only to the normative working capital requirement as allowed by the Commission. The Processing charge for working capital as per the computation of the Petitioner is working out to Rs. 2.90 Crore. In this regard the Petitioner, in its reply to the Deficiency Note dated January 15, 2015 submitted that it is availing these WC facilities not only for the purpose of funding regulatory assets but also for the purpose of meeting its other working capital requirements. These facilities are being utilized to meet its day to day operational requirements like payment of weekly power purchase bills vis-à-vis debtors collection period of 2 months or more, payment of TDS, income tax, loan repayment obligation etc. for which there is no provision of compensatory cost in the Distribution Tariff Regulations, 2006.

4.11.9 The Commission also observed that the actual processing charges paid is around 2.31% of the total loan facility availed in FY 2013-14. As processing charges are usually around 1% of the loan amount, the Petitioner was asked to submit the justification for such a higher processing charges paid by it. In its reply the Petitioner submitted that determination of the rate of interest and processing charges, pricing and structuring of any loan is at the discretion of the each bank and it varies from one bank to other to a great extent. Since, the total tenure including moratorium period of Term Loan facilities ranges from 7 to 8 years the average maturity computes to 4-5 years. Thus, the charges paid, at the time of sanction of the term loan facility, appears to be higher at 2.81% and 1.91% respectively for ICICI Bank and HDFC Bank but when compared on annualized basis it comes to only 0.56% and 0.48% (including Service Tax) along with very competitive interest rate of 11.85% and 11.25% respectively. Thus, the overall weighted average pricing of the loans at 12.04% as against the prevailing weighted average SBI-PLR at 14.62% p.a. without processing charges, is very reasonable for a distribution company with a revenue gap as large as equivalent to 75% (approx.) of its turnover. Further, the petitioner has submitted that it got sanction of the Term loan for capital expenditure for FY 2014-15 in March 2014 only and requested the Commission to approve the same.

Table :: PROCESSING CHARGES FOR TERM LOAN AS CLAIMED BY THE PETITIONER (Rs. Crore)

Sl. No.	Bank	Sanctioned Term Loan (Rs. Cr.)	Tenure of Loan	Processing Fee	Processing Fee	Interest Rate
			(Years)	Rs Cr.	(%)	
1	ICICI Bank	100	8	2.81	2.81%	11.85%
2	HDFC Bank	125	7	2.39	1.91%	11.25%
	Weighted Average	**225**		**5.20**	**2.31%**	**11.52%**

4.11.10 The Petitioner further submitted that various factors like purpose of utilization of the facility, status of various financial ratios of the borrower, latest Tariff order of the borrower, status of retail tariffs and frequency of tariff increase, status of the particular sector to which the borrower belongs, time of sanction the loan, status of liquidity in financial market etc. affects the approval of any loan.

4.11.11 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. 0.61 Crore.

4.11.12 The Commission has observed that Licensee got the sanctions of the loans in FY 2013-14 for the capital expenditure to be undertaken during FY 2013-14 as well as FY 2014-15. Therefore, the Licensee has claimed the processing charges of Rs 5.20 Crores towards sanction of Fresh Term Loans for years FY 2013-14 & FY 2014-15. The Commission is approving the processing charges of sanction of Fresh Term Loans as claimed by Licensee however Licensee shall not be entitled to the processing charges for FY 2014-15 during truing up of FY 2014-15 as the same has been approved currently.

Table :: PROCESSING CHARGES APPROVED BY THE COMMISSION (Rs. Crore)

Sl. No.	Financing Activity	Claimed by the Petitioner	Approved by the Commission
1	Fund Based WCF Renewal & CP Issue	2.42	0.61
2	Sanction of Fresh WCF	0.48	
3	Renewal of LC facility for PPA and other purposes	0.97	0.97
4	Sanction of Fresh Term Loans	5.20	5.20
5	Swapping of Existing Term Loans	1.33	1.33
	Total	**10.39**	**8.11**

4.11.13 The summary of the Finance charges as claimed by the Petitioner and as approved by the Commission for FY 2013-14 are shown in the Table below:

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

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Credit Rating Charges	0.12	0.10	0.10
Processing Charges	5.25	10.39	8.11
Other Finance Charges	0.37	0.44	0.44
Total Finance Charges	**5.74**	**10.93**	**8.65**

4.12 INTEREST ON SECURITY DEPOSIT:

4.12.1 The Commission in its Tariff Order dated May 31, 2013 has approved the Interest on Security Deposit at 9.00%. The Petitioner in its True-up petition has claimed interest on security deposit as Rs. 8.13 Crore at 8.50%, based on the RBI's Bank Rate prevailing on the April 1, 2013 i.e. 8.50%p.a.

4.12.2 Clause No. 4.8.3 of the Distribution Tariff Regulation, 2006 provides 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.

Commission's Analysis

4.12.3 In its Tariff Order for FY 2013-14, the Commission based on the submission of the Petitioner approved the rate of interest to be paid on security deposit at 9.00% which is higher than the RBI Bank Rate prevailing as on April 1, 2013. However, the Petitioner has paid the interest on security deposit at the rate of 8.50%. In this regard the Commission asked the Petitioner to submit the justification for paying the interest on security deposit at the lower rates than the rate approved by the Commission.

4.12.4 In reply to the above, the Petitioner submitted that the as per clause 4.20(i) of Electricity Supply Code 2005, interest on Consumer Security Deposit is payable at the Bank Rate prevailing on 1st April of the year. For the purpose of filing the ARR for FY 2013-14 in November 2012, the Company applied the then prevailing Bank Rate as available on RBI website which was 9.00% for the purpose of estimation of Interest on Consumer Security Deposit and same was approved by the Commission.

4.12.5 However, subsequently, RBI reduced its bank rate and accordingly, the bank rate prevailing on April 1, 2013 was actually 8.50% which was considered for payment of interest on Consumer Security deposit to consumers.

4.12.6 The Commission has approved the actual interest on security deposit paid / provided for FY 2013-14 as per audited accounts for FY 2013-14. The details of the interest on security deposits claimed and trued-up by Commission for FY 2013-14 are given in the Table below:

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

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Opening Balance of Security Deposit	77.89	79.07	79.07

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Addition During the year	14.00	15.18	15.18
Closing Balance for Security Deposit	92.89	104.09	104.08
Average Balance for Security Deposit	**85.39**	**91.58**	**91.58**
Rate of Interest*	9.00%	8.50%	8.50%
Interest payable on Security Deposit	**7.69**	**8.13**	**8.13**

4.12.7 The company has paid interest on consumer security deposit @ 8.50% p.a. on its consumer security deposits. The interest on security deposit is trued-up at Rs. 8.13 Crore as per the Audited Accounts of FY 2013-14.

4.13 INTEREST CAPITALISATION:

4.13.1 The Petitioner submitted that as per the directions of the Commission and Hon'ble Appellate Tribunal of Electricity (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. The 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 2013-14 as Rs. 1.19 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 2013-14 are given in the Table below:

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

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Interest on Long term loans	33.64	28.13	28.13
Interest on short term loans/working capital	11.77	10.66	9.08
Finance charges	5.74	10.93	8.65
Interest on security deposit	7.69	8.13	8.13
Total Interest & Finance charges	**58.84**	**57.86**	**53.99**
Less: Interest capitalization	1.73	1.19	1.19
Net Interest & Finance charges	**57.11**	**56.67**	**52.81**

4.15 EFFICIENCY GAINS DUE TO SWAPPING OF LOAN

4.15.1 The Petitioner submitted that to minimize the cost of borrowing, it has renegotiated its term loan facilities with ICICI Bank, Yes Bank and Bank of Maharashtra for swapping of these term loan facilities with new loan facilities bearing lower interest cost. Such swapping of loans resulted in accrual of saving in interest cost of Rs. 0.94 Crore for FY 2013-14 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 total savings in the interest cost for FY 2013-14 amounting to Rs. 1.08. Crore, of which Petitioner has claimed Rs 0.54 Crore as efficiency gain.

Table :: Efficiency Gains on Swapping of Loans for FY 2013-14 as claimed by the Petitioner (Rs. Crore)

Long Term Loans / Credits from the FIs/banks/Organisations approved by the State Government	Cost of Debt before restructuring	Interest Burden before restructuring	Cost of Debt after restructuring	Interest Burden after restructuring	Benefit (2-4)
Interest Resetting of Rs. 30 Crs Term Loan of Yes Bank during FY-11	12.50%	0.72	10.00%	0.58	0.14
Interest Resetting of Rs. 125 Crs Term Loan of ICIC Bank during FY-14	13.90%	1.94	11.75%	1.64	0.30
Interest Resetting of Rs. 40 Crs Term Loan of ICIC Bank during FY-14	12.75%	1.29	11.75%	1.19	0.10
Interest Resetting of Rs. 75 Crs Term Loan of IDBI Bank during FY-14	13.25%	3.93	11.85%	3.52	0.42
Interest Resetting of Rs. 55 Crs Term Loan of Bank of Maharashtra during FY-14	13.50%	1.25	12.25%	1.14	0.12

Long Term Loans / Credits from the FIs/banks/Organisations approved by the State Government	Cost of Debt before restructuring	Interest Burden before restructuring	Cost of Debt after restructuring	Interest Burden after restructuring	Benefit (2-4)
Total		**9.13**		**8.05**	**1.08**

4.15.2 The Commission observed that the Petitioner has claimed Rs. 1.33 Crore under the head of processing charges for Swapping of Term Loans while the benefit accrued due to swapping of loan is Rs 0.94 Crores. It is clear that the consumers as well as licensee should be benefited by the swapping of the loans once the benefit on account of reduction in interest charges exceed processing cost of swapping of the term loans. The relevant provision of the regulation 4.8.1(f) of the U.P. Electricity Regulatory Commission (Terms and Conditions for determination of Distribution Tariff) Regulation, 2006 is reproduced below:

…"(f) The benefit on account of loan swapping / restructuring of debts shall be shared between the distribution licensee and the consumers/beneficiaries in the proportion specified in regulation 4.11.

Provided that interest and finance charges of renegotiated loans agreements shall not be considered, if they result in higher charges,

Provided further that the Commission will allow the cost of debt restructuring / swapping of loans while determining the Annual Revenue Requirement of the licensee.

Provided further that interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost.

Provided further in case of any moratorium period is availed of by the Distribution licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as loan repayment during those years and the interest on loan capital shall be calculated accordingly"…

4.15.3 The relevant provision of the regulation 4.11 of the U.P. Electricity Regulatory Commission (Terms and Conditions for determination of Distribution Tariff) Regulation, 2006 is reproduced below:

.."4.11 Profit Sharing

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

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

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

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

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

4.15.4 Since during the FY 2013-14 the reduction in interest is less than the processing cost of swapping of the loans, no real benefit is available to licensee on account of swapping of the loans during FY 2013-14. As the processing charges claimed by the Petitioner for swapping of loan for FY 2013-14 is more than the benefit reaped from the saving in interest paid, the Commission, in line with the provisions of the Distribution Tariff Regulation, 2006 stated above, has not approved any efficiency gain on account of swapping of term loan undertaken during FY 2013-14. The Licensee should claim the efficiency gain on account of swapping of loan once benefits on account of reduction in interest charges exceed processing cost of swapping of the loans.

4.15.5 However, Commission has approved the efficiency gain of 50% on account of interest saving of Rs 0.14 lakhs on term loan swapping of Yes bank done in FY 2010-11.

4.16 CAPITALISATION OF ASSETS & COMPUTATION OF EQUITY:

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

Commission's Analysis:

4.16.2 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.

4.16.3 The Capitalisation of Assets or Capital Formation takes place from Opening Work in Progress (WIP) and investments / capex undertaken during the year. The truing-up computation of equity approved by the Commission for FY 2013-14 is given in the Table below:

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

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Opening CWIP	2.50	0.56	0.56
Capital Investment	163.68	150.12	150.12
Total capitalization=Transfer to GFA	163.18	125.88	125.88
Capitalisation of Capex approved during the year in the year	160.68	125.32	125.32
Consumer contribution	11.00	14.13	14.13
Remaining investment	**152.68**	**135.99**	**135.99**
Debt	106.87	95.20	95.20
Equity	45.80	40.80	40.80
Portion of Inv. Assumed to be capitalised through CC	**10.80**	**11.80**	**11.80**
Portion of remaining investment to be capitalized	**149.88**	**113.52**	**113.52**
Debt	104.91	79.47	79.47
Equity	44.96	34.06	34.06
Portion of Opening CWIP	0.70	0.15	0.15
Total Equity for RoE	**45.66**	**34.21**	**34.21**

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

4.17.1 The petitioner has submitted the audited GFA for truing-up and the same is presented in the table below along with Commission's approval for FY 2013-14.

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

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Opening Balance (GFA)	620.80	615.47	615.48
Addition during the Year	163.18	125.88	125.88
Retirement during the Year	1.90	2.22	2.22
Closing Balance	782.07	739.12	739.14

4.18 DEPRECIATION:

4.18.1 The 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 September 1, 2008. The Petitioner submitted that the Depreciation corresponding to the consumer contribution has been reduced from depreciation on above GFA.

Commission's Analysis:

4.18.2 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 September 1, 2008 para 4.16.3 had allowed the 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 2013-14 are provided in the Table below:

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

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Depreciation	46.98	41.70	41.70
Less: Depreciation on Consumer Contribution	5.66	6.25	6.25
Net Depreciation	41.32	35.44	35.44
Average Normative GFA	701.43	677.29	677.31
Weighted average depreciation rate	6.70%	6.16%	6.16%

4.19 INCOME TAX:

4.19.1 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"

The Petitioner submitted that the Commission vide its Tariff Order dated June 26, 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 income tax liability as per MAT, as Rs. 27.04 Crore and Income tax demand of Rs 2.95 Crore for FY 2013-14. The Petitioner also submitted the copies of Income Tax challans along with the Petition.

Commission's Analysis:

4.19.2 The Petitioner has claimed the Income Tax as Rs. 30.00 Crore as against the approved income tax of Rs. 25.84 Crore for FY 2013-14. The Petitioner in its Petition has also submitted the challans for the income tax payments. The Income Tax claimed in the Petition approved by the Commission is shown in the Table below:

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

Sl.No.	Nature of Tax	Approved	Actual
1	Minimum Alternate Tax	25.84	27.04
2	Income Tax Demand		2.95
3	**Total Tax Expense**	**25.84**	**30.00**

4.19.3 For the purpose of Truing-up, the Commission, in line with the approach followed in previous years, has approved the actual Income Tax liability of Rs. 30.00 Crore as per the Income tax challans submitted by the Petitioner.

4.20 CONTINGENCY RESERVE:

4.20.1 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. The Petitioner in its true-up petition has not claimed any contingency reserve for FY 2013-14.

4.20.2 Accordingly, the Commission for the truing up purpose for FY 2013-14 has not considered any contingency reserve.

4.21 PROVISION FOR BAD & DOUBTFUL DEBTS:

4.21.1 The expense claimed by the Petitioner on account of bad and doubtful debts for FY 2013-14 is Rs. 8.12 Crore as against the approved amount of Rs. 8.31 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:

4.21.2 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."*

4.21.3 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 2013-14 at 1.00% of revenue vide Tariff Order dated May 31, 2013. The Petitioner has claimed bad debts for FY 2013-14 at 0.984% of revenue billed during the year as per transparent policy duly approved by the Commission.

4.21.4 The Commission considers it appropriate that since the Licensee has written off bad debts on actual basis after taking its Management's approval, the bad-debts may be trued-up at 0.984% level on revenue approved by Commission. The details of bad-debts trued-up by the Commission for 2013-14 are provided in the Table below:

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

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Receivable from Customers as at the beginning of the year	65.94	42.16	42.16
Revenue billed for the year	830.88	825.59	825.59
Collection for the year	787.66	807.07	807.07
Gross receivable from customer as at the end of the year	100.85	52.54	52.54
% of Provision	1.000%	0.984%	0.984%
Provision for Bad & Doubtful debts	**8.31**	**8.12**	**8.12**

4.22 MISCELLANEOUS EXPENSES:

4.22.1 The Petitioner submitted that the Commission in its Tariff Order dated May 31, 2013, has approved a Miscellaneous Expenditure viz. loss on sale of fixed assets at Rs. 0.40 Crore. During, FY 2013-14, 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. 0.33 Crore, Rs. 0.22 Crore was set-off from consumer contribution and remaining Rs. 0.11 Crore on account of loss on sale of fixed assets is claimed as miscellaneous expenditure. The Petitioner requested the Commission to allow the same accordingly for FY 2013-14.

4.22.2 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. 0.11 Crore as per Audited Accounts of the Petitioner for FY 2013-14.

4.23 RETURN ON EQUITY:

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

4.23.2 The Petitioner based on its computations of equity after making adjustment for interest capitalization has claimed return of Rs. 27.69 Crore.

Commission's Analysis:

4.23.3 The return on equity computed by Commission and approved for FY 2013-14 is provided in the Table below:

Table :: RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2013-14 (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Regulatory Equity Base at the beginning of the year	157.72	155.93	155.93
Assets Capitalised during the year	163.18	125.88	125.88
Equity portion of Assets Capitalised during the year	45.66	34.21	34.21
Regulatory Equity Base at the end of the year	203.38	190.14	190.14
Computation of Return on Equity			

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Return on Opening Regulatory Equity Base @16%	25.24	24.95	24.95
Return on Addition to Equity Base during the year @ 16%	3.65	2.74	2.74
Total Return on Equity	**28.89**	**27.69**	**27.69**

4.23.4 The return on equity trued-up for FY 2013-14 is Rs. 27.69 Crore as against Rs. 28.89 Crore approved in Tariff Order dated May 31, 2013.

4.24 NON TARIFF INCOME:

4.24.1 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 2013-14 is Rs. 1.87 Crore.

4.24.2 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 May 31, 2013 has reduced the amount of non-tariff income by the financing costs of DPS on account of the reasons highlighted in section 7.17 of the aforesaid Order.

4.24.3 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 interest rate of 12.50% as approved for working capital requirement. The computation of the financing cost for DPS is provided below:

Table :: COST OF BORROWING FOR DPS APPROVED BY THE COMMISSION FOR FY 2013-14 (Rs. Crore)

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
Delayed Payment Surcharge (Rs. Crores)	3.00	2.24	2.24
DPS grossed up at 1.50% per month or 18% per annum	18%	18%	18%
Amount (Rs. Crores)	16.67	12.45	12.45
Financing cost	14.61%	14.58%	12.50%
Cost of Borrowing (Rs. Crores)			

Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
	2.44	**1.82**	**1.56**

4.24.4 The Commission approves the non-tariff income net of financing cost for DPS at Rs. 2.13 Crore for the truing-up for FY 2013-14.

4.25 REVENUE FROM SALE OF POWER:

4.25.1 NPCL in the true-up petition has submitted that the revenue from sale of power as per Audited Accounts is Rs. 776.48 Crore. The Commission has approved the sales as per Audited Accounts and accordingly approves the revenue from sale of power at Rs. 776.48 Crore. The category wise revenue from sale of power including regulatory surcharge for FY 2013-14 is provided in the Table below:

Table :: REVENUE APPROVED BY THE COMMISSION FOR FY 2013-14

Particulars	Sales	Revenue	Average Realisation
	(MU)	(Rs. Crs)	(Rs/kWh)
LMV-1: Domestic Light, Fan & Power	195.49	95.94	4.91
LMV-2: Non Domestic Light, Fan & Power	20.43	16.70	8.18
LMV-3: Public Lamps	21.30	15.72	7.38
LMV-4: Institutions	11.89	9.92	8.35
LMV-5: Private Tube Wells	23.49	2.92	1.24
LMV 6: Small and Medium Power	42.94	37.69	8.78
LMV-7: Public Water Works	12.25	10.20	8.33
LMV-8: STW and Pumped Canals	0.31	0.25	7.89
LMV-9: Temporary Supply	27.21	20.20	7.42
HV-1: Non Industrial Bulk Power	72.40	59.92	8.28
HV-2: Large and Heavy Power	700.96	507.00	7.23
Total	**1,128.67**	**776.48**	**6.88**

4.26 REVENUE GAP OF FY 2012-13:

4.26.1 The revenue gap carried forward from FY 2012-13 is Rs. 593.34 Crore as determined by the Commission in its Order dated October 1, 2014. The same is considered for the purpose of ARR for FY 2013-14.

4.27 CARRYING COST:

4.27.1 The 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.

4.27.2 The 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 October 19, 2012, May 31, 2013 and October 1, 2014 has allowed carrying cost of regulatory asset at weighted average SBI-PLR on monthly compounding basis. Accordingly, the Commission has approved a carrying cost of Rs. 82.48 Crore for FY 2013-14 in its aforesaid Tariff Order. Based on the same principles, the Petitioner claimed the carrying cost also for FY 2013-14.

Commission's Analysis

4.27.3 The Commission for FY 2013-14 has computed the carrying cost at the rate of interest approved for the working capital for the reasons stated therein.

4.27.4 The Commission has not considered the monthly compounding on the interest rate for the purpose of computation of carrying cost as proposed by the Petitioner for FY 2013-14. The shortfall in capital due to regulatory assets is managed by the Licensee through short term loan taken from the market. The Commission observed that the interest rate allowed for computation of carrying cost approved by the Commission is sufficient to cover the interest obligation on the loans drawn by the Petitioner to meet the loan requirement due to creation of regulatory assets. The Commission also observed that the actual weighted average interest rate of the short term loan during FY 2013-14 is around 12.24%, while the Commission has allowed the normative interest on the short term loans equivalent to interest rate of working capital at 12.50% for the reasons as stated therein. Therefore, the Commission has not considered the monthly compounding of the interest for computation of carrying cost. The computation of carrying cost approved by the Commission is given in the table below:

Table :: CARRYING COST APPROVED BY THE COMMISSION FOR FY 2013-14

Particulars	Formula	True-up Petition	Approved upon Truing Up
Revenue Gap (For FY 2013-14)	A	-81.68	-91.75
Revenue Gap (For previous year)	B	593.34	593.34
Average fund available through invocation of PBG under PPA dated 9th May, 2012	C = 72*174/365	-34.32	-34.32
Interest rate	D	15.60%	12.50%
Carrying Cost on Revenue Gap for FY 2013-14	E= D x (A/2)	-6.37	-5.73
Carrying Cost on Revenue Gap for previous years	F = D x (B+C)	87.18	69.86
Total Carrying cost	G = E + F	80.82	64.13

4.28 SUMMARY OF ARR FOR FY 2013-14:

4.28.1 Based on the above cost approvals, the summary of the ARR approved for FY 2013-14 is provided in the Table below:

Table :: SUMMARY OF TRUE UP FOR FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
1	Power Purchase Expenses	497.83	468.20	468.20
2	Transmission Charges (UPPTCL+PGCIL)	25.31	28.57	28.57
3	Net O&M Expenses	34.28	39.94	34.54
4	Statutory & Other Regulatory Expenses	2.53	1.12	1.12
5	Net Interest charges	58.84	57.86	53.99
6	Depreciation	41.32	35.44	35.44
7	Taxes (Income Tax and FBT)	25.84	30.00	30.00
8	**Gross Expenditure**	**685.95**	**661.13**	**651.87**
9	Interest capitalized	1.73	1.19	1.19
10	**Net Expenditure**	**684.22**	**659.95**	**650.68**
11	Provision for Bad & Doubtful debts	8.31	8.12	8.12
12	Terminal Depreciation of Assets Retired/Scrapped	0.40	0.11	0.11
13	Provision for Contingency Reserve	-	-	-
14	Prior Period Adjustments	-	-	-
15	**Total net expenditure with provisions**	**692.93**	**668.19**	**658.92**

Sr. No.	Particulars	Approved vide T.O. 31/05/13	True-up Petition	Approved upon Truing Up
16	Add: Reasonable Return / Return on Equity	28.89	27.69	27.69
17	Less: Non Tariff Income	2.45	1.87	2.13
18	Add: Efficiency Gains	0.07	0.79	0.32
19	**Annual Revenue Requirement (ARR)**	**719.44**	**694.79**	**684.80**
20	Revenue from Existing Tariff	773.30	776.48	776.48
21	Additional Revenue from Revised Tariff	14.53		
22	**Revenue Gap**	**(53.87)**	**(81.68)**	**(91.68)**
23	Revenue Gap/ Surplus from Prev. Year	568.99	593.34	593.34
24	Carrying cost	**82.48**	80.82	64.13
25	**Revenue Gap carried forward**	**583.08**	**592.48**	**565.80**

4.28.2 The Revenue surplus determined for FY 2013-14 upon truing-up is Rs. 91.68 Crore as against Rs. 53.87 Crore provisionally approved in Order dated May 31, 2013. The Net Revenue Gap for FY 2013-14 after considering the revenue gap of Rs. 593.34 Crore from previous year as per the Commission's order dated October 01, 2014 and carrying cost of Rs. 64.13 Crore is Rs. 565.80 Crore. The same is carried forward in the ARR approval of FY 2015-16.

5. ARR FOR FY 2015-16

5.1 BACKGROUND:

5.1.1 The Commission in the earlier chapters has undertaken Truing-up of ARR for FY 2013-14 based on the audited accounts submitted by the Petitioner. Further, as there has been no significant change in FY 2014-15, the Commission has not revised the ARR for FY 2014-15. In this Section the Commission has discussed in detail each of the component of ARR for FY 2015-16.

5.2 SALES APPROVAL:

5.2.1 The Petitioner submitted that based on its consumer base and the data base for specific category of consumers, it can have optimum projections for FY 2015-16 based on customized category-wise analysis. Considering the same, the Petitioner has projected its sales for FY 2015-16 as detailed below:

- As regards Large & Heavy Power and Non-Industrial Bulk Load, The Petitioner submitted that for preparing demand estimates for FY 2015-16, it has constructed the forecasting models individually for 30 large and heavy power consumers drawing power at load factor of 27% and above, which together account for 49% of the total consumption under HV-2 category while the remaining consumers accounting for 51% 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, 2009 to March, 2014.

- The 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. The 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, LMV-9 and HV-1 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.

- The 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 2014-15. The Petitioner submitted that in all these cases, estimates of specific consumption for FY 2015-16 have been forecasted on time series model based on the average specific consumption for the five years period starting April, 2009. The Petitioner submitted that it has considered the specific consumption to be 17-54% higher in FY 2015-16 for various LT category consumers excluding LMV-6 because of increased availability as a result of sourcing additional power from market.

- The Petitioner submitted that on similar line the specific consumption for industrial categories i.e. LMV-6 has been considered to increase by 28% 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.

- NPCL has not assumed any Unmetered Consumers for FY 2015-16 and accordingly, it has not proposed any Tariff for Unmetered Consumers in any of the categories of the Retail Tariff Proposal submitted along-with ARR petition for FY 2015-16.In reply to deficiency note dated January 15, 2015 regarding 100% metering in Licensee area, NPCL has submitted that since 2003, NPCL has not released even a single connection in unmetered category. On the part of the Petitioner, all requisite material such as cable, meters, meter box and network is always available and should there be no resistance / protests from consumers, the Company would have converted the entire unmetered connections into the metered ones long-back. As on April 1, 2014, NPCL had 3940 unmetered connections under LMV-1 category, out of which till December 2014, 965 connections have further been converted into metered consumers. The Petitioner has shown confidence that with persuasion and support of the local administration; it would be able to convert the remaining consumers into the metered ones by FY 2015-16.

- In view of the above, the Petitioner submitted that the sales for FY 2015-16 has been projected at a CAGR of 17% over FY 2013-14, 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 2015-16 is as shown in the Table below:

Table :: SUMMARY OF NUMBER OF CONSUMERS, CONNECTED LOAD AND SALES AS PROJECTED BY THE PETITIONER FOR FY 2015-16

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MUs)
1	LMV-1: Domestic Light, Fan & Power	57,201	224.58	269.81
2	LMV-2: Non Domestic Light, Fan & Power	2,374	17.36	31.62
3	LMV-3: Public Lamps	3	8.88	19.10
4	LMV-4: Institutions	497	7.87	19.37
5	LMV-5: Private Tube Wells	1,052	4.47	16.38
6	LMV 6: Small and Medium Power	2,049	43.73	58.55

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MUs)
7	LMV-7: Public Water Works	179	5.91	17.12
8	LMV-8: STW and Pumped Canals	1	0.15	0.31
9	LMV-9: Temporary Supply	802	13.76	34.84
10	HV-1: Non Industrial Bulk Power	85	46.77	119.34
11	HV-2: Large and Heavy Power	567	258.89	964.92
	Total	**64,810**	**632.38**	**1,551.37**

Commission's Analysis

5.2.3 The Petitioner based on its estimations has projected the sales for FY 2015-16 at a CAGR of 17% over FY 2013-14. The Petitioner in its earlier submissions has stated to convert all the unmetered consumers to metered ones by FY 2015-16. Therefore, the sales as projected by Petitioner have been considered for the ARR purpose as shown in the Table below:

Table :: CATEGORY WISE SALES FOR APPROVED BY THE COMMISSION FOR FY 2015-16

Sr. No.	Category	Actual Sales (FY 2013-14) (in Mu)	Provisional Sales (FY 2014-15) (in MU)	Sales Approved by the Commission for FY 2015-16 (in MU)
1	LMV-1: Domestic Light, Fan & Power	195.49	225.09	269.81
2	LMV-2: Non Domestic Light, Fan & Power	20.43	24.95	31.62
3	LMV-3: Public Lamps	21.30	18.70	19.10
4	LMV-4: Institutions	11.89	15.95	19.37
5	LMV-5: Private Tube Wells	23.49	20.73	16.38
6	LMV 6: Small and Medium Power	42.94	52.02	58.55
7	LMV-7: Public Water Works	12.25	14.46	17.12
8	LMV-8: STW and Pumped Canals	0.31	0.33	0.31
9	LMV-9: Temporary Supply	27.21	32.09	34.84
10	HV-1: Non Industrial Bulk Power	72.40	94.88	119.34
11	HV-2: Large and Heavy Power	700.96	846.74	964.92
	Total	**1128.67**	**1345.94**	**1551.37**

5.2.4 The category wise Number of Consumers, Connected Load and Sales approved for FY 2015-16 are summarised in the Table below:

Table :: CATEGORY WISE CONSUMERS, LOAD & SALES APPROVED FOR FY 2015-16

Sr. No.	Category	No. of Consumers	Connected Load (MW)	Sales (MUs)
1	LMV-1: Domestic Light, Fan & Power	57,201	224.58	269.81
2	LMV-2: Non Domestic Light, Fan & Power	2,374	17.36	31.62
3	LMV-3: Public Lamps	3	8.88	19.10
4	LMV-4: Institutions	497	7.87	19.37
5	LMV-5: Private Tube Wells	1,052	4.47	16.38
6	LMV 6: Small and Medium Power	2,049	43.73	58.55
7	LMV-7: Public Water Works	179	5.91	17.12
8	LMV-8: STW and Pumped Canals	1	0.15	0.31
9	LMV-9: Temporary Supply	802	13.76	34.84
10	HV-1: Non Industrial Bulk Power	85	46.77	119.34
11	HV-2: Large and Heavy Power	567	258.89	964.92
	Total	**64,810**	**632.38**	**1,551.37**

5.2.5 Further, in reply to the Commission's deficiency note regarding no. of unmetered connections, load and sales of such consumers from FY 2013-14 to FY 2014-15 (till December), the Petitioner has submitted as follows:

Table :: DETAILS OF UNMETERD CATEGORIES SUBMITTED BY PETITIONER

Categories/Sub-Categories	FY 2013-14						
	No. Of Consumers	Contracted Load(KW)	MU's	Revenue (Rs. Cr.)		Consumption/Consumer	Consumption/KW
				Billed Amount	Received Amount		
LMV1 - Domestic	3940	7880.00	13.60	0.81	0.68	288	144
LMV2 - Non-Domestic	NIL	NIL	NIL	NIL	NIL	NIL	NIL
LMV3 - Public Lamps	1	3420.00	16.32	12.42	10.64	1360000	398
LMV5 - PTW	843	3560.00	16.79	1.59	0.65	1660	393
LMV8 - State Tube Well	1	152.50	0.31	0.25	0.24	25833	169
LMV9 - Temporary Supply	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Any Other Unmetered category	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Categories/Sub-Categories	FY 2014-15 Till Nov,14						
	No. Of Consumers	Contracted Load (kW)	MU's	Revenue (Rs. Cr.)		Consumption/Consumer	Consumption/Kw
				Billed Amount	Received Amount		
LMV1 - Domestic	2975	5950	6.96	0.82	0.22	292	146
LMV2 - Non-Domestic	NIL	NIL	NIL	NIL	NIL	NIL	NIL
LMV3 - Public Lamps	1	3118	9.52	6.89	5.75	1190000	382
LMV5 - PTW	842	3561	11.31	1.16	0.42	1679	397
LMV8 - State Tube Well	1	152.5	0.233	0.18	0.13	29125	191
LMV9 - Temporary Supply	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Any Other Unmetered category	NIL	NIL	NIL	NIL	NIL	NIL	NIL

5.2.6 From the above it is observed that the Petitioner has around 3819 unmetered consumers compared to total 64,810 consumers projected by it i.e. around 5.89% of the consumers are still unmetered. The Commission appreciates that the above number is low as compared to the other Distribution Licensees in the State and also acknowledges the effort put by the Petitioner to convert all the unmetered consumers to metered ones by FY 2015-16 as it has not even considered any unmetered consumers in its projections for FY 2015-16.

5.2.7 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:"*

5.2.8 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."

5.2.9 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.

5.2.10 In view of the above, to encourage the unmetered consumers to shift to metered connection the Commission thinks it appropriate to reduce the energy 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.

5.2.11 Further to discourage the unmetered connections the Commission in tariff order date October 01, 2014 had 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. However, considering the general grievance of many consumers under LMV-1 (a) and LMV-2 (a) categories having load upto 2 kW that their contracted load is higher than their actual load, the Commission vide letter no. UPERC / Secy / D(Tariff) / 14-1153 dated October 14, 2014 directed the Licensees to ascertain the actual load of consumer and accorded a time period of 3 months to complete such exercise and till such time for such sub-categories the tariff rate as per Tariff Order for FY 2013-14 was made applicable by the Commission. Further, vide letter no. UPERC / Secy / D(Tariff) / 15-1839 dated January 28, 2015, the Commission has extended the relief to the above categories of consumers till March 31, 2015 and directed the Licensees to prioritize the exercise and get it completed by March 31, 2015.

5.2.12 To encourage the consumers to get metered connection, the Commission in its Order for FY 2014-15 has also specified that the Cost of meter may be borne initially by the Licensee which shall be adjusted in the consumers' bill within 6 months of time and the above scheme was made applicable only for the consumers who install the meters by March 31, 2015.

5.2.13 Thus, in line with the direction provided by the Commission in earlier Orders, the Commission has decided to retain the provisions and directs the Licensee that that the Cost of meter may be borne initially by the Licensee which shall be adjusted in the consumers' bill within 6 months of time and this scheme would be applicable only for the unmetered consumers who install the meters by March 31, 2016.

5.2.14 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.

5.2.15 In this regard, the Commission expressing its utmost concern and direct Distribution Licensee to ensure that all their unmetered consumers of LMV-1(a) i.e. Consumers getting supply as per "Rural Schedule" shall be converted into metered connection by December 31, 2015 beyond which the Tariff for unmetered category of LMV-1(a) shall be increased by 10% as provided in the rate schedule.

5.3 DISTRIBUTION LOSSES:

5.3.1 The distribution loss approved by Commission for FY 2014-15 was 8% based on past trends. The Licensee in the ARR petition for FY 2015-16 has sought distribution losses at 8.41% due to various socio-political reasons.

5.3.2 Further, the Petitioner has also claimed additional system losses of 0.44%. The Petitioner submitted that as the Commission is aware that it was earlier drawing power at 33 kV only. However, from FY 2013-14, 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. The Petitioner submitted the Commission in the Tariff Order for FY 2014-15, has approved 0.60% as EHV losses over and above Distribution Losses of 8.00%.

5.3.3 The Petitioner submitted that with the addition of technical losses at EHV level i.e. 220kV and 132 kV the Company has provisioned this EHV Loss separately, over and above the Distribution Losses of 8.37% & 8.36% up to 33kV level for FY 2014-15 and FY 2015-16 respectively which is in line with the Draft Report of Load Forecasting Study, undertaken by the Company through M/s PricewaterhouseCoopers Pvt. Ltd.

Commission's Analysis

5.3.4 The distribution losses projected by NPCL for FY 2015-16 are at 8.41%. 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.

5.3.5 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.

5.3.6 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 2015-16 are being approved at 8%, however the Licensee should make best of its efforts to reduce the losses from the exiting level.

5.3.7 The Petitioner has submitted that the EHV technical losses have been estimated at 0.44% of the total import at 220 kV /132 kV level. Further as per the actual data submitted by the Petitioner for FY 2013-14 such losses has been observed to be only 0.48%. The Commission in its previous Order dated October 1, 2014 had considered the EHV losses as 0.60%. 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 trued up based on the audited results.

5.3.8 Thus, the Distribution Losses approved for FY 2015-16 is 8.00% 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 2015-16 is given in the Table below:

Table :: ENERGY BALANCE FOR FY 2015-16 – APPROVED

Particulars	Petition	Approved
Proposed Energy Sales (MU)	1,551.37	1,551.37
Distribution Loss %	8.41%	8.00%
Distribution Loss (MU)	142.48	134.90

Particulars	Petition	Approved
Energy Available for Sale	1,693.85	1,686.27
System Losses at 220kV/33kV (MU)	7.51	10.18
Energy Requirement (MU)	**1,701.35**	**1,696.45**

5.5 POWER PURCHASE QUANTUM & COST:

5.5.1 Based on the above approved energy balance for FY 2015-16, the energy requirement of the Petitioner works out to 1,696.45 MU.

5.5.2 The Petitioner in its initial submission had submitted that it would procure the required power for FY 2015-16 from M/s Dhariwal Infrastructure Ltd. (DIL), a Generating Company in the State of Maharashtra, whose power plant has commissioned with Long Term Open Access from PGCIL. The Company signed Long-term PPA for procurement of 187 MW power for 15 years on September 26, 2014 and filed its petition for approval of the Commission on September 29, 2014. Therefore, the Company considered procurement of 187 MW (net 170 MW at Supplier's Bus) power from M/s Dhariwal Infrastructure Ltd (DIL) while estimating its Power Purchase plan for FY 2015-16.

5.5.3 Although NPCL has made some effort to tie up power through long term but despite clear directions from the Commission for long term supply contract through the competitive route, it has opted the MoU route for which the Commission disallowed the PPA with M/s Dhariwal Infrastructures Ltd. for procurement of 187 MW power. The Commission vide its Order dated January 27, 2015 directed NPCL to initiate the bid process under new case-1 bidding guidelines and submit monthly progress report to the Commission. Further NPCL was allowed to procure requisite quantum of power through short term for which it would be required to file separate petition.

5.5.4 Accordingly a Petition was filed by NPCL under Section 63 of the Electricity Act, 2003 read with Clause 10.4 of the "Guidelines for Short-term (i.e. for a period less than or equals to one year) Procurement of Power through Tariff based bidding process" issued by Ministry of Power on 15th May, 2012. Considering that the power procurement was done as per guidelines of the Central Government, the power procurement quantum during April, 2015 to March, 2016 along with the derived Tariffs were approved by the Commission. Since, the revised prices will have impact on the power purchase plan for FY 2015-16, the Petitioner was directed to submit the revised power purchase plan for the entire FY 2015-16 as supplementary submission to the ARR / Tariff Petition for FY 2015-16 along with the consequential changes in other components of the

ARR, consolidated gap, proposed plan for recovery of gap with all the supporting computations etc.

5.5.5 In reply to the additional deficiency note regarding revised power purchase plan and the revised ARR for FY 2015-16 considering the short term bidding done for power procurement from the period April 1, 2015 to March 31, 2016, the Petitioner submitted the revised power purchase plan in which majority of the power was planned to be procured from long term sources, short term sources and the renewable energy sources.

5.5.6 The Petitioner in its reply to deficiency note on basis of power purchase rate also stated that due to denial of open access on firm basis by UPSLDC, the Petitioner is forced to procure power at prevalent market rates, which is higher than the rates secured through firm contracts since under this scenario the supplier is not assured of scheduling the power offered by them. The situation was further worsened by the high level of prices at the power exchange during August 2014 to October 2014. In such a scenario, generators/traders are reluctant to supply on day-ahead basis as they are realizing better tariffs on power exchange.

5.5.7 Due to persistent congestion in the transmission corridor, the suppliers are unable to give assurance of supplying power from WR – NR and / or ER – NR and / or WR – ER – NR. Therefore, in order to ensure stable and reliable power supply, the company has to rely on NR sources.

5.5.8 The detailed revised power purchase plan as submitted by the Petitioner for FY 2015-16 is as shown in the Table below:

Table :: REVISED POWER PURCHASE PLAN FOR FY 2015-16 AS SUBMITTED BY PETITIONER

Ref No.	Supplier's Name	Capacity (In MW)	Type*	Period From	To	MU Exported	MU Imported at Gr. Noida	Total Losses in %	Rate (Rs. / Unit)	Amount (in Rs. Crs)	PGCIL Transmission	UPPCL Transmission	Total Trans. Charges (in Rs. Crs)	Total (in Rs. Crs)	Per Unit Cost
A	Long Term Power	170	RTC	1-Aug-15	31-Mar-16	647.09	590.99	8.67%	4.44	287.31	29.77	11.45	41.21	328.52	5.56
B	Shree Cement Limited	125	RTC	1-Apr-15	30-Jun-15	245.70	230.96	6.00%	3.71	91.15	4.08	5.31	9.39	100.55	4.35
	Shree Cement Limited	75	RTC	1-Jul-15	31-Aug-15	100.44	94.41	6.00%	3.71	37.26	1.68	2.18	3.85	41.11	4.35
	Shree Cement Limited	125	RTC	1-Sep-15	31-Mar-16	575.10	540.59	6.00%	3.71	213.36	9.56	12.42	21.98	235.35	4.35
	JSW Power Trading Company Limited	50	RTC	1-Jun-15	30-Sep-15	131.76	123.85	6.00%	3.40	44.80	2.21	2.86	5.07	49.87	4.03
	PTC India Limited	50	RTC	1-Jun-15	31-Aug-15	99.36	93.40	6.00%	3.40	33.78	1.66	2.16	3.82	37.60	4.03
	Inter State Power - from Trader / Generator	15	Peak	1-Apr-15	31-Mar-16	13.18	12.39	6.00%	5.50	7.25	0.41	0.50	0.91	8.16	6.59
	Total-Power Procured from Open Access			1-Apr-15	31-Mar-16	1165.54	1095.60	6.00%	3.67	427.61	19.60	25.43	45.03	472.64	4.31
C	Power Procured from Renewable Sources														
	Renewable Power	14	RTC	1-Apr-15	31-Mar-16	110.97	104.31	6.00%	7.50	83.23	1.99	2.54	4.53	87.76	8.41
	Total-Power Procured from Renewable Sources	14		1-Apr-15	31-Mar-16	110.97	104.31	6.00%	7.50	83.23	1.99	2.54	4.53	87.76	8.41
D	Unscheduled Interchange			1-Apr-15	31-Mar-16	89.54	89.54	0.00%	(0.36)	(3.19)	-	-	-	(3.19)	(0.36)
(A+B+C+D)	Grand Total	230		1-Apr-15	31-Mar-16	1834.05	1701.35	7.23%	4.33	794.95	51.35	39.42	90.77	885.73	5.21

*Note: For Long Term Power, the delivery point will be UP State Periphery

Except for Ref.No.- A, the delivery point is considered as NR Exit and Import figures are at NPCL bus i.e. after adding transmission charges and losses of U.P. State Transmission Utility.

Intra-state Transmission Charges of U.P. is taken as Rs. 193.70 per MWh.

RTC : 0000-2400 Hrs. and Peak : 2000-2400 Hrs.

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

- The power purchase from the long term sources is estimated at 590.99 MU.
- The power purchase from traders estimated is 1095.60 MU and power purchase from renewable sources estimated is 104.31 MU for FY 2015-16.
- The transmission charge projected by NPCL is Rs. 90.77 Crore.
- The transmission charges payable on open access charges include transmission charges of UPPTCL as well as PGCIL for various regions.

5.5.10 Since, UPPCL has discontinued the power supply to the Petitioner; the Commission has considered the power purchase requirement for NPCL from the long term sources, short term sources and renewable sources. The issue of the power procurement under long term sources from M/s Dhariwal Infrastructure Ltd. (DIL) is pending before the Commission. The Commission has been directing the Licensee to procure power from the Long term Sources. Therefore, the Commission has considered the power procurement from the long term sources. The actual source of the same (MoU route or Competitive bidding) would be established through the final order of the Commission in this matter and subsequent implementation by the licensee. Therefore, the Commission, for the purpose of approval of power purchase quantum and cost from long term sources, has provisionally considered the projected power purchase quantum and cost as projected by the petitioner subject to truing up.

5.5.11 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. 3.87 / kWh for short term 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 2015-16 would be considered at the time of truing up.

5.5.12 Further, the Commission in its Tariff Order for FY 2015-16 has approved the Bulk Supply Tariff (BST) for applicable for FY 2012-13 after undertaking truing up exercise for the mentioned year. The table below highlights the approved power purchase costs of the power procured by NPCL from UPPCL in FY 2012-13 at the rate approved in the previous Order of the Commission. On account of the revised BST rates for FY 2012-13 due to truing-up, the Commission approves the additional power purchase cost due to revision of BST rates as provided below:

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

Particulars	FY 2012-13
Power Purchase from UPPCL (MU)	305.48
BST as considered in previous Orders (Rs/ kWh)	3.61
Revised Approved BST (Rs/ kWh)	4.01
Cost difference approved (Rs. Cr)	12.22

5.5.13 Total power purchase cost as estimated by the Petitioner also includes the Transmission charges of Rs. 90.77 Crore. The Licensee has considered the transmission losses as 6.00% at UPPTCL Level and transmission charges as Rs.193.7 / MWhr. However, the Commission has approved the transmission losses and transmission charges as approved for UPPTCL for FY 2015-16. The overall approval of the power purchase cost for FY 2015-16 is provided in the Table below:

Table :: POWER PURCHASE AS APPROVED BY THE COMMISSION FOR FY 2015-16

Item	Petition			Approved		
Retail Sales (Mus)	**1,551.37**			**1,551.37**		
Losses	**8.82%**			**8.55%**		
Power Purchase	**1,701.35**			**1,696.45**		
Sources of Power Purchase	**Energy (MU)**	**Avg. (Rs. /kWh)**	**Costs (Rs. Crore)**	**Energy (MU)**	**Avg. (Rs. /kWh)**	**Costs (Rs. Crore)**
Long Term Power	590.99	4.86	287.31	596.29	4.82	287.31
Unscheduled Interchange	-89.54	0.36	-3.19	0.00	0.00	0.00
Power Purchase from Traders	1,095.60	3.90	427.61	998.37	3.87	386.29
Power Purchase from RE	104.31	7.98	83.23	101.79	7.91	80.51
Sub-Total	**1701.35**	**4.67**	**794.95**	**1696.45**	**4.45**	**754.11**

Item	Petition			Approved		
Transmission Charges for Open Access (Including Long-term Transmission Charges)			90.77			86.54
Total Transmission charges			**90.77**			**86.54**
Underpaid / (Overpaid) Power purchase expenses for previous years						12.22
Total Power Purchase Cost	**1,701.35**	**5.21**	**885.73**	**1,696.45**	**5.03**	**852.86**

- The total quantum of power purchase approved by the Commission for FY 2015-16 is 1696.45 MU, which includes power purchase of 101.79 MU from Renewable Energy sources (computed as proportion of total power procurement for meeting the Renewable Purchase Obligation), 998.37 MU from Short Term Sources and 596.29 MU from Long term power procurement.
- The power purchase cost from traders / Short Term sources is approved at the weighted average landed rate of Rs. 3.87 per unit.
- The power purchase cost from renewable sources is projected at an average cost of Rs. 7.91 per unit as per the submission of the Petitioner.
- As regard the PGCIL charges, the Commission has the considered the same based on estimations of the Petitioner.

5.6 FUEL & POWER PURCHASE COST ADJUSTMENT SURCHARGE

5.6.1 A Review Petition No. 893/2013 had been filed by the UPPCL, MVVNL, PVVNL, PuVVNL, DVVNL & KESCO in the matter of "Review of the Mechanism for Fuel & Power Purchase Cost Adjustment formulated by the Hon'ble Commission", wherein a number of issues have been raised by the Petitioners. Prior to the above Petition, UPPCL also filed a Review Petition No. 848/2012 in the matter of "Applicability of Fuel & Power Purchase Cost Adjustment (FPPCA) formula notified vide GOUP notification no. UPERC/Secy/Regulation/240 dated 10.05.2012"

5.6.2 In the matter of Petition No. 893/2013 "Review of the Mechanism for Fuel & Power Purchase Cost Adjustment formulated by the Hon'ble Commission", the Commission vide its Order dated 23rd October, 2013 gave direction to Petitioners to submit details on various issues along with its detailed proposal on the same. Further, as the Petition No. 893/2013 and 848/2012 are related, the Commission also directed to club the above two Petitions.

5.6.3 The Commission vide its Letter No. UPERC/Secy/D(Tariff)14-257 dated 28th October, 2014 reminded the Petitioners to submit its detailed proposal in view of the directions given by the Commission in its Order dated 23rd October, 2013.

5.6.4 Subsequently the Petitioners vide its Letter No. 3135/RAU/FPPCA dated 29th December, 2014 submitted their proposal. The detailed proposal on various issues as submitted by the Petitioners is extracted below for reference:

"A - Differential distribution of FPPCA over different category of consumers:

*In this regard this is to submit that differential distribution of FPPCA over different category could be based on their **average billing rate (ABR)**. Since various category of consumer have different average billing rate, therefore uniform distribution of FPPCA will lead to non-uniform percentage distribution over different category. In order to avoid non-uniform percentage distribution of FPPCA it seems most appropriate to distribute FPPCA over different category in the ratio of their ABR in such a way that percentage increase across all the categories remains the same.*

B - Disallowance of power purchase from few costlier sources with whom licensee has long term agreement:

In Power Purchase Plan approved for FY 2012-13, power purchase from following sources has been disallowed by the Commission, whereas licensee has long term agreement with these sources:

1) NTPC, Auraiya Gas
2)NTPC, Dadri Gas
3)NTPC, Kahalgaon Stn.-1
4)NTPC, Farakka
5)NTPC, Talchar
6)NTPC, Jhajhjhar
7)Bajaj Hindustan

This situation has arisen due to the fact that the Commission has approved Power Purchase Plan (FY-2012-13) on the basis of MYT (2009-14) *generation figures for state owned thermal generating stations. The Commission has not taken into account the past trend of generation from these state owned thermal generating stations.*

Owing to the fact of long term agreement with few of the disallowed sources, in FY 2012-13, the existing provision of not allowing FPPCA for power purchase from unapproved sources will lead heavy financial loss to the licensee.

C - FPPCA may be allowed on power purchase from UI & unapproved sources:

As regard to the issue of allowing FPPCA on power purchase from UI & unapproved sources, Commission has directed the licensee to file reply as directed in its order dt. 17.12.2012 in petition no. 848/2012. The desired FPPCA computation has been filed by the licensee vide letter no. 1621/RAU/FPPCA Review dt. 30.06.2014 for the period Jan-2013 to Sept-2013 (for 3 Quarters), on the basis of the bills raised by the generators, in following two scenarios:

a)FPPCA working Excluding UI & unapproved purchases

b)FPPCA working Including UI & unapproved purchases

As evident from above submitted computation there is a loss of Rs. 457.5 Cr. to the licensee in terms of FPPCA for three quarters only.

Therefore, in light of submission made by the licensee in its petition & computation shown in reply dated 30.06.2014, it is submitted that the variation in power purchase cost due to UI & unapproved sources may also be covered under FPPCA.

D - For the purpose of recovery of FPPCA, power purchase cost may include all bills raised by the generators instead of bills paid and credit received by the licensee:

With regard to this issue it is humbly submitted that the submission made in petition no. 848/2012 seems sufficient and does not need further elaboration.

E - Date of applicability of FPPCA:

The issue with regard to the date of applicability of FPPCA has been settled by the Commission vide its letter no. UPERC/D(T)RAU/2012-1127 dt. 30.10.2012. Therefore, no further submission is required in this regard."

5.6.5 The relevant provisions of the UPERC (Terms and conditions for Determination of Distribution Tariff), Regulations, and Amendment No. 3 of 2012 are reproduced below for reference:

Quote

"6.9 Fuel and Power Purchase Cost Adjustment (FPPCA):

1. Recovery Periodicity (Cycle):

The cycle will be quarterly. The FPPCA for the quarter ending March will be calculated in next quarter i.e. up to June when the data/ bills from generators/suppliers and sale of energy data for the quarter under consideration are available and the same will be applicable to all categories w.e.f. July.

2. Fuel & Power Purchase Cost Adjustment Formula (FPPCA):

1. The distribution licensee shall recover FPPCA amount with effect from a date which would be issued by a separate Commission's order from all consumers. The formula is as follows:

Step (A) Determination of Difference between Actual and Approved Power Purchase Cost in a quarter

$P_D = (P_{actual} - P_{approved})$

Where

P_D = *Difference in Actual and Approved Power Purchase Cost ('Crs.)*

P_{actual} = *Actual Cost of Power Purchase ('Crs.)*

$P_{approved}$ = *Approved Cost of Power Purchase ('Crs.)*

Step (B) Determination of (E) Energy billed (in MUs) in a quarter after considering approved T&D losses.

Actual power purchased during the quarter (MUs) X(MUs)

Approved T&D losses *Y%*

Approved MUs billed after T&D losses (E) *X * (1-Y/100)*

Step (C) Determination of Fuel & Power Purchase Cost Adjustment per unit based on approved T&D losses to be charged from all consumers each month of the quarter

FPPCA (‘/unit)) = (P_D/E)*10

2. The variation in power purchase cost due to UI and other unapproved purchases shall not be covered under FPPCA.

3. For the purpose of recovery of FPPCA, power purchase cost shall include all the bills paid and credits received by the distribution licensee, to the suppliers of the power, during the previous FPPCA cycle irrespective of the period to which they pertain. This shall include arrears and refunds, if any, not settled earlier.

4. The total FPPCA recoverable, as per the formula specified above, shall be recovered from the actual sales and in case of unmetered consumers, it shall be recoverable based on estimated sales to such consumers, calculated in accordance with such methodology / mechanism as may be stipulated by the Commission.

5. Per unit rate of FPPCA shall be worked out in paisa after rounding off to the next place.

6. In case of negative FPPCA, the credit shall be given to the consumers under the FPPCA head, so that the base tariff determined by the Commission effectively remains the same.

7. The Distribution licensee shall submit details in the stipulated format to the Commission on a quarterly basis, the FPPCA charged and, for this purpose, shall submit such details of the FPPCA incurred and the FPPCA charged to all consumers for each month in such quarter, along with the detailed computations and supporting documents as may be required for verification by the Commission.

Provided that the above submission made to the Commission must be certified by a Chartered Accountant.

Provided further that the FPPCA applicable for each month shall be displayed prominently at the collection centres and the offices dealing with consumers and on the internet website of the Distribution Licensee.

Provided that the Distribution Licensee shall put up on his internet website such details of the FPPCA incurred and the FPPCA charged to all consumers for each month along with detailed computations.

8. In case of Minimum Charges, FPPCA shall be charged only on actual units consumed by the consumer during the relevant month in addition to the Minimum Charges amount.

9. In case Government of Uttar Pradesh decided to provide subsidy on FPPCA to a particular consumer category then, it should do the same as per the provisions of Section 65 of Electricity Act 2003. It shall be the responsibility of the licensee to seek prior approval of the State Government in this regard and maintain appropriate record of the same.

10. The Commission may however suitably modify / change the proposed formula / procedure or adopt a different formula / procedure for the assessment of fuel surcharge if it considers it to be more appropriate."

Unquote

5.6.6 The Commission's view on each of the proposal submitted by the Petitioners is discussed in the following paragraphs.

A - Differential distribution of FPPCA over different category of consumers:

5.6.7 The Commission in its Regulations had approved the formula for computing FPPCA which results in uniform charge / unit for all the consumers irrespective of their consumer category. The Commission had followed such approach to simplify the mechanism for Distribution Licensees. However the Petitioners have themselves submitted that such mechanism would defeat the purpose of having categorisation of the consumers.

5.6.8 In regard to the same and to have a differential distribution of FPPCA over different category, Petitioners have proposed to distribute FPPCA over different category in the ratio of their ABR in such a way that percentage increase across all the categories remains the same.

5.6.9 The Commission has gone through the proposal made by the Petitioners and agrees with the Petitioners that it would be better to have a differential FPPCA charge for each consumer category otherwise the same would defeat the purpose of having categorisation of the consumer. However, with this another issue can be raised that within each of the consumer categories from LMV-1 to HV-4 there exists various sub-categories and the same may also be considered for such proportionate distribution of FPPCA. Such sub-categories would then again have further sub-categories. The Commission has analysed such issue and is of the view that going beyond the broader categories i.e. LMV-1 to HV-4 as defined in the Rate Schedule would be an endless task. In view of the same and the submission made by the Petitioners, the Commission accepts the proposal of the Petitioners and approves to distribute FPPCA over different broad categories in the ratio of their approved ABR for the respective financial year in such a way that percentage increase across all the categories remains the same. The detailed mechanism for computation of the same has been discussed subsequently in this Order.

B- Disallowance of power purchase from few costlier sources with whom licensee has long term agreement:

&

C- FPPCA may be allowed on power purchase from UI & unapproved sources:

5.6.10 As per the provision 2 of Regulation 6.9 (2) of Distribution Tariff Regulations the variation in power purchase cost due to UI and other unapproved purchases are not allowable to be recovered under FPPCA. In regard to the same, the Commission in its Order dated 23rd October, 2013 had directed the Petitioners to submit the detailed computation of the FPPCA formula for at least a year, along with the details of quantum, amount & source of all the UI and unapproved power purchases made for each quarter of the year. The Petitioner in compliance to the above has submitted the FPPCA working for 3 quarter from January, 2013 to September, 2013 under the following two scenarios:

a)FPPCA working excluding UI & unapproved purchases.
b)FPPCA working including UI & unapproved purchases.

Based on the same the Petitioner submitted that there is a loss of Rs. 457.5 Crore to the Distribution Licensees in terms of FPPCA for only three quarters.

5.6.11 The Commission has gone through the submission made by the Petitioners. It has been observed that the power purchase allowed under the FPPCA mechanism is based on the approved losses and thus the additional power purchase cost under FPPCA does not account for the inefficiencies of the Distribution Licensees but are to cater the additional electricity requirement. As it is the power purchase cost is uncontrollable and also depends on the demand on the real time basis and would anyhow be allowable at the time of truing up at normative loss level, hence the Commission allows the Distribution Licensees to consider the variation in power purchase cost from the sources which have not been considered in Tariff Order as per merit order dispatch principle, for which the Distribution Licensees have signed the long term power purchase agreements (PPA). However, the Commission does not intend to include the variation on account of short term power purchase and power purchase through UI adjustment since it would require prudence check and would delay the process. Moreover as the quantum of power procured through UI and other short term sources is low, the financial impact of the same would not be significant and can be settled during the truing up process. The detailed mechanism for computation of the same has been discussed subsequently in this Order.

D- For the purpose of recovery of FPPCA, power purchase cost may include all bills raised by the generators instead of bills paid and credit received by the licensee:

5.6.12 The Petitioners in Petition No. 848/2012 have submitted that the provision 3 of Regulation 6.9 (2) of Distribution Tariff Regulations seems to be contradictory to the established tariff principles which allows power purchase cost (on billing basis) to include while computing the tariff. As per the Regulations only those bills of generators against which the payment has been made, will be included while calculating FPPCA.

5.6.13 Petitioners submitted that many times UPPCL / Discoms fail to make payment to generator / supplier in time due to paucity of funds. Petitioner submitted that with the exiting FPPCA formula it will not be possible to recover the actual increase in fuel and power purchase cost. Petitioners have requested the Commission to allow considering power purchase cost as per the bills received (instead of paid) for computing the FPPCA.

5.6.14 The Commission has gone through the submission made by the Petitioners. It may be noted that the mentioned provision for considering the power purchase cost based on actual payments is to encourage the Distribution Licensee to make timely payments for the power purchase. However, the

Commission has accepted the proposal of the Petitioners to consider the power purchase cost for FPPCA computation on billed basis instead of actual paid basis as provided in the Regulations.

E- Date of applicability of FPPCA:

5.6.15 As pointed out by the Distribution Licensees that the issue with regard to the date of applicability of FPPCA has already been settled by the Commission vide its letter no. UPERC/D(T)RAU/2012-1127 dated 30th October, 2012 no further discussion is required.

As per Regulation 6.9 (2) (10) of UPERC (Terms and Conditions for Determination of Distribution Tariff), Regulations, Amendment No. 3 of 2012, the Commission may suitably modify / change the proposed formula / procedure or adopt a different formula / procedure for the assessment of fuel surcharge if it considers it to be more appropriate. In view of the same and above discussion the Commission has approved the revised formula / procedure in respect to the applicability and recovery of Fuel and Power Purchase Cost Adjustment (FPPCA) as detailed in Regulation 6.9 below (the changes / modifications are underlined):

6.9 Fuel and Power Purchase Cost Adjustment (FPPCA):

1. Recovery Periodicity (Cycle):

The cycle will be quarterly. The FPPCA for the quarter ending March will be calculated in next quarter i.e. up to June when the data / bills from generators / suppliers and sale of energy data for the quarter under consideration are available and the same will be applicable to all categories w.e.f. July.

2. Fuel & Power Purchase Cost Adjustment Formula (FPPCA):

1. The distribution licensee shall recover FPPCA amount with effect from a date which would be issued by a separate Commission’s order from all consumers. The formula is as follows:

Step (A) Determination of Difference between Actual and Approved Power Purchase Cost in a quarter

$P_D = (P_{actual} - P_{approved})$

Where,

P_D = Difference in Actual and Approved Power Purchase Cost (Rs. Crore)

P_{actual} = Actual Cost of Power Purchase (Rs. Crore)

$P_{approved}$ = Approved Cost of Power Purchase (Rs. Crore)

Step (B) Determination of (E) Energy billed (in MUs) in a quarter after considering approved T&D losses.

Actual power purchased during the quarter (MUs) : X (MUs)

Approved T&D losses : Y%

Approved MUs billed after T&D losses (E) : X * (1 - Y / 100)

Step (C) Determination of Category wise Fuel & Power Purchase Cost Adjustment per unit based on approved T&D losses to be charged from consumers each month of the quarter

Category wise FPPCA (Rs. / unit) = ABR_C / ABR_D *$FPPCA_A$

Where,

$FPPCA_A$ *is Average Fuel and Power Purchase Cost Adjustment (in Rs. / kWh) = (P_D/E)*10*

ABR_C *is Average Billing Rate or through rate of Consumer Category (in Rs. / kWh) as approved in Tariff Order for the year*

ABR_D *is Average Billing Rate or through rate of Distribution Licensee (in Rs. / kWh) as approved in Tariff Order for the year*

2. The variation in power purchase cost due to UI and other unapproved purchases from short term sources shall not be covered under FPPCA.

3. For the purpose of recovery of FPPCA, power purchase cost shall include all the bills received by the distribution licensee, from the suppliers of the power, during the previous FPPCA cycle irrespective of the period to which they pertain. This shall include arrears and refunds, if any, not settled earlier.

4. The total FPPCA recoverable, as per the formula specified above, shall be recovered from the actual sales and in case of unmetered consumers, it shall be recoverable based on estimated sales to such consumers, calculated in *accordance with such methodology / mechanism as may be stipulated by the Commission.*

5. Per unit rate of FPPCA shall be worked out in paisa after rounding off to the unit place.

6. In case of negative FPPCA, the credit shall be given to the consumers under the FPPCA head, so that the base tariff determined by the Commission effectively remains the same.

7. The Distribution licensee shall submit details to the Commission on a quarterly basis towards the computation of the FPPCA, which shall include the source wise power purchase quantum, power purchase cost incurred and power purchase rate, details of the FPPCA incurred and the FPPCA chargeable from the consumers for each month in such quarter, along with the detailed computations and supporting documents as may be required for approval by the Commission.

Provided that the above submission made to the Commission must be certified by a Chartered Accountant.

Provided further that the FPPCA applicable for each month shall be displayed prominently at the collection centres and the offices dealing with consumers and on the internet website of the Distribution Licensee.

Provided that the Distribution Licensee shall put up on his internet website such details of the FPPCA incurred and the FPPCA charged to all consumers for each month along with detailed computations.

8. In case of Minimum Charges, FPPCA shall be charged only on actual units consumed by the consumer during the relevant month in addition to the Minimum Charges amount.

9. In case Government of Uttar Pradesh decided to provide subsidy on FPPCA to a particular consumer category then, it should do the same as per the provisions of Section 65 of Electricity Act 2003. It shall be the responsibility of the licensee to seek prior approval of the State Government in this regard and maintain appropriate record of the same.

10. The Commission may however suitably modify / change the proposed formula / procedure or adopt a different formula / procedure for the assessment of fuel surcharge if it considers it to be more appropriate.

5.6.16 For the purpose of Fuel & Power Purchase Cost Adjustment (FPPCA) as per above mentioned formula, the projected monthly power purchase requirement is provided in table below, which is derived from the monthly power purchase submitted by the Licensee.

5.6.17 It is to be noted that the power purchase expenses being an uncontrollable expense, is pass-through to the consumers, however, the difference between the actual cost of power procurement and the approved power purchase expenses, is being recovered by the Distribution Licensee at the time of truing up. The time lag in recovery of the variation in power purchase expenses adversely affects the financial position of the Distribution Licensee and also puts additional burden on consumers on account of Carrying Cost.

5.6.18 Failure to file FPPCA in a timely manner has many repercussions such as higher accumulated Aggregate Revenue Requirement (ARR) on account of variation in Power Purchase Expenses and the carrying cost, higher increase in Tariff or allowance in the form of Regulatory Surcharge, leading to Tariff shock. Further, the delayed filing of the FPPCA and claiming of the additional power purchase expenses during the Truing-up process also put the burden of such additional power purchase expenses on the new consumers, who may not have been consumers during the respective year.

5.6.19 **The Commission once again directs the licensees that they should file FPPCA in a timely and regular manner failing which the Commission may have to resort to take strict action against the Licensees like disallowance of additional power purchase expenses and the associated carrying cost on account of additional Power Purchase expenses or any other action that the Commission may deem fit while doing the Truing up**.

5.6.20 For the purpose of Fuel & Power Purchase Cost Adjust (FPPCA) the projected monthly power purchase requirements approved by the Commission are provided in the Table below.

Table :: MOTHLY APPROVED POWER PURCHASE COST

Month	Volume (MU)	Cost (Rs. Crore)
Apr	141.71	70.22
May	146.43	72.56
Jun	141.71	70.22
Jul	146.43	72.56
Aug	146.43	72.56
Sep	146.43	72.56

Month	Volume (MU)	Cost (Rs. Crore)
Oct	133.41	66.11
Nov	129.10	63.97
Dec	145.52	72.11
Jan	145.52	72.11
Feb	123.18	61.04
Mar	150.57	74.61
Total	**1696.45**	**840.64**

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 The 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 The Petitioner in its Petition claimed the O&M Expenses for FY 2015-16 as Rs. 65.49 Crore subject to prudence check of the Commission.

Table :: O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2015-16

Particulars	Projected by the Petitioner (Rs. Crore)
Repair & Maintenance	29.80
Employees Expenses	29.08
Administrative & General Expenses	13.88
Total O&M Expenses	72.76
Less: Employee Cost Capitalized	7.27
Net O&M Expenses	**65.49**

5.7.5 The 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 4.02% for FY 2014-15 has been used for computing the O&M expenses for FY 2015-16.

Table :: INFLATION INDEX CONSIDERED FOR COMPUTING THE O&M EXPENSES FOR FY 2015-16

Month	Wholesale Price Index		Consumer Price Index	
	2013-14	2014-15	2013-14	2014-15
April	171.30	180.80	226.00	242.00
May	171.40	182.00	228.00	244.00
June	173.20	183.00	231.00	246.00
July	175.50	185.00	235.00	252.00

Month	Wholesale Price Index		Consumer Price Index	
	2013-14	2014-15	2013-14	2014-15
August	179.00	185.90	237.00	253.00
September	180.70	185.00	238.00	253.00
October	180.70	183.70	241.00	253.00
November	181.50	181.20	243.00	253.00
December	179.60	178.70	239.00	253.00
January	179.00	177.30	237.00	254.00
February	179.50	175.80	238.00	253.00
March	180.30	176.10	239.00	254.00
Average for Financial Year	**177.64**	**181.21**	**236.00**	**250.83**
Calculation of Inflation Index (CPI-40%, WPI-60%) for FY2015-16				
Inflation index for FY 2013-14	**200.99**			
Inflation index for FY 2014-15	**209.06**			
Applicable Inflation rate	**4.02%**			

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 2014-15. 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, 2006 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, 2006 as amended from time to time.

5.7.10 The computations of net O&M expenses approved for FY 2015-16 are shown in the Table below:

Table :: O&M EXPENSES FOR FY 2015-16 (Rs. Crore)

Particulars	Petition	Approved
Total additions to Fixed Assets	65.49	241.55
Less: Assets Retired/Scrapped		3.10
Net Addition to Fixed Assets		238.45
Preceding Year Gross O&M		39.26
Incremental O&M @ 2.5%		5.96
Inflation Index Applicable		4.02%
Net O&M Expenses		40.84
Gross O&M Expenses	**65.49**	**46.80**

5.8 STATUTORY / OTHER REGULATORY EXPENSES

5.8.1 In the ARR Petition for FY 2015-16, the Petitioner has claimed other statutory expenses of Rs. 3.41 Crore over and above normative O&M expenses. The 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 :: STATUTORY / OTHER REGULATORY EXPENSES CLAIMED BY THE PETITIONER (Rs. Crore)

Particulars	Petition
Demand Side Management Expenses	0.45
CGRF Expenses	0.36
Competitive Bidding Expenses	0.30
Technical studies as directed by Commission	0.40
Expenses for Compliance of Service Tax Regulations	0.95
Corporate Governance Expenses due to change in law	0.95
Total	**3.41**

Commission's Analysis:

5.8.2 The Petitioner has claimed CGRF expense of Rs. 0.36 Crore in FY 2015-16. 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. 0.36 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 October 14, 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. 0.95 Crore towards liability for payment of service tax on various services being availed by the Petitioner. The 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. 0.95 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. 0.40 Crore for undertaking the studies as directed by the Commission from time to time.

5.8.10 The 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. The 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. 0.95 Crore in its ARR for FY 2015-16. 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 2015-16 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 2015-16:

Table :: STATUTORY / OTHER REGULATORY EXPENSES APPROVED BY THE COMMISSION FOR FY 2015-16 (Rs. Crore)

Particulars	Petition	Approved
Demand Side Management Expenses	0.45	0.45
CGRF Expenses	0.36	0.36
Competitive Bidding Expenses	0.30	0.30
Technical studies as directed by Commission	0.40	0.40
Service Tax payable due to change in law	0.95	0.95
Corporate Governance Expenses due to change in law	0.95	0.00
Total	**3.41**	**2.46**

5.9 CAPITAL EXPENDITURE (CAPEX):

5.9.1 For FY 2015-16, the Petitioner in the ARR Petition has claimed capital investment of Rs. 249.52 Crore and total capitalization (transfer to GFA) of Rs. 247.27 Crore. The above capital investment and capitalization claimed by the Petitioner also includes interest capitalization of Rs. 3.78 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 2015-16 is shown in the Table below:

Table :: BREAKUP OF CAPITALISATION AS CLAIMED BY THE PETITIONER FOR FY 2015-16 (Rs. Crore)

Sr. No.	Nature of Works	FY 2015-16 (Projected)
A	Routine Capital Expenditure	

Sr. No.	Nature of Works	FY 2015-16 (Projected)
1	New Services & Load Augmentation	10.65
2	Replacement Stock	1.03
3	Metering	2.08
	Sub-Total	**13.77**
B	Schemes for Distribution Systems	
1	33/11kV Substations and Switching stations	32.4
2	33kV network development	17.17
3	11kV network development	28.96
4	LT network development	8.87
5	Network at villages	6.18
6	Network Renovation	2.08
	Sub-Total	**95.66**
C.	Process / System Automation	
1	RTU for Supervisory Control and Data Acquisition System (SCADA) at 33/11 kV Substations	3.4
2	Up gradation/ Development of Communication System Infrastructure	2.16
3	SCADA/DMS/OMS	9.6
4	RMU Automation, Making existing RMU remote operable & motorisation of Existing RMU's	2.33
5	Distribution Transformer monitoring & Automation	0.3
6	Feeder Automation	4.1
7	Advance Metering Infrastructure	1.5
8	Master Control Center	3.9
9	Implementation of GIS	5.08
	Sub-Total	**32.36**
D	Civil Works & Office Infrastructure Facility	61.37
E	IT Projects	
1	Software Application Implementations	5.29
2	GIS Implementation	3.29
3	Upgrading of Networking Infrastructure	0.45
4	Upgrading of Hardware Infrastructure Capacity	0.11
5	Purchase of Computers, Peripherals & Accessories	1.17
6	Purchase of Software Licences	1.06
7	Implementation of Surveillance System at Substations	0.24
	Sub-Total	**11.6**
F	Tools & Testing Equipment	0.95
G	Demand Supply Management	1.5
H	Land (Registration charges, Stamp Duty etc.)	20.00

Sr. No.	Nature of Works	FY 2015-16 (Projected)
	Sub-Total (A+B+C+D+E+F+G+H)	**237.22**
	Add: Salary Capitalized	7.27
	Add: Interest Capitalized	3.78
	Total	**248.27**

5.9.4 The capital expenditure (excluding interest capitalization) for FY 2015-16 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 2015-16 is Rs. 12.25 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 2015-16 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 2015-16 has been considered as Rs. 3.78 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. The detail of the capital expenditure approved by the Commission for FY 2015-16 is given in the table below:

Table :: CAPEX DETAILS FOR FY 2015-16 AS APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Petition	Approved
Total Additions to Assets (excluding interest capitalisation)	243.48	243.48
Add: Closing CWIP	14.50	14.50
Less: Opening CWIP	12.25	12.25
Total Capex (excluding interest capitalisation)	**245.73**	**245.73**
Add: Interest Capitalisation	3.78	3.78
Total Capex	**249.52**	**249.52**
Consumer Contribution	14.33	14.33
Net Capex	**235.18**	**235.18**
Debt @ 70%	164.63	164.63
Equity @ 30%	70.55	70.55

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. 53.30 Crore after considering loan additions of Rs. 164.63 Crore. The interest on long term loans as submitted by the Petitioner is given in Table below:

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

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Bank of Maharashtra (FY 10)	12.47	-	7.12	5.34	1.18
IDBI Bank(FY11)	24.86	-	11.05	13.81	2.29
GNIDA	0.00	-	-	0.00	-
Normative Loans (FY08)	1.60	-	0.53	1.07	0.16
ICICI Bank (FY12)	23.64	-	6.75	16.88	2.49
Central Bank of India (FY 13)	49.43	-	13.33	36.09	5.34
ICICI Bank (FY 13)	19.00	-	4.00	15.00	2.08
ICICI bank (FY 14)	95.20	-	15.87	79.33	10.88
HDFC Bank (2014-15)	125.00	-	19.10	105.90	13.48
Normative Loans (FY 2014-15)	24.07	-	2.41	21.66	2.67
Normative Loans (FY 2015-16)	-	164.63	-	164.63	12.72
Total	**375.25**	**164.63**	**80.16**	**459.72**	**53.30**

Commissions' Analysis

5.11.2 The Commission while computing the interest on loan for FY 2015-16 has considered the opening loan balance equivalent to closing loan balance for FY 2014-15 after undertaking the Truing up of FY 2013-14 and considering the revised capital expenditure submitted by the Petitioner for FY 2014-15. 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 2014-15.

5.11.4 Accordingly, the interest on long term loan is approved at Rs. 53.30 Crore as claimed by the petitioner subject to truing-up, asshown in the Table below:

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

Particulars	Opening Balance	Additions During the Year	Repayment	Closing Balance	Interest
Bank of Maharashtra (FY 10)	12.47	-	7.12	5.35	1.18
IDBI Bank(FY11)	24.86	-	11.05	13.81	2.29
GNIDA	0.00	-	-	0.00	-
Normative Loans (FY08)	1.59	-	0.53	1.06	0.16
ICICI Bank (FY12)	23.64	-	6.75	16.88	2.49
Central Bank of India (FY 13)	49.43	-	13.33	36.09	5.34
ICICI Bank (FY 13)	19.00	-	4.00	15.00	2.08
Normative Loan (FY 13)	-	-	-	-	-
ICICI bank (FY 14)	95.20	-	15.87	79.33	10.88
HDFC Bank (2014-15)	125.00	-	19.10	105.90	13.48
Normative Loans (FY 2014-15)	24.07	-	2.41	21.66	2.67
Normative Loans (FY 2015-16)	-	164.63	-	164.63	12.72
Total	**375.25**	**164.63**	**80.16**	**459.72**	**53.30**

5.12 INTEREST ON WORKING CAPITAL:

5.12.1 The 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 the basis of the provision of the regulations. 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 2015-16, 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. 12.63 Crore.

Commission's Analysis:

5.12.3 The relevant provision of the 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 working capital in accordance with the above Regulations. As of now, Interest rate for computation of interest on working capital has been considered as 12.50%. The Commission has worked out the working capital and interest on working for FY 2015-16 as shown in the Table below:

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

Particulars	Petition	Approved
One Month's O&M Expenses	5.74	4.11

Particulars	Petition	Approved
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.	17.28	17.28
Receivables equivalent to 60 days average billing on consumers	202.93	210.49
Gross Total	**225.96**	**231.88**
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003		
Opening Balance	134.09	134.08
Received during the year	35.00	35.00
Closing Balance	169.09	169.08
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	140.31	140.30
Net Working Capital	**85.65**	**91.58**
Rate of Interest for Working Capital	14.75%	12.50%
Interest on Total Working Capital	**12.63**	**11.45**

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

- The O&M expenses are approved for FY 2015-16 at Rs. 46.80 Crore against Petitioner's claim of Rs. 65.49 Crore.
- The Statutory expenses are approved for FY 2015-16 at Rs. 2.46 Crore against Petitioner's claim of Rs.3.41 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. 7.63 Crore for FY 2015-16.

Table :: FINANCE CHARGES SUBMITTED BY PETITIONER (Rs. Crore)

Particulars	Petition
Credit Rating Charges	0.20
Processing Charges	6.68
Other Finance Charges	0.76

Particulars	Petition
Total Finance Charges	**7.63**

5.13.2 The Petitioner in its Petition had proposed the processing charges as Rs. 6.68 as against Rs. 6.00 Crore approved for FY 2014-15.

Table :: PROCESSING CHARGES SUBMITTED BY PETITIONER (Rs. Crore)

Sl. No.	Financing Activity	Facility Amount	Charges Payable
1	Fund Based WCF Renewal & CP Issue	250	1.76
2	Renewal of LC facility for PPA and other purposes	115	0.99
3	Sanction of Fresh Term Loans	164.63	3.93
	Total	**529.63**	**6.68**

Commission's Analysis:

5.13.3 The Commission has observed that Licensee got the sanctions of the loans for the capital expenditure to be undertaken during FY 2015-16 in February 2015. However, the Licensee has claimed the processing charges of Rs 3.93 Crore against sanction of Fresh Term Loans for FY 2015-16 during FY 2015-16. Therefore the Commission has not considered the processing charges for fresh term loan during FY 2015-16. The Licensee would be allowed the processing charges paid during FY 2014-15 while truing up for FY 2014-15.

5.13.4 In view of the above and in accordance with Regulation 4.8.1 of the Distribution Tariff Regulation, 2006, the Commission approves finance charge of Rs. 1.63 Crore, following the same approach as explained in the True Up section for FY 2013-14. However, the same shall be subject to true-up based on the Audited Accounts of the Petitioner.

Table :: PROCESSING CHARGES-APPROVED (Rs. Crore)

Sl. No.	Financing Activity	Facility Amount	Charges Payable	Approved
1	Fund Based WCF Renewal & CP Issue	250	1.76	0.64
2	Renewal of LC facility for PPA and other purposes	115	0.99	0.99
3	Sanction of Fresh Term Loans	164.63	3.93	-
	Total	**529.63**	**6.68**	**1.63**

5.13.5 Finance charges also includes the credit rating charges and other finance charges of Rs. 0.20 Crore and 0.76 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 :: FINANCE CHARGES – APPROVED (Rs. Crore)

Particulars	Petition	Approved
Credit Rating Charges	0.20	0.20
Processing Charges	6.68	1.63
Other Finance Charges	0.76	0.76
Total Finance Charges	**7.63**	**2.59**

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 The Petitioner in its Petition has claimed interest on security deposit of Rs. 13.64 Crore which has been computed at the rate of 9.00%.

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 8.50% as on April 1, 2015. The interest on Security Deposit as claimed by the Petitioner and that approved by the Commission is shown in the Table below:

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

Particulars	Petition	Approved
Opening Balance of Security Deposit	134.09	134.08
Addition During the year	35.00	35.00
Closing Balance for Security Deposit	169.09	169.08
Average Balance for Security Deposit	**151.59**	**151.58**
Rate of Interest	9.00%	8.50%
Interest payable on Security Deposit	**13.64**	**12.88**

5.14.4 The Petitioner is required to pay interest on consumer security deposit at the rate of 8.50% p.a. on the consumer security deposits.

5.15 INTEREST CAPITALISATION:

5.15.1 The Interest capitalization claimed by the Petitioner for FY 2015-16 is Rs. 3.78 Crore.

5.15.2 The Interest capitalization for FY 2015-16 has been computed by the Commission on the basis of normative interest approved on normative loan addition in FY 2015-16 which is Rs. 12.72 Crore. It may be noted that the same methodology was adopted by the Commission in the previous Tariff Orders which was later upheld by the ATE in Appeal No. 4 of 2011 dated 15th December, 2011. Accordingly, the interest capitalization approved by the Commission for FY 2015-16 works out to Rs. 3.78 Crore.

5.16 SUMMARY OF INTEREST & FINANCE CHARGES:

5.16.1 The Summary of Interest and Finance Charges approved by the Commission for FY 2015-16 are given in the Table below:

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

Particulars	Petition	Approved
Interest on Long term loans	53.30	53.30
Interest on short term loans/working capital	12.63	11.45
Finance charges	7.63	2.59
Interest on security deposit	13.64	12.88
Total Interest & Finance charges	**87.21**	**80.22**
Less: Interest capitalization	3.78	3.78
Net Interest & Finance charges	**83.43**	**76.44**

5.17 EFFICIENCY GAINS DUE TO SWAPPING OF LOANS

5.17.1 The 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. 4.31 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 2015-16 amounting to Rs. 0.51 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. 0.51 Crore for FY 2015-16 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 2015-16 is given in the Table below:

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

Particulars	Petition	Approved
Opening CWIP	12.25	12.25
Capital Investment	249.52	249.52
Total capitalization=Transfer to GFA	247.27	247.27
Capitalisation of Capex approved during the year in the year	235.02	235.02
Consumer contribution	14.33	14.33
Remaining investment	**235.18**	**235.18**
Debt	164.63	164.63
Equity	70.55	70.55
Portion of Inv. Assumed to be capitalised through CC	**13.50**	**13.50**
Portion of remaining investment to be capitalised	**221.52**	**221.52**
Debt	155.06	155.06
Equity	66.45	66.45
Portion of Opening CWIP	3.43	3.43
Total Equity for RoE	**69.89**	**69.89**

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 :: GROSS FIXED ASSETS - APPROVED (Rs. Crore)

Particulars	Petition	Approved
Opening Balance	976.57	976.59
Addition during the Year	247.27	247.27
Retirement during the Year	4.15	4.15
Closing Balance	**1219.69**	**1219.70**

5.20 DEPRECIATION:

5.20.1 The Petitioner in its Petition has claimed net depreciation of Rs. 65.17 Crore for FY 2015-16 after deducting the depreciation on Consumer Contribution.

5.20.2 The Commission in Distribution Tariff Regulation, 2006 has specified the depreciation rates for the purposes of computation of depreciation for different category of assets.

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

5.20.4 Accordingly, the depreciation expenses approved by Commission for FY 2015-16 are provided in the Table below:

Table :: DEPRECIATION - APPROVED (Rs. Crore)

Particulars	Petition	Approved
Depreciation	81.57	81.57
Less: Depreciation on Consumer Contribution	16.40	16.40
Net Depreciation	65.17	65.17
Average Normative GFA	1098.13	1098.15
Weighted average depreciation rate	7.43%	7.43%

5.21 INCOME TAX:

5.21.1 The Petitioner submitted that based on the existing provisions of the Income Tax Act, 1961, the Income Tax liability of the Company for FY 2015-16 shall be at the Corporate Tax Rates and likely accrual of tax demand has been estimated at Rs. 65 Crore.

5.21.2 The 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 favorable 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 favorable decision by the Hon'ble Supreme Court, it would be required to pay income tax at normal corporate rates from retrospective dates along with interest. In such event, it will also be required to pay taxes on past power purchase differentials which amounts to Rs. 75.10 Crore (approx.) till FY 2013-14. 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. 44.33 Crore as on March 31 2014.

5.21.3 The Petitioner submitted the Commission in its Tariff Order dated June 26, 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. 119.43 Crore in ARR for FY 2015-16 and will claim the same in the year in which the assessment will be finalized. The 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 2015-16 at Rs. 65.00 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 2014-15, therefore, it would be liable to pay Income Tax as per normal tax provisions for FY 2015-16. Thus, the tax liability for FY 2015-16 has not been estimated as per MAT provisions.

Commission's Analysis

5.21.6 It has been observed that the Income Tax of Rs. 65.00 as claimed by the Petitioner for FY 2015-16 is considerably higher than the Income Tax approved by the Commission for FY 2014-15 in its Tariff Order dated October 1, 2014 which was only Rs. 12.91 Crore.

5.21.7 As detailed above, such higher Income Tax has been claimed considering that the Petitioner from FY 2015-16 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 2015-16. Thus, as against the Income Tax of Rs. 65.00 Crore by the Petitioner the Commission has provisionally approved Income Tax of Rs. 15.90 Crore for FY 2015-16 i.e. 33.99% of approved RoE for FY 2015-16.

5.22 CONTINGENCY RESERVE

5.22.1 The Petitioner submitted that as per Regulation 4.14 of the Distribution Tariff Regulations, 2006 it is required to create Contingency Reserve up to 0.50% of the opening Gross Fixed Assets. Petitioner submitted that the Commission vide its Tariff Order dated October 1, 2014 has not allowed the provision of contingency reserve to reduce extra burden on the consumers.

5.22.2 The Petitioner has claimed Rs. 5.42 Crore towards Contingency Reserve for ARR for FY 2015-16 as per the table below.

Table :: CONTRIBUTION TO CONTINGENCY RESERVE FOR FY 2015-16 AS SUBMITTED BY PETITIONER (Rs. Crore)

Particulars	Petition
Opening Gross Fixed Assets	1083.95
Contribution to Contingency Reserves	5.42
% of Opening GFA	0.50%

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 In line with the Commission's earlier view that the Contribution to Contingency Reserves would put additional burden on the consumers, the Commission has not approved any fund the contingency reserve for FY 2015-16.

5.23 PROVISION FOR BAD & DOUBTFUL DEBTS:

5.23.1 The expenses claimed by Petitioner on account of bad and doubtful debts for FY 2015-16 are Rs. 17.42 Crore. The Petitioner has submitted that the Commission, vide its Tariff Order dated October 1, 2014, had directed it to convert all unmetered consumers into metered consumers latest by March 31, 2015. Accordingly, it has started rigorous drives and expects to convert almost all unmetered consumers into metered consumers. Further, the Commission has also directed to conduct survey and increase its consumer base to curb illegal / unauthorized use of electricity. Accordingly, through various initiatives the Petitioner expects significant increase in metered consumers in rural areas as compared to earlier years. As rural consumers are the worst payers and despite regular drives and various modes / facilities of collection, there is a need for higher provisions / write-offs in the form of Bad Debts.

5.23.2 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 1.41% of the estimated revenue from Sale of power.

Commission's Analysis:

5.23.3 The Commission has approved bad-debts for FY 2015-16 at 1.41% 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 1.41% for FY 2015-16 as Rs. 17.42 Crore on the basis of projected revenue billed during the year and the projected receivable from the consumers.

5.23.4 The Commission approves the provisioning at 1.41% as Rs 16.91 Crore for FY 2015-16 on the basis of approved Receivable from Customers at the beginning of the year, approved Revenue billed & Collection for the year. Any variations would be considered at the time of true-up for FY 2015-16. Accordingly the provision for bad debts as considered by the Commission for FY 2015-16 is shown in the Table below:

Table :: BAD & DOUBTFUL DEBTS FOR FY 2015-16 (Rs. Crore)

Particulars	Petition	Approved
Receivable from Customers as at the beginning of the year	167.45	152.93
Revenue billed for the year	1234.51	1191.08
Collection for the year	1181.60	1140.03
Gross receivable from customer as at the end of the year	202.93	187.17
% of Provision	1.41%	1.41%
Provision for Bad & Doubtful debts	**17.42**	**16.81**

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. 0.41 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. 46.76 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 average regulatory equity base during the year. The return on equity as approved by the Commission for FY 2015-16 is shown in the Table below:

Table :: ROE APPROVED BY THE COMMISSION FOR FY 2015-16 (Rs. Crore)

Return on Equity Computation	Petition	Approved
Regulatory Equity Base at the beginning of the year	257.34	257.34
Assets Capitalised during the year	247.27	247.27
Equity portion of Assets Capitalised during the year	69.89	69.89
Regulatory Equity Base at the end of the year	327.22	327.22
Computation of Return on Equity		
Return on Opening Regulatory Equity Base @ 16%	41.17	41.17
Return on Addition to Equity Base during the year @ 16%	5.59	5.59
Total Return on Equity	**46.76**	**46.76**

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. 2.03 Crore net of Rs. 2.25 Crore i.e. Cost of Borrowing for DPS.

5.26.2 As per the approach followed by the Commission in 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 reduced 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 provisionally grossed up at 18% per annum. Further, the financing cost is arrived at on the grossed-up amount and interest rate as considered for working capital has been applied. The computation of the financing cost for DPS is provided in the Table below:

Table :: COST OF BORROWING FOR DPS

Particulars	Petition	Approved
Delayed Payment Surcharge (Rs. Crore)	2.75	2.75
DPS grossed up at 1.50% per month or 18% per annum	18%	18%
Amount (Rs. Crore)	15.28	15.28
Financing cost	14.75%	12.50%
Cost of Borrowing (Rs. Crore)	**2.25**	**1.91**

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. 2.37 Crore has been approved in the ARR for FY 2015-16. 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 2015-16, 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 October 1, 2014 at Rs. 1161.32 Crore (including regulatory surcharge of Rs. 85.88 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 observed that the Licensee has considered some multiplication factor for computation of revenue for some of the categories due to which revenue has been decreased. The Commission has recomputed the estimated revenue in line with the approach adopted in previous orders at existing Tariff based on the approved billing determinants for FY 2015-16 and the Tariff approved by the Commission in Order dated October 1, 2014. Accordingly, the Commission has approved the revenue from sale of power at existing Tariff as provided in the Table below:

Table :: REVENUE AT EXISTING TARIFF RECOMPUTED BY THE COMMISSION FOR FY 2015-16

Particulars	Sales	Revenue	Average Realisation
	(MU)	(Rs. Crs)	(Rs/kWh)
LMV-1: Domestic Light, Fan & Power	269.81	152.50	5.65
LMV-2: Non Domestic Light, Fan & Power	31.62	26.23	8.30
LMV-3: Public Lamps	19.10	12.41	6.50
LMV-4: Institutions	19.37	15.37	7.94
LMV-5: Private Tube Wells	16.38	4.57	2.79

Particulars	Sales	Revenue	Average Realisation
	(MU)	(Rs. Crs)	(Rs/kWh)
LMV 6: Small and Medium Power	58.55	51.40	8.78
LMV-7: Public Water Works	17.12	13.24	7.73
LMV-8: STW and Pumped Canals	0.31	0.23	7.31
LMV-9: Temporary Supply	34.84	28.04	8.05
HV-1: Non Industrial Bulk Power	119.34	93.83	7.86
HV-2: Large and Heavy Power	964.92	683.40	7.08
Subtotal	**1,551.37**	1,081.22	**6.97**
Regulatory Surcharge		86.33	**0.56**
Total Sales	**1,551.37**	1,167.55	**7.53**

5.28 REVENUE FROM SALE OF POWER AT APPROVED TARIFFS:

5.28.1 The Commission in this Tariff Order for FY 2015-16 has approved the retail Tariffs for different category of consumers of the NPCL, effective within 7 days from the date of publication. The detailed Rate Schedule is enclosed as Annexure .

5.28.2 The Commission in this Section has computed the revenue at approved tariffs for FY 2015-16. Based on these approved tariffs and the period of applicability, the approved revenue for FY 2015-16 for NPCL is as shown in the Table below:

Table :: REVENUE APPROVED BY THE COMMISSION FOR FY 2015-16

Particulars	Sales	Revenue	Average Realisation
	(MU)	(Rs. Crs)	(Rs/kWh)
LMV-1: Domestic Light, Fan & Power	269.81	156.28	5.79
LMV-2: Non Domestic Light, Fan & Power	31.62	26.86	8.50
LMV-3: Public Lamps	19.10	12.68	6.64
LMV-4: Institutions	19.37	15.66	8.09
LMV-5: Private Tube Wells	16.38	4.57	2.79
LMV 6: Small and Medium Power	58.55	52.56	8.98
LMV-7: Public Water Works	17.12	13.58	7.93
LMV-8: STW and Pumped Canals	0.31	0.23	7.45
LMV-9: Temporary Supply	34.84	28.04	8.05
HV-1: Non Industrial Bulk Power	119.34	95.62	8.01
HV-2: Large and Heavy Power	964.92	704.18	7.30

Particulars	Sales	Revenue	Average Realisation
	(MU)	(Rs. Crs)	(Rs/kWh)
Subtotal	**1,551.37**	1,110.26	**7.16**
Regulatory Surcharge		88.66	**0.57**
Total Sales	**1,551.37**	1,198.92	**7.73**

5.29 REVENUE GAP OF FY 2013-14 and FY 2014-15:

5.29.1 As detailed earlier in this Order the Commission has undertaken the Truing-up of ARR for FY 2013-14 and has not revised the ARR for FY 2014-15. In view of the above, the revenue gap of FY 2013-14 as approved in this Order and revenue gap of FY 2014-15 as approved by the Commission in its Order dated October 1, 2014 has been considered in the ARR of FY 2015-16. Accordingly, the consolidated revenue gap for FY 2013-14 and FY 2014-15 works out to Rs 576.70 Crore.

5.30 CARRYING COST:

5.30.1 The Petitioner has submitted that regulatory assets should be used sparingly and in case regulatory assets are being created, the financing costs / carrying costs on such regulatory assets needs to be necessarily and mandatorily be allowed to the Company.

5.30.2 In 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.

5.30.3 The Commission, as of now, has approved the rate of interest for computation of carrying cost at 12.50%. The Commission has also allowed the recovery of past revenue gaps through Regulatory Surcharge and the Licensee will be able to recover certain portion of past revenue gap through the Regulatory Surcharge over the entire year. As the Licensee will be able to recover certain portion of past revenue gap throughout the year and for the reasons mentioned while allowing the carrying cost for truing up, the Commission has not considered the monthly compounding on the carrying cost. The carrying cost on regulatory assets for FY 2015-16 is given below:

Table :: CARRYING COST AS APPROVED BY THE COMMISSION FOR FY 2015-16

Particulars	Formula	Amount (Rs. Crore)
Revenue Gap / (Surplus) (For FY 2015-16)	A	(69.31)

Particulars	Formula	Amount (Rs. Crore)
Revenue Gap (For previous year)	B	576.70
Interest Rate as per regulations	D	12.50%
Carrying Cost on Revenue Gap for FY 2015-16	E = D x (A/2)	(4.33)
Carrying Cost on Revenue Gap for previous years	F = D x B	72.09
Total Carrying cost	H = E + F	67.76

5.31 SUMMARY OF ARR FOR FY 2015-16:

5.31.1 Based on the above cost approvals, the summary of the ARR approved for FY 2015-16 is provided in the Table below:

Table :: SUMMARY FOR FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Petition	Approved
1	Power Purchase Expenses	794.95	766.32
2	Transmission Charges (UPPTCL+PGCIL)	90.77	86.54
3	Net O&M Expenses	65.49	46.80
4	Statutory & Other Regulatory Expenses	3.41	2.46
5	Interest charges	87.21	80.22
6	Depreciation	65.17	65.17
7	Contingency Reserve	5.42	-
8	Taxes (Income Tax and FBT)	65.00	15.90
9	**Gross Expenditure**	**1,177.43**	**1,063.42**
10	Interest capitalized	3.78	3.78
11	**Net Expenditure**	**1,173.64**	**1,059.63**
12	Provision for Bad & Doubtful debts	17.42	16.81
13	Miscellaneous Expenses	0.41	0.41
14	**Total net expenditure with provisions**	**1,191.48**	**1,076.86**
15	Add: Reasonable Return / Return on Equity	46.76	46.76
16	Less: Non Tariff Income	2.03	2.37
17	Add: Efficiency Gains	0.51	0.51
18	**Annual Revenue Requirement (ARR)**	**1,236.73**	**1,121.76**
19	Revenue from Existing Tariff	1,161.32	1,167.55
20	**Revenue Gap/(Surplus)**	**75.41**	**(45.78)**
21	Revenue Gap/ Surplus from Prev. Year	688.00	576.70
22	Carrying cost	114.58	67.76
23	**Net Revenue Gap**	**877.99**	**598.67**
24	Total Revenue at Approved Tariff	**-**	1,191.08
25	Additional Revenue from Revised Tariff	877.99	**23.53**

Sr. No.	Particulars	Petition	Approved
26	**Revenue Gap carrying forward**	**-**	**575.14**

5.31.2 From the above, the Revenue surplus for FY 2015-16 is Rs. 45.78 Crore at existing tariff. The total Revenue Gap at existing tariff for FY 2015-16 after considering the revenue gap of Rs. 576.70 Crore from previous years and carrying cost of Rs. 67.76 Crore is Rs. 598.67 Crore. The revenue at revised tariff is approved at Rs. 1191.08 Crore implying additional revenue due to tariff increase of Rs. 23.53 Crore during FY 2015-16. Thus, the revenue gap approved for FY 2015-16 to be carried forward to subsequent years is Rs. 575.14 Crore.

5.31.3 Further, the revenue gap carried forward for FY 2015-16 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 June 7, 2005 to operationalise long-term and short-term open access in the State. The Regulations also provides that effective from April 1, 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.

6.1.4 In the absence of procedures and guidelines from State Transmission Utility (in short 'STU') and State Load Dispatch Centre (in short 'SLDC'), the Commission, on its own motion, has made detailed procedures for long term and short term open access which covers all aspects, which the Regulations direct by way of an amendment. The "Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Open Access) (First Amendment) Regulations, 2009 dated 18.6.09", shall come into force from the date it was notified in the Gazette.

6.1.5 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.

6.1.6 The Electricity Act, 2003 has defined the Open Access as non discriminatory provisions for use of transmission lines or distribution system or associated facilities. **Having regards to operation constraints and other relevant factors, the Commission directs that the Open Access shall be allowed by the Distribution Licensees as per the provisions outlined by the Commission in its Regulations and amendments from time to time.**

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

6.1.8 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.

6.2 OPEN ACCESS CHARGES:

6.2.1 The Commission in the Tariff Order for UPPTCL has determined the Transmission Charges payable by Open Access users for use of UPPTCL transmission network for transmission of electricity. Similarly, the Commission has also determined the wheeling charges payable by the Open Access users for utilising the distribution network of the Distribution Licensees for wheeling of electricity.

6.3 WHEELING CHARGES:

6.3.1 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 judgment.

6.3.2 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

6.3.3 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.

6.3.4 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 2015-16 as given in the Table below:

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

Sr. No.	Item	Allocation % (FY 2015-16)		Allocation FY 2015-16		
		Wheeling	Retail Supply	Total Approved ARR	Wheeling ARR	Retailing Supply ARR
1	Power Purchase Expenses	0.00%	100.00%	766.32	-	766.32
2	Transmission Charges	0.00%	100.00%	86.54	-	86.54
3	O&M Expenses	76.00%	24.00%	46.80	35.57	11.23
4	Statutory & Other Regulatory Expenses	69.00%	31.00%	2.46	1.70	0.76
5	Interest Charges	100.00%	0.00%	76.44	76.44	-
6	Depreciation	93.00%	7.00%	65.17	60.61	4.56
7	Taxes (Income Tax & FBT)	94.00%	6.00%	15.90	14.94	0.95
8	Gross Expenditure			**1,059.63**	**189.26**	**870.37**
Add:	Special Appropriation					
9	Add: Provision for Bad & Doubtful Debts	0.00%	100.00%	16.81	-	16.81
10	Add: Miscellaneous Exp	100.00%	0.00%	0.41	0.41	-
11	Total Net Expenditure with Provisions			1,076.86	189.67	887.18
12	Add: Reasonable Return/ Return onEquity	94.00%	6.00%	46.76	43.96	2.81
13	Less: Non Tariff Income	0.00%	100.00%	2.37	-	2.37
14	Add: Efficiency Gains	94.00%	6.00%	0.51	0.48	0.03
15	**Annual Revenue Requirement (ARR)**			**1,121.76**	**234.12**	**887.65**

6.3.5 Based on the same, the wheeling charges for FY 2015-16 have been worked out by the Commission as shown in the Table below:

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

Details	Unit	FY 2015-16
		Approved
Net Approved Distribution (Wheeling Function) ARR	Rs. Cr	234.12
Retail Sales by NPCL	MUs	1,551.37
Wheeling Charges	Rs/kWh	1.509

6.3.6 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.

6.3.7 Further, as detailed in the Tariff Order of UPPTCL for FY 2015-16, 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 :: LONG TERM VOLTAGE LEVEL WHEELING CHARGES (Rs./kWh)

Details	Unit	FY 2015-16
		Approved
Connected at 11 kV Voltage Level	Rs/kWh	1.207
Connected above 11 kV Voltage Level	Rs/kWh	0.755

6.3.8 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.

6.3.9 The Licensee in the Petition for FY 2015-16 has submitted that the technical losses at 11 kV voltage level would be around 1.55% and the technical losses above 11 kV voltage level upto 132 kV would be in around 1.46%. Hence, the Commission has considered the wheeling loss applicable for Open Access transactions entailing drawal at 11 kV voltage level at 1.55%, and that for drawal at voltages above 11 kV voltage level at 1.46%.

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

6.4 CROSS SUBSIDY SURCHARGE:

6.4.1 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.

6.4.2 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.

6.4.3 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. 4.82 / 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. 1.509 /kWh

L is the system Losses for the applicable voltage level, expressed as a percentage, which is computed at 1.46% at 33 kV, 3.01% at 11 kV and 8.82% at LT level.

6.4.4 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 :: COST OF SUPPLY AS APPROVED BY THE COMMISSION (Rs. / kWh)

S No.	Categories	Wh. Charge (D)	Wt. Avg. Pur Cost (C)	System Loss (L)	Total Cost
1	**HV Categories at 11 KV**	1.21	4.82	3.01%	6.170
2	**HV Categories above 11 KV**	0.75	4.82	1.46%	5.643

6.4.5 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.

6.4.6 The impact of migration / shifting 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.

6.4.7 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 been computed by subtracting the avoidable cost of supply for the Open Access consumers from the tariff applicable for the relevant consumer, which also includes the applicable Regulatory Surcharge.

6.4.8 The category-wise Cross Subsidy Surcharge approved by the Commission for FY 2015-16 is as given in the Table below:

Table -: CROSS SUBSIDY SURCHARGE APROVED BY THE COMMISSISON FOR FY 2015-16

S No.	Categories	Average Billing Rate	Average Billing Rate (inclusive of Regulatory Surcharge) "T"	Cost of Supply for computing CSS	Cross Subsidy Surcharge "CSS"
1	HV-1 (Supply at 11 kV)	8.03	8.67	6.17	2.50
2	HV-1 (Supply above 11 kV)	8.00	8.64	5.64	3.00
3	HV-2 (Supply at 11 kV)	7.69	8.31	6.17	2.13
4	HV-2 (Supply above 11 kV)	7.22	7.80	5.64	2.15

6.5 ADDITIONAL SURCHARGE:

6.5.1 Petitioner in its Petition submitted that the Commission in its Tariff Order dated October 1, 2014 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.

6.5.2 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."

6.5.3 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.

6.5.4 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 2015-16.

6.5.5 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 2015-16 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.

6.5.6 The Petitioner in its subsequent submission in replies to the deficiency note of the Commission further submitted that as per the Tariff Order dated October 1, 2014, 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.

6.5.7 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 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.

6.6 OTHER CHARGES:

6.6.1 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 2015-16 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 not submitted any details regarding the cost of service studies for each category or voltage level. The paucity of data in this regard has restricted the Commission in establishing a linkage of tariff to average cost of supply.

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 2015-16. 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. There was unabridged revenue gap considering the existing tariff for FY 2015-16 (including the gap for previous years). Considering the huge amount of accumulated revenue gap of previous years as well as revenue gap for current year 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.

Metering:

7.1.8 In last Tariff Order the fixed charges for unmetered domestic category of LMV-1 and unmetered commercial category of LMV-2 was specified in Rs/kW terms instead of Rs/connection basis. However, considering the general grievance of many consumers under LMV-1 (a) and LMV-2 (a) categories having load upto 2 kW that their contracted load is higher than their actual load, the Commission directed the Licensees to ascertain the actual load of consumer and accorded a time period of 3 months to complete such exercise by the time for such consumers tariff rate as per Tariff Order for FY 2013-14 was made applicable. Further, the Commission has extended the relief to the above categories of consumers by March 31, 2015 and directed the Licensees to prioritize the exercise and get it completed by March 31, 2015. The Commission has perceived that the exercise of load ascertainment has been completed by the Licensees by now. In cognizance to the approach followed in Tariff Order for FY 2014-15, the fixed charges of the unmetered consumers under LMV-1, LMV-2 upto 2 kW has now been linked with their contracted load in Rs/kW terms.

7.1.9 To incentivise the consumers who shift 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-1 category beyond December 31, 2015. Further, to discourage unmetered connections the Commission has also given the tariff for unmetered category in LMV-10 (Departmental Employees and Pensioners) only upto December 31, 2015 beyond which they would be billed as per other domestic consumers categories.

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 Licensees continue to supply electricity to the unmetered consumers which results in huge loss of unaccounted electricity. The Commission expressing its utmost concern, directs the Distribution Licensees to ensure that all the unmetered consumers in LMV-1 and LMV-10 (Departmental Employees and Pensioners) get converted into metered connection by December 31, 2015 beyond which, the Tariff for unmetered LMV-1 category would be increased by 10% and consumers of LMV-10 would be billed as per other domestic consumers as specified in the Rate Schedule.

Billable Demand Multiplier

7.1.12 As per the proposal of State Distribution Licensee the Commission has approved that for the purpose of billing below 10 kW load, the fixed charge will be computed on the basis of contracted load in kW and energy charge will be calculated on kWh basis. Therefore, consumer upto 10 kW load will have to pay fixed charges as per their contracted load.

7.1.13 For all consumers with contracted load of 10 KW / 13.4 BHP and above 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.

Time of Day Tariff

7.1.14 The Time of Day tariff (ToD) is a widely accepted Demand side Management (DSM) measure for energy conservation by price. The ToD structure prompts the consumer to change their consumption profile so as to shift their loads during off peak hours when the power is relatively cheaper. ToD tariff encourages the distribution licensees to move towards separation of peak and off-peak tariffs which would help in reducing consumption as well as costly power purchase at the peak time. The Tariff is set in such a way that it inherently provides incentives and disincentives for the use of electricity in different time periods. The basic objective of implementing time of day tariffs is to flatten the load curve over a period of a day resulting in a reduction in the peaking power requirement and also to enhance power requirement during off peak period. Licensees also submitted the load pattern of UP over the last 3 years. The Licensees in view of the same proposed to revise the TOD slabs for peak hours, normal hours and off-peak hours. Licensees have proposed to have separate TOD slabs during summer season (i.e. April to September) and winter season (i.e. October to March).

7.1.15 It has been observed that apart from shifting the timings for the peak hours, normal hours and the off-peak hours, the State Distribution Licensees have also increased the number of hours applicable for the peak period and has reduced the number of hours applicable for off-peak and normal period which will effectively increase the tariff for the consumers. It may be noted that by implementing the ToD Tariff, the peak load gets shifted and the distribution Licensees gain in the form of reduction in power purchase expenses as the additional energy supplied to the consumers during peak hours are typically purchased from a costlier source. The Commission conducted an exercise to study the TOD structure of other states which was considered as one of the input along with the load curve for last three years submitted by the Licensee for determination of optimum peak hours; off peak hours and normal hours for TOD consumers where it found the existing Tariff structure for TOD to be in coherence with the result. The ToD tariff should be a tool only to effectively undertake the DSM measure and flatten the load curve but not as a source of additional revenue. Further, any revision in the ToD Tariff should not have any additional impact on the total revenue as the Distribution Licensees are already getting benefited by better power purchase planning and savings in power purchase expenses. Thus, the Commission is of the view that accepting any substantial modification in the existing TOD structure which would increase the effective tariff of the consumers would not be appropriate and would unduly burden the consumers. The Commission in this Tariff Order has introduced an optional TOD structure for consumers who want to operate at full potential only during the specified night hours (i.e. from 22:00 hrs to 06:00 hrs) with restricted consumption in remaining hours, in addition to the TOD slabs as specified in the Tariff Order for FY 2014-15 which will be applicable for LMV-6 and HV-2 categories. Through introduction of this new optional TOD structure, Commission has encouraged the consumers to actually shift their usage pattern to benefit from higher rebate. The TOD structure has been detailed in the Rate Schedule which is provided subsequently in this Order.

Life-line consumers

7.1.16 Licensees submitted the proposal to restrict the consumption norm for lifeline consumers to 50 units per month keeping fixed charge of Rs. 50 per kW per month and energy charge of Rs. 2.00 per kWh constant thereby abolishing the consumption slab of 51 – 150 units under this category.

7.1.17 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. In spirit of the National Electricity Policy and the approach followed in last year's Order for FY 2014-15 the Commission in this Order, has decided not to change the slabs for the lifeline consumers. However, to ensure that the genuine poor consumers don't get over burdened, the Commission has kept the Tariff for the lower slab constant and has increased the tariff in the higher slab as depicted in the Rate Schedule.

Scheme for advance deposit for future monthly energy bills

7.1.18 The Commission in this Order has introduced provision for Advance Deposit against Payment of monthly future energy bills which would provide the consumer better facility and the consumer will also be entitled to get interest at bank rate as specified by RBI from time to time, for the period during which advance exists for each month. With this the Licensees would also get benefitted by improvement in their working capital requirement / cash flows. The detail of this arrangement of advance deposit against payment of future monthly electricity bills is provided in the rate schedule of this Order.

Rebate on Timely Payment:

7.1.19 The Commission has decided to continue with a rebate of 0.25% to the consumers who pays the bills in time i.e. on or before due date. The consumers having any arrears in the bill shall not be entitled for this rebate. The consumers who have made advance deposit against future energy bills shall also be entitled for this rebate.

Rebate for Prepaid Meters:

7.1.20 In order to encourage the prepaid meters, the Commission has decided to continue the rebate of 1.25% on the Rate of Charge for the consumers having prepaid meters. The detailed Order in the matter of “Fixation of Tariff for Pre-paid Metering” issued on May 11, 2015 by the Commission may be referred in this regard, which is annexed to this order.

Charges for exceeding contracted demand

7.1.21 The Commission has aligned the charges for exceeding the contracted load for the domestic consumers as per the provision of Electricity Supply Code regulations, 2005 as amended from time to time. The relevant changes regarding levy of Charges for exceeding contracted demand has been provided in rate schedule.

Delayed Payment Surcharge / Penalty:

7.1.22 To discourage the late payment of electricity bills the Commission has revised the applicable surcharge / penalty on the late payment of bills to 1.25% per month (based on number of days for which the payment is delayed from the due date) up to first three months. However to penalise the consumers for the delay in payment of energy bills beyond the 3 months delayed payment surcharge would be levied @ 2.00% per month as detailed in the Rate Schedule of this Order.

Single point buyer

7.1.23 As depicted in the Rate Schedule the Commission has decided to continue with a specified maximum limit of 10% for the single point buyer to charge the end consumers over and above the actual Rate & other applicable charges. The Commission may issue a detail Order in this regard and other important matters subsequently.

Rebate for using Solar Water Heater.

7.1.24 Solar Water Heater not only promotes the use of renewable energy but also a measure of Demand Side Management. In order to encourage the use of solar energy which will conserve electricity, the Commission has continued with the rebate to the consumers who installs and uses the solar water heater.

Increase in tariff

7.1.25 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.

One Time Settlement (OTS) Scheme

7.1.26 The Commission feels that the Licensees lose revenue by repeatedly having OTS schemes and also the same discourages the honest consumers. The Distribution Licensees should also understand that OTS scheme is a only a short term measure to generate instantaneous cash flows but the loss of the Discoms in terms of surcharge waiver is always to be borne by the Licensee. Thus, after detailed deliberations on OTS scheme the Commission has decided to abolish the OTS scheme subsequent to applicability of this Order

Rural tariff to rural schedule

7.1.27 The Commission has received grievances from the consumers during the Public Hearing process that they are supplied as per rural schedule however they are charged as per urban tariff. The Commission is of the opinion that consumers getting supply from feeders fed in accordance with rural schedule should be levied rural tariff and consumers getting supply from other feeders should be levied tariff other than rural schedule. Appropriate changes have been made in the Rate Schedule of this Order to address this issue.

Facilitation Charge for Online Payment

7.1.28 With regard to facilitation charges being levied by the Distribution Licensees on the consumers who make payment through internet, the Commission is of the view that as the Distribution Licensees are facing issues like low collection efficiency, lack of meter readers etc., levying such charges would further act as deterrent for the consumers who want to pay through internet. In this regard the Commission initiated a Suo Moto proceeding and directed the Licensee to bear the transaction charge for transaction up to Rs. 4,000.00 for payment through Debit Card or Credit Card in the Order issued on May 29, 2015.

Inclusion of Guest Houses of Govt., Semi-Govt., Public Sector Undertaking and Hospitals & Colleges those are providing free services

7.1.29 The Commission has decided to extend the LMV-4(A) tariff (i.e. Public Institutions) to Guest houses of Government, Semi-Government, and Public

Sector Undertaking Organisations along with Hospitals & Colleges which are providing services free of cost or at the charges not exceeding those of Government operated institutions.

Fuel and Power Purchase Cost Adjustment Surcharge

7.1.30 Considering the submissions made by the Licensees, the Commission has approved revised mechanism for computation of FPPCA. The power purchase expenses being an uncontrollable expense, is pass-through to the consumers, however, the difference between the actual cost of power procurement and the approved power purchase expenses, is being recovered by the Distribution Licensee at the time of truing up. The time lag in recovery of the variation in power purchase expenses adversely affects the financial position of the Distribution Licensee and also puts additional burden on consumers on account of Carrying Cost.

7.1.31 Failure to file FPPCA in a timely manner has many repercussions such as higher accumulated Aggregate Revenue Requirement (ARR) on account of variation in Power Purchase Expenses and the carrying cost, higher increase in Tariff or allowance in the form of Regulatory Surcharge, leading to Tariff shock. Further, the delayed filing of the FPPCA and claiming of the additional power purchase expenses during the Truing-up process also put the burden of such additional power purchase expenses on the new consumers, who may not have been consumers during the respective year

7.1.32 The detailed mechanism for computation of the same has been discussed in this Order.

kVAh Tariff

7.1.33 Introduction of kVAh metering and kVAh tariff is seen as a commercial inducement on consumers to pay lesser electricity bill by ensuring that they do not draw reactive power It suggests that consumers must be billed as per the kVAh (apparent energy) drawl, and not as per the kWh (active energy).

7.1.34 A change to a kVAh tariff is beneficial to non-defaulting consumer as the kVAh tariff is cheaper than the kWh tariff. The Distribution Licensee can benefit through the collection of more revenue from consumers having low power factor loads. Most importantly, the tariff is environmentally friendly due to improved efficiency. This will also prompt the consumers to take the initiative in correcting the power factor, using compensating capacitors at their end.

7.1.35 In order to make the existing system more efficient, the Commission is working on reducing the existing ceiling on contracted load 10 kW / 13.4 BHP for applicability of kVAh tariff which will be notified subsequently by a separate Order.

Minimum Consumption Charges for LMV-2(c) (Non-domestic light, Fan and Power) Category

7.1.36 The Licensee in its Petition for FY 2014-15 had proposed minimum consumption charge for LMV-2(c) category of consumers which was not considered in the Order for FY 2014-15 by the Commission as the Petition was not a part of the original submissions made during the proceedings of the ARR and was not circulated in the public domain by the Licensee.

7.1.37 The Petitioner in its reply to the deficiency note on the Petition filed for determination of ARR for FY 2015-16 has submitted to consider the petition for imposition of minimum consumption guarantee charge for LMV-2(c) category of consumers filed on July 2, 2014 vide Letter No. 1651/RAU/Petition.

7.1.38 State Distribution Licensees has submitted that the minimum consumption charges is strictly not a part of tariff and basically is a mechanism to recover basic minimum charges from all consumers to distribute the burden of fixed cost recovery as uniformly as possible and to deter the consumers indulging in the malpractice of artificially suppressing their consumption through unauthorized means. Minimum consumption charges of Rs. 700.00 have been proposed for LMV-2(c) category of consumers by the State Distribution Licensees for FY 2015-16.

7.1.39 The Commission understands that the consumption pattern of the consumers is not uniform throughout the year and varies seasonally. In view of the same and taking the submission of State Distribution Licensees into consideration appropriate minimum charges have been decided for summer and winter season as detailed in the Rate Schedule.

LMV-5-PTW Consumers

7.1.40 Uttar Pradesh has agrarian economy. To cope up with the growing demand of various means of irrigation for agriculture in the State, electrification of private tube wells has always been of much importance. The GoUP provides support in from of subsidy for these consumers. Under this scheme GoUP allots area wise targets for energisation of Private Tube Wells & accordingly allocates fund for this purpose.

7.1.41 Under System Improvement initiatives the Licensee has submitted to have undertaken Rural Feeder Segregation program to ensure supply as per scheduled hours to the agriculture sector. The State Distribution Licensees in their tariff proposal for FY 2015-16 to the Commission has not proposed any tariff increase for LMV-5 (a) (small power for private tube wells / pumping sets for irrigation purposes) category. During the public hearing process various farmer and farmer associations requested the Commission not to make any tariff hike in light of the draught and unseasonal rains that have destroyed the crops.

7.1.42 The Commission after considering the submission made by Licensee and the rustic condition of the farmers in the State, has decided not to increase the tariff of the consumers getting supply under rural schedule of the LMV-5 category.

Applicability of tariff category:

7.1.43 The Commission has observed that there is overlap in the provisions as defined in the rate schedule of FY 2014-15 and Electricity Supply code Regulations, 2005, as amended from time to time, regarding the contracted load for applicability of HT or LT tariff.

7.1.44 As per the Tariff Order for FY 2014-15, eligible contracted load as per applicability of tariff for the few category is less-than/ upto / above 75 kW(100 HP). However, as per clause 3.2(ii)(b) “Classification of Supply” of the Electricity Supply Code Regulations, 2005 “Contracted load exceeding 56 KVA and up to 3000 KVA should be given supply at 3 Phase at 6.6 / 11 kV”.

7.1.45 The Commission has continued the provision of applicability of tariff category as per contracted load as per the rate schedule of Tariff Order for FY 2014-15 in this Tariff Order. However, the Commission is working towards aligning the provision of the rate schedule defined in this tariff order and provisions of the Electricity Supply Code Regulations 2005 and may issue a separate Order in this regard.

7.1.46 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 . 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 2013-14 and ARR approval for FY 2015-16. 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 the Commission, in its Tariff Orders dated October19, 2012, May 31, 2013 and October 1, 2014 has allowed carrying cost of regulatory asset at weighted average SBI-PLR on monthly compounding basis. Based on the same principles it has 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).

8.1.4 Accordingly, the Commission approves the interest rate for computation of carrying cost to be allowed to the Petitioner based on the interest rate used for computation of interest on working capital as discussed in this order.

8.1.5 Based on the approved % interest rate for computation 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 :: REVENUE GAP ANALYSIS (Rs. Crore)

Particulars	FY 2013-14 (Approved)	FY 2014-15 (Approved in Order dated 1st October, 2014)	FY 2015-16 (Approved)
Annual Revenue Requirement	684.80	836.17	1,121.76
Revenue at applicable / approved Tariff (without regulatory surcharge)	754.11	818.94	1,103.00
Revenue from Regulatory Surcharge	22.37	71.03	88.07
Revenue gap from previous years	593.34	565.80	576.70
Carrying cost	64.13	64.70	67.76
Revenue Gap carried forward	565.80	576.70	575.14

8.1.6 From the above table the Commission observes that after revision of tariff including regulatory surcharge approved vide Tariff Order dated October 1, 2014, the recovery of regulatory asset has still not completed. The revenue gap carried forward for FY 2015-16 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 2015-16 including revenue gap for previous years and including carrying costcould 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 October 1, 2014 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 2015-16.**

8.3 FUTURE POWER 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. 3.74 per unit in FY 2013-14. Currently, the power procurement is being carried out through 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 is also concerned about 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 as soon as possible and as per the final direction of the Commission in this matter pending before the Commission.

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 PROCUREMENT FROM 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;
- 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 NPCL is directed to complete all the perquisites as specified in the Multi Year Distribution Tariff Regulations, 2014 issued by the Commission 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 as amended from time to time.

9.9.2 NPCL may also establish its own generating plant based on Renewable Energy sources to fulfill 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 2014-15. The status of compliance to directives by Licensee is provided in table below.

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance as submitted by Petitioner in Petition	Commission's Direction
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	The Company published notice in newspapers (The Times of India and The Economic Times) on 29th November 2014, inviting Bids from Generators, Captive Power Plants, Licensed Power Traders, State Utilities and Distribution Licensees from all over India for procurement of power on Short Term basis for meeting its power requirements from April 2015 to March 2016. The details of bids received and recommendation of the Bid Evaluation Committee has already been submitted to the Commission vide Petition no. 996/2014 for approval.	The issue of long term PPA is pending before the Commission. The Licensee is directed to enter into a Long term PPA as soon as possible as per the outcome of this matter.

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance as submitted by Petitioner in Petition	Commission's Direction
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	The petitioner has already been providing the details of CGRF on its bills. Further, as directed, the details of the CGRF's meetings have also been uploaded on its website.	
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	Infrastructure Development The petitioner has duly complied with the directions of the Hon'ble Commission issued under minutes of meeting held on August 13, 2014, while UPTCL/ UPSLDC is still to provide relevant approvals / NoC in this regard. A status update on the same had also been filed with Hon'ble Commission vide our letter dated October 10, 2014. Public Hearing Advertisement The Company published advertisement consecutively for two days in two newspapers widely circulated in the District as required by the Hon'ble Commission. The notification of the Public Hearing was also put-up on the website of the Company. As regard selection of location for next public	The Financial Audit and audit of its Sales and power purchase should be undertaken as per direction of the Commission given in this order

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance as submitted by Petitioner in Petition	Commission's Direction
			hearing, the Company will decide the same in consultation with the Hon'ble Commission. Financial Audit and audit of its Sales and power purchase Proposal submitted to the Hon'ble Commission vide its letter dated 5th November 2014 for approval. Post approval of the same necessary action will be taken in this regard.	
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 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	1 Month	The Company managed to procure 7.16 MUs from non-solar source in Apr'14 and May'14. Apart from the above, the Company had discussions with various generators / traders for procurement of renewable energy. However, the Company, being an embedded entity in U.P. Transmission System, due to high landed cost of power (Rs. 5.90 to 6.90 per unit), the deals could not fructify. The Company has also published advertisement on 27.10.2014 in The Times of India and The Economic Times to procure RE power. The last date of bid submission is 09.11.2014. Not even a single bid was received.	The Licensee should comply with the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 and procure sufficient power

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance as submitted by Petitioner in Petition	Commission's Direction
	within 1 month of this Order.		Further, Greater Noida Industrial Development Authority (GNIDA) is contemplating to install solar plant of 1MWp capacity at the riverbed of Hindon River. It has asked the Company to enter into a PPA for this purpose. The Company will take the permission from the Hon'ble Commission once it receives formal offer from GNIDA.	to fulfill its RPO.
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.	The company has initiated steps towards converting all unmetered customers into metered ones.	The Licensee should convert all the unmetered consumers into metered consumers as per direction of the Commission.
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	1 Month	The company has made sufficient arrangement of requisite power for its consumers, however, due to non-release of open access as per requirement of the Company by UPSLDC / UPPTCL, such power could not be wheeled.	

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance as submitted by Petitioner in Petition	Commission's Direction
	submit a detailed note on the same within 1 month of this Order.			
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.	The Petitioner has submitted the fixed asset register to the Hon'ble Commission vide letter P-77 A/2013/086 dated 16th October 2014	
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	The Company has always taken initiatives to provide network and power commensurate with the demand of the consumers. However, at the same time the Company also appreciates DSM techniques to conserve the precious energy & environment. A lot of projects have been taken up in this regard, which were initiated way-back in FY 2002-03 along with USAID, specially the widely acclaimed project "Energy Conservation and Commercialization". The petitioner has already formed a DSM cell in accordance with DSM Regulations 2014 and has undertaken DSM measures as detailed below –	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

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance as submitted by Petitioner in Petition	Commission's Direction
			Installation of Roof-top Solar power cell; Rearrangement of weekly offs; Promotion of Replacement of conventional pumps with energy efficient pumps; Promotion of use of CFL/ LEDs; Pursuing with local area development authority for replacement of LEDs street lights; Education and awareness regarding energy conservation, It is pertinent to mention here that the DSM Measures being undertaken are mostly socio-economic in nature and it may not be feasible to determine the direct cost benefit in each and every case in monetary terms. However, wherever possible, the Company shall endeavor to provide the Cost Benefit analysis of the DSM measure to the Hon'ble Commission. Therefore, the Cost Benefit analysis of Roof-top Solar power cell is provided as Annexure-18 for the	it.

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance as submitted by Petitioner in Petition	Commission's Direction
			perusal of the Hon'ble Commission.	
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	Despite continuous efforts, UPPTCL / UPSLDC is still withholding release of standing clearance / NoC for participating in the Power Exchange.	
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 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.	As per the timelines specified in the MYT Regulation, 2014.	NPCL has requested the Commission to specify the parameters for which the study is to be undertaken in line with Regulation 4.2.1 of the MYT Regulations, 2014 Validation of status of Meters, Load and Consumer classification NPCL has submitted that it has good track recoerd of timely filing of its ARR Petitions and other submission doesn't need to carry any "Overhaul Exercise" and any such exercise if made mandatory would only lead to wasteful labour and expenditure. It has requested the Commission to exclude	NPCL is directed to complete all the perquisites as specified in the MYT Regulations in time and submit the details to the Commission as per the timelines specified therein.

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance as submitted by Petitioner in Petition	Commission's Direction
			NPCL from the purview of Regulation 16.2 of the MYT Regulations, 2014. Roadmap for reduction of Cross Subsidy NPCL has requested the Commission to determine a trajectory of reduction in cross subsidy ratio, so determined, along with the timelines to achieve the target ratio as well based on the consumer mix, tariff shock to the affected consumers, subsidy support provided by the State Government, cost of alternate supply, future increases in distribution and retail costs. Further based on the consumption limits to be subsidized it has requested the Commission to determine the slabs to be introduced in the subsidised consumer category in order to recover cost of supply from high-end consumers.	

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 are given in the table below:

Table :: 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 as soon as possible and also submit the status of the same within 2 months from the date of this Order.	2 Months
2	The Commission directs the Licensee to submit data related to its peak demand and off peak demand in MW along with its sales projections in accordance with Clause 3.1.4 of the Distribution Tariff Regulations.	Along with the petition for FY 2016-17
3	The Commission directs the Petitioner to ensure to convert all the unmetered consumers into metered consumers as soon as possible and submit quarterly report on status of unmetered consumers in its licensee area.	Each quarter of FY 2015-16
4	As regards the RPO Obligation the Licensee is directed to ensure that it should procure renewable energy in accordance with Regulation 4 of the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 during FY 2015-16 to meet their obligation.	Next ARR filing
5	As regards the choice of connection, the Licensee, in accordance with the provisions of the supply code wherein the consumer has the choice to opt the supplier, is directed to release connections to all such consumers who desire to disconnect their connections from the single point supplier and instead wish to take connections directly from the Licensee and submit the status report on the same along with next ARR filing	Next ARR filing

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order
6	The Distribution Licensees are directed to submit the actual Regulatory Surcharge recovered in FY 2014-15 and FY 2015-16 on account of the Revenue Gap / Regulatory Asset admitted by the Commission in this Order	For FY 2014-15 By 15th July, 2015 For FY 2015-16 By 15th April, 2016
7	The Commission directs the Licensee to evolve principles for prudent segregation of ARR towards wheeling function and retail supply function embedded in the distribution function in accordance with Clause 2.1.2 of the Distribution Tariff Regulations.	As per the Time frame stipulated in MYT Regulations, 2014
8	The Commission directs the Licensee to submit a long term business plan in accordance with Clause 2.1.7 of the Distribution Tariff Regulations. The Licensee in such business plan shall identify capex projects for the ensuing year and subsequent four years and submit detailed capital investment plan along with a financing plan for undertaking the identified projects in order to meet the requirement of load growth, refurbishment and replacement of equipment, reduction in distribution losses, improvement of voltage profile, improvement in quality of supply, system reliability, metering, communication and computerization, etc.	As per the Time frame stipulated in MYT Regulations, 2014
9	The Commission directs the Licensee to conduct benchmarking studies to determine the desired performance standards in accordance with Clause 2.1.8 of the Distribution Tariff Regulations.	As per the Time frame stipulated in MYT Regulations, 2014

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order
10	The Petitioner should file its Annual ARR/ Tariff Petition for FY 2016-17 as per the Regulations 12.2, 12.7, 12.8, 12.9 notified vide MYT Regulations, 2014	As per the Time frame stipulated in MYT Regulations, 2014
11	The Petitioner should complete the Assessment Study of metered consumers as per the Regulations16.2 notified vide MYT Regulations, 2014 and subsequently submit the report to the Commission	As per the Time frame stipulated in MYT Regulations, 2014
12	The Petitioner should complete the Assessment Study of un-metered consumers to establish base line norms as per the Regulations17.1 notified vide MYT Regulations, 2014 and subsequently submit the report to the Commission	As per the Time frame stipulated in MYT Regulations, 2014
13	The Petitioner should complete the Study of Agriculture feeders segregated and not segregated in significant numbers to determine base line norms as per the Regulations17.2, 17.3 notified vide MYT Regulations, 2014 and subsequently submit the report to the Commission	As per the Time frame stipulated in MYT Regulations, 2014
14	The Commission reiterates that the Licensees should conduct a detailed study to provide accurate and effective consumption norms as specified by the Commission in its earlier Orders and as per the provisions outlined in Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 in the time bound manner.	As per the Time frame stipulated in MYT Regulations, 2014

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order
15	The Petitioner should submit Incremental Power Purchase Cost as per the Regulations 20.1 notified vide MYT Regulations, 2014 and subsequently submit the report to the Commission	Within 28 days of quarter end , for each quarter of Tariff Period 1.4.2015 to 31.3.2020
16	The Petitioner should submit Roadmap for Reduction of Cross Subsidy as per the Regulation 39 notified vide MYT Regulations, 2014	Within 2 months
17	Licensee should provide online facility for submission of application for new connection, name change, load enhancement and load reduction	Within 3 months
18	Licensee should develop the mobile application for online payments of bills including other services for facilitation to consumers	Within 3 months
19	The Petitioner should submit Standards of Performance parameters as per the tariff formats of Distribution Tariff Regulations, 2006	Within three month from issue of this Order
20	The Commission directs the Petitioner to frame guidelines and procedures for identifying, physically verifying and writing off the bad debts and also to fix responsibility of its employees in this regard and submit the same to the Commission for its approval	Within three months of issue of this Order

10.1.4 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.

10.1.5 The Commission directs the Licensee to follow the directions scrupulously and send the periodical reports by 30th of every month about the compliance of these directions in the format titled 'Action Taken Report on the Directions Issued by the Commission' provided at Annexure - of this Order.

12. 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 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 unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.

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

Place: Lucknow

Date: June 18, 2015

13. ANNEXURES

13.1 ANNEXURE: LIST OF ATTENDEES WHO HAVE ATTENDED PUBLIC HEARING AT SITAPUR, ORAI, GAZIABAD AND GORAKHPUR

LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT SITAPUR

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
1	Shri Sahaj Ram	Consumer
2	Shri Sita Ram	Consumer
3	Shri Hooripal	Consumer
4	Shri Ramgopal	Consumer
5	Shri Ramchandra	Consumer
6	Shri Bagu Ram	Consumer
7	Shri Ram vereyan	Consumer
8	Shri Ramlakhan	Consumer
9	Shri Rakesh Goyel	Consumer
10	Shri P.N. Kalki	Consumer
11	Shri Umes Pandey	Consumer
12	Shri Pankaj Bajpai	Consumer
13	Shri Dinesh	Consumer
14	Shri Vijay Bansal	Consumer
15	Shri Amit Bhargava	Director (Tariff), UPERC
16	Shri Saurabh Garg	Consultant, UPERC
17	Shri Abinash Agrawal	Consultant, UPERC
18	Shri Subrat Swain	Consultant, UPERC
19	Shri S.B. Srivastava	PuVVNL
20	Shri S.K. Verma	LESA
21	Shri Anwar	Consumer
22	Shri R.S. Pandey	Consumer
23	Shri Madhusudan Raizada	Consultant, UPERC
24	Shri Pradeep Tandon	Director (Technical), MVVNL
25	Shri Pramod Khandalkar	Director (Commercial), UPPTCL
26	Shri Mohit Goyal	Consultant, UPPCL
27	Shri Sayed Abbaj Rizvi	UPPCL
28	Shri Manoj Jain	NPCL
29	Shri A.K. Arora	NPCL
30	Shri S. Joshi	UPPCL

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
31	Shri S.K. Bhattacharya	UPPTCL
32	Shri Shaitendra Grav	UPPTCL
33	Shri S.K. Chaurasya	UPPTCL
34	Shri Ramesh Kumar	KESCO
35	Shri Jay Jay Ram Pandey	CGRF
36	Shri Nisar Ahmad	CGRF
37	Shri Ashok Mishra	CGRF
38	Shri Deepak Kumar	CGRF
39	Shri R.K.S. Singer	Mohali Sagar Mill
40	Shri Sohan Prasad	UP State Suger Corporate Ltd.
41	Shri Lovkush Yadav	Consumer
42	Shri Lallan Bajpai	Consumer
43	Shri K.K. Dixit	Consumer
44	Shri Shehslesh	Consumer
45	Shri V.K. Nigam	CGRF
46	Shri P.K. Diwedi	Consumer
47	Shri Akhil Kumar	Consumer
48	Shri Nakul	CGRF
49	Smt. Richa Dixit	CGRF
50	Shri Vivek	CGRF
51	Shri Abhishek Srivastava	CGRF
52	Shri A.K. Agarwal	CGRF
53	Shri Ram Shebrli	MVVNL
54	Shri Hari Prakash	MVVNL
55	Shri N.K. Srivastava	MVVNL
56	Shri A.K. Singh	MVVNL
57	Shri R.P. Singh	PVVNL
58	Shri R.K. Verma	UPPCL
59	Shri S.K. Singh	UPPTCL
60	Shri V.K. Sharma	UPPCL
61	Shri Ashutosh Kumar	MVVNL
62	Shri Mohit	MVVNL
63	Shri Ram Saran	MVVNL
64	Shri Svdesh Gupta	NBT
65	Shri Chandra Sekhar	MVVNL
66	Shri G. Dhupriyar	Consumer
67	Shri Sudhir Kumar	Consumer

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
68	Shri Satesh Kumar	Consumer
69	Shri K.D. Nishad	Consumer
70	Shri S.K. Verma	Consumer
71	Shri Ashutosh Pandey	Consumer
72	Smt Beena Pandey	Consumer
73	Shri Santosh Mishra	Consumer
74	Shri Ujjawal Srivastava	Consumer
75	Shri Kanti Prakash	Consumer
76	Shri Raju Gautam	Consumer
77	Shri Janab Khan	Consumer
78	Shri Akhilesh Chandrashekher	Consumer
79	Shri Gopal Tandan	Consumer
80	Shri Rahul Jaiswal	Consumer
81	Shri Mahesh Sharma	Consumer
82	Shri Pradeep Kumar	Consumer
83	Shri Indu Singh Chauhan	Consumer
84	Shri Deepti Mishra	Consumer
85	Shri G.C. Mishra	Advocate
86	Shri R.C. Verma	UPPCL
87	Shri A.K. Singh	MVVNL
88	Shri A.K. Kaushal	MVVNL
89	Shri K.P. Khan	MVVNL
90	Shri M.K. Jaiswal	Consumer
91	Shri A.N. Singh	MVVNL
92	Smt Maya Devi	Consumer
93	Shri Shivakant Tripathi	Consumer
94	Shri Chandra Prakash Awasthi	Consumer
95	Shri K.K. Mishra	Consumer
96	Shri R.P. Sharma	Consumer
97	Shri Ajay Singh	Consumer
98	Shri Sachhidanand	Consumer
99	Shri Shiv Balak	Consumer
100	Shri Bhawgoti Prasad	Consumer
101	Shri V.K. Gupta	Consumer
102	Shri DevBhanu Singh	Consumer

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
103	Shri Sunil Singh Gour	Consumer
104	Shri Servesh Pandey	Consumer
105	Shri Kisori Lal Srivastava	Consumer
106	Shri Sudhir Shukla	Consumer
107	Shri Satish Tiwari	Consumer
108	Shri Saral Kumar	Consumer
109	Shri Atul Gupta	Consumer
110	Shri Ganpati	Consumer
111	Shri Sagar Sharan Bhargava	Consumer
112	Shri Ram Chandra	Consumer
113	Shri PyareLal	Consumer
114	Shri Yogendra Nath Mishra	Consumer
115	Shri SidheShwri Devi	Consumer
116	Shri Amardeep Singh	Consumer
117	Shri Rama pati	Consumer
118	Shri Kamlesh Kumar	Consumer
119	Shri Satrohan Lal	Consumer
120	Shri Shri Ram	Consumer
121	Shri Ashok Yadav	Consumer
122	Shri Om Prakash Mishra	Amar Ujala
123	Shri Ram Prakash ken	Consumer
124	Shri Amit Srivastava	Consumer
125	Shri J.B. Singh	Consumer
126	Shri Satyapal	Consumer
127	Shri S.P. Pal	Consumer
128	Shri Ravi Kumar	Consumer
129	Shri V.P. Verma	Consumer
130	Shri Mukesh Kumar	Consumer
131	Shri Umesh Pandey	Consumer
132	Shri Prem Agarwal	Consumer
133	Shri Asheesh Mishra	Consumer
134	Shri Tushar Sahani	Consumer

List of Persons who attended Public Hearing at Sitapur on April 9, 2015		
Sl. No.	**Name**	**Organisation**
135	Shri Ram Narayan	Consumer
136	Shri Lalta Prashad	Consumer
137	Shri Kali Chaaran	Consumer
138	Shri Tanveer Alam	Consumer

LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT IN GHAZIABAD

List of Persons who attended Public Hearing at Ghaziabad on April 15, 2015		
Sr. No.	**Name**	**Organisation**
1	Shri Rajpal Singh	Consumer
2	Shri Sushil Agarwal	Consumer
3	Shri Anil Pandit	Consumer
4	Shri Atul Sharma	Consumer
5	Shri Veerpal Malik	Consumer
6	Shri S.K. Mahrotra	Consumer
7	Shri Davandra Malik	Consumer
8	Shri Ram Prasad Singh	Consumer
9	Shri Anil Kumar Bharti	Consumer
10	Shri Narendra Kumar	Consumer
11	Shri P.K. Gupta	Consumer
12	Shri Awadh Narayan Singh	Consumer
13	Shri S.P. Sharma	Consumer
14	Shri Z. Rehman	Consumer
15	Shri Visharash Gupta	Consumer
16	Shri V.K. Mittal	Consumer
17	Shri Lalit Kumar Gupta	Consumer
18	Shri Amit Bhargava	Director (Tariff), UPERC
19	Shri Vivek Sharma	Consumer
20	Shri Ravi Bansal	Consumer
21	Shri Mittal Bman	Consumer
22	Shri Ajay Chauhan	Consumer
23	Shri Rajeev Yadav	Consumer
24	Shri Vijay Karan	Consumer
25	Shri Sabir Malik	Consumer
26	Shri Boblu Chaudhry	Consumer
27	Shri Mohit Goyal	Aligarh Rolling Mills
28	Shri Omdutt Gupta	Consumer
29	Shri Rajeev Mahrotra	Consumer
30	Shri Vipendra Sudha Valimiki	Consumer

List of Persons who attended Public Hearing at Ghaziabad on April 15, 2015		
Sr. No.	**Name**	**Organisation**
31	Shri N.K. Puri	Consumer

LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT ORAI

List of Persons who attended Public Hearing at Orai on April 21, 2015		
Sr. No.	**Name**	**Organisation**
1	Shri Dileep Singh	CGRF
2	Shri Vinod Kumar	CGRF
3	Shri M. Gufran	UPPCL
4	Shri Kishor Kumar Sharma	DVVNL
5	Shri R.L. Yadav	DVVNL
6	Shri R.D. Yadav	UPPTCL
7	Shri S.K. Chaursiya	UPPTCL
8	Shri G.R. Ambwani	Consumer
9	Shri A.K. Arora	NPCL
10	Shri A.K. Pandey	KESCO
11	Shri Amit Bhargava	Director (Tariff), UPERC
12	Shri R.K. Trivedi	CGRF
13	Shri Arun Kumar	CGRF
14	Mohd Saif islam	DVVNL
15	Shri Ram Krishna	Consumer
16	Shri Sanjeev Rana	PVVNL
17	Shri Rakesh Kumar	Consumer
18	Shri Prashant Singh	Consumer
19	Shri V.K. Verma	Consumer
20	Shri Deepak Singh	KESCO
21	Shri Gurdeep Singh	KESCO
22	Shri Desh Raj	Consumer
23	Shri Pradyuman Tripthi	KESCO
24	Shri D.Paehose	DVVNL
25	Shri Er. Ramesh Kumar	Consumer
26	Shri A.K.S	KESCO
27	Shri Pankaj Saxena	KESCO
28	Shri D.C. Verma	Consumer
29	Shri Saurabh Garg	ABPS-Consultant, UPERC
30	Shri Abhinas Agarwal	ABPS-Consultant, UPERC

List of Persons who attended Public Hearing at Orai on April 21, 2015		
Sr. No.	Name	Organisation
31	Shri Hemant Tiwari	Consumer
32	Shri G.K. Singh	KESCO
33	Shri Vinod Kumar	KESCO
34	Shri Manoj Kumar Agrahari	KESCO
35	Shri Vishnu Kumar	CGRF
36	Shri Rakesh Srivastava	Consumer
37	Shri Santosh Kumar	KESCO
38	Shri Narendra	Consumer
39	Shri Taran Veer Singh	Consumer
40	Shri S.S. Prasad	Consumer
41	Shri Adarsh Kumar Kaushal	MVVNL
42	Shri K.P. Khan	MVVNL
43	Shri Sunit Kumar	Consumer
44	Shri G.C. Jha	KESCO
45	Shri S.B. Verma	KESCO
46	Shri R.B. Singh	CGRF
47	Shri R.B. Chandai	Consumer
48	Shri Tirthankar Sarkar	Hindustan United ltd
49	Shri Manish Gupta	Consumer
50	Shri Udai Chauhan	Hindustan United ltd
51	Shri Yogesh Agarwal	Rimjim Ispat Ltd.
52	Shri Harikesh	Consumer
53	Shri V.N. Kumar	Consumer
54	Shri Vijay Singh	Consumer
55	Shri Arun Kumar Sexsena	Consumer
56	Shri Sahav Singh Chauhan	Consumer
57	Shri Rajveer Singh	Consumer
58	Shri Balram Singh	Consumer
59	Shri Surendra Singh	Consumer
60	Shri jagdish Tiwari	Consumer
61	Shri Pravesh Kumar	Consumer
62	Shri P.M. Prabhakar	Consumer
63	Shri M. Gufran	Consumer
64	Shri Balkesh Rajput	Consumer
65	Shri Rajeev Singh	Consumer
66	Shri Harikarn Gupta	Consumer
67	Shri Ajay Gupta	Consumer

List of Persons who attended Public Hearing at Orai on April 21, 2015		
Sr. No.	Name	Organisation
68	Shri Ajay Kumar	Consumer
69	Shri G.D. Diwedi	Consumer
70	Moh. Israr ahmad	Consumer
71	Shri Ram Prakas	Consumer
72	Shri Shivam Kumar	Consumer
73	Shri Rajesh	Consumer
74	Shri Mahendra Kumar Verma	Consumer
75	Shri Shyam Baran Singh	Consumer
76	Shri Rajendra Kumar Yadav	Consumer
77	Shri Pramod Kumar	Consumer
78	Shri Anil Kumar	Consumer
79	Shri Bhupendra Kumar	Consumer
80	Shri Ramesh Rajput	Consumer
81	Shri Dilip Kumar Verma	Consumer
82	Smt Kishori Devi	Consumer
83	Shri Kailash Singh Yadav	Consumer
84	Shri Babu Lal	Consumer
85	Shri Kamar Khan	Consumer
86	Shri Amir Khan	Consumer
87	Shri Ankur Khan	Consumer
88	Shri Ankur Tiwari	Consumer
89	Shri Surendra Kumar	Consumer
90	Shri Vijay Krishna Gupta	Consumer
91	Shri Ajay Kumar	Consumer
92	Shri B.K. Chaudhary	Consumer
93	Shri Virendra Kumar Verma	Consumer
94	Shri Santosh Kumar	Consumer
95	Shri Rakesh Singh	Consumer

LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING AT GORAKHPUR

List of Persons who attended Public Hearing at Gorakhpur on April 27, 2015		
Sr. No.	Name	Organisation
1	Shri S.P. Pandey	PVVNL
2	Shri D.K. Singh	UPPCL
3	Shri Ravindra Kumar	PVVNL

List of Persons who attended Public Hearing at Gorakhpur on April 27, 2015		
Sr. No.	**Name**	**Organisation**
4	Shri Akhil	PVVNL
5	Shri S.P. Tripathi	PVVNL
6	Shri Sudhanshu Diwedi	PuVVNL
7	Shri Amit Bhargava	Director (Tariff), UPERC
8	Shri Ajit Singh	PuVVNL
9	Shri Vivek Dekshit	UPPCL
10	Shri Sanjay Kumar Singh	UPPCL
11	Shri A.K. Singh	PuVVNL
12	Shri O.P. Gupta	PuVVNL
13	Shri L.B. Sharma	PuVVNL
14	Shri G.C. Dwivedi	Consumer
15	Shri B.R.S. Chauhan	Consumer
16	Shri A.K. Singh	Consumer
17	Shri C.P. Gupta	Consumer
18	Shri Sanjay Yadav	Consumer
19	Shri M.N. Goyal	Consumer
20	Shri V.K. Singh	Consumer
21	Shri Dheeraj Singh	Consumer
22	Shri A.K. Arora	NPCL
23	Shri Ramesh Kumar	KESCO
24	Shri Mohit Goyal	UPPCL
25	Shri D.K. Lal	Consumer
26	Shri Rajat Jureja	Consumer
27	Shri Ashok Kumar	Consumer
28	Shri Pradyuma Tripathi	PuVVNL
29	Shri B.L. Anand	Consumer
30	Shri Sanjay Kumar Singh	Consumer
31	Shri Subodh Verma	Consumer
32	Shri Vishal Mishra	Consumer
33	Shri S.A. Rizvi	UPPCL
34	Shri Pradeep Kumar	Consumer
35	Shri Rajesh Ranjan Singh	Consumer
36	Shri S. Joshi	Consumer
37	Shri R.A.P	Consumer
38	Shri Khalil Fazal	Consumer
39	Shri MK Gaur	Consumer
40	Shri Ram Sharda	MVVNL
41	Shri Vinod Kumar	Consumer

List of Persons who attended Public Hearing at Gorakhpur on April 27, 2015		
Sr. No.	**Name**	**Organisation**
42	Shri Lalit Kumar	Consumer
43	Shri Sudhir Rastogi	MVVNL
44	Shri V.P. Singh	Consumer
45	Shri V.K. Singh	Consumer
46	Shri A.K. Singh	Consumer
47	Shri B. Prasad	Consumer
48	Shri H.R. Azmi	Consumer
49	Shri Ghanshyam Mishra	Consumer
50	Shri S.P.N. Singh	Consumer
51	Shri Lal Chand Rai	Consumer
52	Shri Rajesh Kumar Prajapati	Consumer
53	Smt. Neeti Mishra	Consumer
54	Shri Mahendra Mishra	Consumer
55	Shri A.K. Chaudhary	Consumer
56	Shri A.K. Singh	Consumer
57	Shri Ajay Kumar Singh	Consumer
58	Shri Ashish	Consumer
59	Shri Shachindra Jaiswal	Consumer
60	Shri R.N. Mishra	Consumer
61	Shri Avinash Kumar Singh	Consumer
62	Shri Krishna Kuamr	Consumer
63	Shri Bipin Kumar Singh	Consumer
64	Shri C.K. Chaurasiya	UPPCL
65	Shri Hemant Kumar Singh	UPPCL
66	Shri Abhishek Singh	UPPCL
67	Shri Naveen	UPPCL
68	Shri Akanksha Jaiswal	UPPCL
69	Shri Er. S.K. Singh	UPPCL
70	Shri Arush Kumar Rahman	UPPCL
71	Shri P. Ram	Consumer
72	Shri M.N. Bharti	Consumer
73	Shri Nagendra Nath	Consumer
74	Shri Satya Prakash Singh	Consumer
75	Shri RamJanak Singh	Consumer
76	Shri Vinod kumar Srivastava	Consumer
77	Shri Nitin Kumar Gupta	Consumer
78	Shri Mohd. Rizwan Siddiqui	Consumer

List of Persons who attended Public Hearing at Gorakhpur on April 27, 2015		
Sr. No.	**Name**	**Organisation**
79	Shri Sanjay Kumar Yadav	Consumer
80	Shri Yesh hural Verma	Consumer
81	Shri K.L. Yadav	Consumer
82	Shri Kamlesh Kumar	Consumer
83	Shri Mrityunjaya Sharma	Consumer
84	Shri Mukesh Kumar	Consumer
85	Shri R.C. Yadav	Consumer
86	Shri A.K. Chaudhary	Consumer
87	Shri Girish Chaube	Consumer
88	Shri Bhagesh wari gupta	Consumer
89	Shri Gaurav Singh	Consumer
90	Shri Kush Singh	Consumer
91	Shri Bharat Tiwari	Consumer

13.2 ANNEXURE: ACTION TAKEN REPORT ON THE DIRECTIONS ISSUED BY THE COMMISSION IN THE ARR / TARIFF ORDER FOR FY 2015-16

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance
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 Commission directs the Licensee to submit data related to its peak demand and off peak demand in MW along with its sales projections in accordance with Clause 3.1.4 of the Distribution Tariff Regulations.	Along with the petition for FY 2016-17	
3	The Commission directs the Petitioner to ensure to convert all the unmetered consumers into metered consumers as soon as possible and submit quarterly report o status of unmetered consumers in its licensee area.	Each quarter of FY 2015-16	
4	As regards the RPO Obligation the Licensee is directed to ensure that it should procure renewable energy in accordance with Regulation 4 of the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 during FY 2015-16 to meet their obligation.	Next ARR filing	

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance
5	As regards the choice of connection, the Licensee, in accordance with the provisions of the supply code wherein the consumer has the choice to opt the supplier, is directed to release connections to all such consumers who desire to disconnect their connections from the single point supplier and instead wish to take connections directly from the Licensee and submit the status report on the same along with next ARR filing	Next ARR filing	
6	The Distribution Licensees are directed to submit the actual Regulatory Surcharge recovered in FY 2015-16 on account of the Revenue Gap / Regulatory Asset admitted by the Commission in this Order	By 15th April, 2016	
7	The Commission directs the Licensee to evolve principles for prudent segregation of ARR towards wheeling function and retail supply function embedded in the distribution function in accordance with Clause 2.1.2 of the Distribution Tariff Regulations.	As per the Time frame stipulated in MYT Regulations, 2014	
8	The Commission directs the Licensee to submit a long term business plan in accordance with Clause 2.1.7 of the Distribution Tariff Regulations. The Licensee in such business plan shall identify capex projects for the ensuing year and subsequent four years and submit detailed capital investment plan	As per the Time frame stipulated in MYT Regulations, 2014	

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance
	along with a financing plan for undertaking the identified projects in order to meet the requirement of load growth, refurbishment and replacement of equipment, reduction in distribution losses, improvement of voltage profile, improvement in quality of supply, system reliability, metering, communication and computerization, etc.		
9	The Commission directs the Licensee to conduct benchmarking studies to determine the desired performance standards in accordance with Clause 2.1.8 of the Distribution Tariff Regulations.	As per the Time frame stipulated in MYT Regulations, 2014	
10	The Petitioner should file its Annual ARR/ Tariff Petition for FY 2016-17 as per the Regulations 12.2, 12.7, 12.8, 12.9 notified vide MYT Regulations, 2014	As per the Time frame stipulated in MYT Regulations, 2014	
11	The Petitioner should complete the Assessment Study of metered consumers as per the Regulations16.2 notified vide MYT Regulations, 2014 and subsequently submit the report to the Commission	As per the Time frame stipulated in MYT Regulations, 2014	
12	The Petitioner should complete the Assessment Study of un-metered consumers to establish base line norms as per the Regulations17.1 notified vide MYT Regulations, 2014 and	As per the Time frame stipulated in MYT Regulations,	

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance
	subsequently submit the report to the Commission	2014	
13	The Petitioner should complete the Study of Agriculture feeders segregated and not segregated in significant numbers to determine base line norms as per the Regulations17.2, 17.3 notified vide MYT Regulations, 2014 and subsequently submit the report to the Commission	As per the Time frame stipulated in MYT Regulations, 2014	
14	The Commission reiterates that the Licensees should conduct a detailed study to provide accurate and effective consumption norms as specified by the Commission in its earlier Orders and as per the provisions outlined in Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 in the time bound manner.	As per the Time frame stipulated in MYT Regulations, 2014	
15	The Petitioner should submit Incremental Power Purchase Cost as per the Regulations 20.1 notified vide MYT Regulations, 2014 and subsequently submit the report to the Commission	Within 28 days of quarter end , for each quarter of Tariff Period 1.4.2015 to 31.3.2020	

Sr. No.	Description of Directive for NPCL	Time Period for Compliance from the date of issue of the Tariff Order	Status of Compliance
16	The Petitioner should submit Roadmap for Reduction of Cross Subsidy as per the Regulation 39 notified vide MYT Regulations, 2014	Immediately	
17	Licensee should provide online facility for submission of application for new connection, name change, load enhancement and load reduction	Within 3 months	
18	Licensee should develop the mobile application for online payments of bills including other services for facilitation to consumers	Within 3 months	
19	The Petitioner should submit Standards of Performance parameters as per the tariff formats of Distribution Tariff Regulations, 2006	Within one month from issue of this Order	
20	The Commission directs the Petitioner to frame guidelines and procedures for identifying, physically verifying and writing off the bad debts and also to fix responsibility of its employees in this regard and submit the same to the Commission for its approval	Within three months of issue of this Order	

RATE SCHEDULE FOR FY 2015-16

13.3 ANNEXURE: RATE SCHEDULE FOR FY 2015-16

RETAIL TARIFFS FOR FINANCIAL YEAR 2015-16:

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 the purpose of billing below 10 kW load, the fixed charge will be computed on the basis of contracted load in kW and energy charge will be calculated on kWh basis.

For all consumers with contracted load of 10 KW / 13.4 BHP and above 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.

7. SURCHARGE / PENALTY:

(i) DELAYED PAYMENT:

If a consumer fails to pay his electricity bill by the due date specified therein, a late payment surcharge shall be levied at 1.25% per month up-to first three months of delay and subsequently @ 2.00% per month of delay. Late payment surcharge shall be calculated proportionately for the number of days for which the payment is delayed beyond the due date specified in the bill and levied on the unpaid amount of the bill excluding surcharge. Imposition of this surcharge is without prejudice to the right of the Licensee to disconnect the supply or take any other measure permissible under the law.

(ii) CHARGES FOR EXCEEDING CONTRACTED DEMAND:

a) If the maximum load / demand in any month of a **non-domestic & industrial** consumer having TVM / TOD / Demand recording meter exceeds 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.

b) If the maximum load / demand in any month of a **domestic consumer** having TVM / TOD / Demand recording meters exceeds the contracted load / demand, then such excess load / demand shall be levied equal to once the normal rate apart from the normal fixed / demand charge as per the maximum load / demand recorded by the meter. Further, if the consumer is found to have exceeded the contracted load / demand for continuous previous three months, the consumer shall be served a notice of one month advising him to get the contracted load enhanced as per the provisions of UPERC Electricity Supply Code, 2005 and amendments thereof. However, the consumer shall be charged for excess load for the period the load is found to exceed the contracted load. The Licensee shall merge the excess load with the previously sanctioned load, and levy additional charges calculated as above, along with additional security. Subsequent action regarding the increase in contracted load, or otherwise shall be taken only after due examination of the consumer’s reply to the notice and a written order in this respect by the Licensee.

c) Any surcharge / penalty shall be over and above the minimum charge, if the consumption bill of the consumer is being prepared on the basis of minimum charge.

d) Provided where no TVM / TOD / Demand recording meter is installed, the excess load / demand penalty shall be billed as per the UPERC Electricity Supply Code, 2005 as amended from time to time.

8. POWER FACTOR SURCHARGE:

(i) Power factor surcharge shall not be levied where consumer is being billed on kVAh consumption basis.

(ii) It shall be obligatory for all consumers to maintain an average power factor of 0.85 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 ANNEXURE .

(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 anything contained above, the Licensee also has a right to disconnect the power supply, if the power factor falls below 0.75.

(iv) Power factor surcharge shall however, not be levied during the period of disconnection on account of any reason whatsoever.

9. PROVISION RELATED TO SURCHARGE WAIVER SCHEME FOR RECOVERY OF BLOCKED ARREARS:

In the past, Commission has allowed OTS scheme as special case to achieve a bigger objective of 100% metering as all unmetered consumers who avail the benefit of the OTS Scheme, would had to undertake to become metered consumers. However, the Commission expresses its concern that regular implementation of OTS Scheme incentivises the delayed payments which also appears to discriminate against honest and paying consumers. OTS scheme is only a short term measure to generate instantaneous cash flows but the loss of the revenue in terms of surcharge waiver is always to be borne by the Distribution Licensees. Thus, after detailed deliberations on OTS scheme the Commission has decided to abolish the OTS scheme subsequent to applicability of this Order.

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) The detailed Order in the matter of "Fixation of Tariff for Pre-paid Metering" issued on May 11, 2015 by the Commission may be referred in this regard. (Enclosed at Annexure -)

(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 or as decided by the Commission from time to time.

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 ON OR BEFORE DUE DATE:

A rebate at 0.25% of Rate shall be given in case the payment is made on or before the due date. The consumers having any arrears in the bill shall not be entitled for this rebate. The consumers who have made advance deposit against their future monthly energy bills shall also be eligible for the above rebate applicable on Rate. Suitable changes in the billing software should be made by the Licensee to ensure such rebate is provided to all eligible consumers.

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

(i) As per the direction given by the Commission in Tariff Order for FY 2014-15 dated October 1, 2014, Consumers who have shifted from unmetered to metered connection by March 31, 2015 shall be given a rebate of 10% on Rate which shall be applicable till end of FY 2016-17.

(ii) Similarly, the unmetered consumers who shall shift from unmetered to metered connection by December 31, 2015 shall be entitled to a rebate of 10% on Rate w.e.f. the date of conversion from unmetered to metered connection, which shall be applicable till end of FY 2017-18.

19. RURAL TARIFF TO RURAL SCHEDULE

The consumers getting supply from feeders fed in accordance with rural schedule shall be levied rural tariff and consumers getting supply from other feeders shall be levied tariff other than rural schedule.

20. SCHEME FOR ADVANCE DEPOSIT FOR FUTURE MONTHLY ENERGY BILLS

If a consumer intends to make advance deposit against his future monthly energy bills, the Licensee, shall accept such payment and this amount shall be adjusted only towards his future monthly bills. On such advance deposit the consumers shall be paid Interest at bank rate as specified by RBI from time to time, for the period during which advance exists for each month on reducing balance method and amount so accrued shall be adjusted in the electricity bills which shall be shown separately in the bill of each month. Further, separate accounting of advance deposit and interest paid thereon must be maintained by the Licensee and quarterly report regarding the same must be submitted to the Commission.

21. FACILITATION CHARGE FOR ONLINE PAYMENT

(i) The detailed Order issued by the Commission on May 29, 2015 in the matter of "Levy of Facilitation Charges when payment is done through internet" may be referred in this regard. (Annexure -)

(ii) No transaction charge shall be collected from the consumers making their payment through internet banking.

(iii) The Licensees shall bear the transaction charges for transactions up to Rs. 4,000 for payment of bill through internet using Credit Card / Debit Card.

22. MINIMUM CHARGE

Minimum charge is the charge in accordance with the tariff in force from time to time and come into effect only when sum of fixed / demand charges and energy is less than a certain prescribed amount i.e. Minimum Charges. For each month, consumer will pay an amount that is higher of the following:

- Fixed / Demand charges plus Energy Charge on the basis of actual consumption for the month and additional charges such as Electricity Duty, Regulatory Surcharges, FPPCA Surcharges and any other charges as specified by the Commission from time to time.
- Monthly minimum charge as specified by the Commission and computed at the contracted load and additional charges such as Electricity Duty, Regulatory Surcharges, FPPCA Surcharges and any other charges as specified by the Commission from time to time.

RATE SCHEDULE LMV – 1:

DOMESTIC LIGHT, FAN & POWER:

1. APPLICABILITY:

This schedule shall apply to:

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

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':

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

***Note:** All the unmetered consumers of LMV-1(a) i.e. Consumers getting supply as per "Rural Schedule" shall be converted into metered connection by December 31, 2015 beyond which the Tariff for unmetered category of LMV-1(a) shall be increased by 10%.

(b) Supply at Single Point for bulk loads (50 kW and above, Supplied at any Voltage):

Description	Fixed Charge	Energy Charge
For Townships, Registered Societies, Residential Colonies, multi-storied residential complexes (including lifts, water pumps and common lighting within the premises) with loads 50 kW and above with the restriction that at least 70% of the total contracted load is meant exclusively for the domestic light, fan and power purposes and for Military Engineer Service (MES) for Defence Establishments (Mixed load without any load restriction).	Rs. 80.00 / kW / Month	Rs. 5.35 / 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.

The franchisee is required to provide to all its consumers and the licensee, a copy of the detailed computation of the details of the amounts realized from all the individual consumers and the amount paid to the licensee for a certain billing cycle. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum having jurisdiction over their local area for the redressal of their grievances.

(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. 3.00 / 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. 80.00 / kW / month	Rs. 4.10 / kWh
	151 - 300 kWh / month		Rs. 4.60 / kWh
	301 – 500 kWh / month		Rs. 5.10 / kWh
	Above 500 kWh / month (From 501st unit onwards)		Rs. 5.65 / 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':

Description	Description	Fixed charge	Energy charge)
i) Un-metered	All Load	Rs. 450 / kW / month	Nil
ii) Metered	All Load	Rs. 65 / kW / month	Rs. 3.00 / 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
Metered	-	Rs. 18.00 / kWh

**Minimum bill payable by a consumer under the category "(b) Private Advertising / Sign Posts / Sign Boards / Glow Signs / Flex category" shall be Rs. 1500 / 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.

<table>
<tr><th>Consumption Range</th><th>Fixed Charge</th><th>Energy Charge</th></tr>
<tr><td>Upto 150 kWh / month</td><td rowspan="4">Rs. 200.00 / kW / month</td><td>Rs. 6.20/ kWh</td></tr>
<tr><td>151 – 300 kWh / month</td><td>Rs. 6.70/ kWh</td></tr>
<tr><td>301 – 1000 kWh / month</td><td>Rs. 7.00/ kWh</td></tr>
<tr><td>Above 1001 kWh / month (From 1001st unit onwards)</td><td>Rs. 7.25/ kWh</td></tr>
</table>

***Note:** Minimum bill payable by a consumer under the category "(c) In all other cases" shall be Rs. 600 / kW / month (From April to September) and Rs. 475 / kW / month (From October to March).*

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 June 14, 2006 and the Commission’s order dated July 11, 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. 2200 per kW or part thereof per month	Rs. 3000 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. 5.60 / kWh	Rs. 150 / kW / month	Rs. 5.95 / kWh	Rs. 160 / kW / month	Rs. 6.15 / 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 ANNEXURE -**.**

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, hospitals, colleges and those providing services free of cost or at the charges / structure of charges not exceeding those in similar Government operated institutions.

(d) Railway Establishments (excluding railway traction, industrial premises & Metro) such as Booking Centres, Railway Stations & Railway Research and Development Organization, Railway rest houses, Railway holiday homes, Railway inspection houses.

(e) All India Radio and Doordarshan

(f) Guest houses of Government., Semi-Government, Public Sector Undertaking Organisations

LMV-4 (B) - PRIVATE INSTITUTIONS:

This schedule shall apply to non-Government hospitals, nursing homes / dispensaries / clinics, private research institutes, and schools / colleges / educational institutes & charitable institutions / trusts not covered under **(A)** above**.**

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code.

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. 6.65/ kWh
		Above 1000 kWh / month – Rs. 6.95 / kWh
(B) For Private Institutions	Rs. 200 / kW / month	0 – 1000 kWh / month – Rs. 6.95 / kWh
		Above 1000 kWh / month – Rs. 7.25 / 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 / BHP / month	Rs. 1.00 / kWh

Note: *Minimum bill payable by a consumer under the category "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. 160 / BHP / month	Rs. 5.00 / kWh

Note: *Minimum bill payable by a consumer under the category "Urban Schedule (Metered Supply) shall be Rs. 160.00 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. 6.35 / kWh
Above 1000 kWh / month	Rs. 225 / kW / month	Rs. 7.00 / 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%

Optional TOD Structure

For all such consumers who want to operate at full potential only during the specified night hours with restricted consumption in remaining hours may opt for the new TOD structure as follows:

For all such consumers who opt for this structure, the rebate can be availed between 22.00 hrs to 06.00 hrs specifically by such consumers operating at its full potential during this period and for such consumers the load during other hours i.e. 06:00 to 22:00 hours, shall be restricted to 15% of its contracted load. The TOD structure for such consumers is as given below:

Optional TOD Structure for Specific Consumers

Hours	TOD Rates
06:00 hrs – 22:00 hrs	Restricted Load as specified
22:00 hrs – 06:00 hrs	-15%

Such consumers would be required to ask for such ToD structure in advance. However, if the consumer who has opted for optional TOD structure, exceeds the restricted load as specified during the time slot of 22.00 – 06.00 hours in any month, the TOD structure as applicable for LMV-6 category (i.e. as per ToD Rates specified for all Consumers) will be applicable for such consumer for that particular month.

(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 June 14, 2006 and the Commission's order dated July 11, 2006 subject to adherence of provision of advance subsidy.

6. FACTORY LIGHTING:

The electrical energy supplied shall also be utilized in the factory premises for lights, fans, coolers, etc. which shall mean and include all energy consumed for factory lighting in the offices, the main factory building, stores, time keeper's 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. 7.00 / 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. 6.70 / kWh
Un-metered	Rs. 1800.00 / BHP / month	Nil

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

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 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. 250.00 / day / shop

   B. Metered*:

Description	Energy Charge
Individual Residential construction	Rs. 6.50 / kWh
	From 3rd year onwards: Base Tariff applicable for current year plus additional 10% of the applicable tariff
Others	Rs. 7.85 / kWh
	From 3rd year onwards: Base Tariff applicable for current year plus additional 10% of the applicable tariff

** Minimum bill payable by a consumer under the category "Metered" shall be Rs. 150.00 / kW / week.*

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:**

   The unmetered consumers of LMV-10 category shall be converted into metered consumers by December 31, 2015.

   The consumers under this category shall be billed as per the Rate specified under category "Rate (A)" till December 31, 2015 beyond which, the tariff specified under category "Rate (B)" shall be applicable for these category of consumers.

RATE (A): (Up to December 31, 2015)

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. 160.00	Rs. 180.00
Class III employees	Rs. 190.00	Rs. 225.00
Junior Engineers & equivalent posts	Rs. 260.00	Rs. 425.00
Assistant Engineers & equivalent posts	Rs. 280.00	Rs. 560.00
Executive Engineers & equivalent posts	Rs. 300.00	Rs. 595.00

Category	Fixed charge / month	Fixed Monthly Energy Charge
Superintending Engineers / Deputy General Managers & equivalent posts	Rs. 550.00	Rs. 700.00
Chief Engineers (I & II) / General Managers and above	Rs. 600.00	Rs. 810.00
Additional charge for employees using Air Conditioners. **(April to September)**	Rs. 600.00 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.

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

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

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

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.

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.

4. OTHER PROVISIONS:

(i) For serving / retired employees and their spouse, the supply will only be given at one place where Licensee's mains exist. The electric supply under this tariff will be given only at one place, within the area of erstwhile UPSEB / its successor companies.

(ii) Concerned executive engineers will take an affidavit from all employees and pensioners that the electricity supplied to their premises is being used exclusively for the purpose of domestic consumption of themselves and their dependants. It will have to be certified by the employees/pensioners that such electricity is not being used for any other purpose or to any individual to whom his house has been rented out. Without any prejudice to any legal action as provided in the legal framework, any misuse to above effect shall invalidate him from the facility of LMV-10 on permanent basis.

(iii) In the event of transfer of the employee, this tariff shall be applied at the new place of posting only when a certificate has been obtained from the concerned Executive Engineer of the previous place of posting, that the supply under this tariff has been withdrawn at previous place of posting. Further, the employee shall also be required to submit an affidavit that he is not availing the benefit of LMV-10 connection anywhere else in the state.

(iv) Those who are not availing this tariff shall also give a declaration to this effect. This declaration shall be pasted / kept in his service book / personal file / Pensioners record. If the declaration is found wrong, necessary action against the employee shall be taken as per the provisions of service rules. If declaration has already been given at the present place of posting then further declaration is not necessary due to this revision. Pensioners shall also have to give a similar declaration for availing departmental tariff at only one place. In case this declaration is found wrong, this tariff shall be withdrawn forever.

(v) No other concession shall be admissible on this tariff.

(vi) The schedule of miscellaneous charges as appended with Licensee's General Tariff as amended from time to time and Electricity Supply (Consumers) Regulation, 1984 as enforced from time to time shall also be applicable on the employee / pensioner receiving supply under this schedule.

(vii) Retired employees drawing pension from the Treasury / Bank will have to pay the monthly electricity charges as per the rates given in the rate schedule applicable to their category.

(viii) 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

(ix) LMV-10 consumers will have to give an undertaking regarding use of Air conditioners.

5. 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.

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. 6.95 / kVAh	Rs. 6.75 / 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. 6.75 / kVAh	Rs. 6.55 / 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.

The franchisee is required to provide to all its consumers and the licensee, a copy of the detailed computation of the details of the amounts realized from all the individual consumers and the amount paid to the licensee for a certain billing cycle. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum having jurisdiction over their local area for the redressal of their grievances.

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. 6.50 / kVAh	Rs. 6.20 / kVAh	Rs. 6.00 / kVAh	Rs. 5.80 / 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%

Optional TOD Structure

For all such consumers who want to operate at full potential only during the specified night hours with restricted consumption in remaining hours may opt for the new TOD structure as follows:

For all such consumers who opt for this structure, the rebate can be availed between 22.00 hrs to 06.00 hrs specifically by such consumers operating at its full potential during this period and for such consumers the load during other hours i.e. 06:00 to 22:00 hours, shall be restricted to 15% of its contracted load. The TOD structure for such consumers is as given below:

Optional TOD Structure for Specific Consumers

Hours	TOD Rates
06:00 hrs – 22:00 hrs	Restricted Load as specified
22:00 hrs – 06:00 hrs	-15%

Such consumers would be required to ask for such ToD structure in advance. However, if the consumer who has opted for optional TOD structure, exceeds the restricted load as specified during the time slot of 22.00 – 06.00 hours in any month, the TOD structure as applicable for HV-2 category (i.e. as per ToD Rates specified for all Consumers) will be applicable for such consumer for that particular month.

(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	Rs. 280.00 / kVA / month
Below 132 kV	Rs. 280.00 / kVA / month
(b) Energy Charge (all consumption in a month)	
For supply at and above 132 kV	Rs. 6.05 / kVAh
Below 132 kV	Rs. 6.30 / kVAh

Note: *Minimum bill payable by a consumer under this category shall be 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: METRO RAIL:

1. APPLICABILITY:

This schedule shall apply to the Metro Rail Corporation.

2. CHARACTER OF SERVICE AND POINT OF SUPPLY:

Alternating Current, single phase, two phase or three phase, 50 cycles, 132 kV or below depending on the availability of voltage of supply and the sole discretion of the Licensee. The supply at each sub-station shall be separately metered and charged.

3. RATE:

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

Demand Charges	Rs. 125.00 / kVA / month
Energy Charges	Rs. 5.60 / kVAh

Note: *Minimum bill payable by a consumer under this category shall be Rs. 600 / kVA / month.*

- Penalty @ Rs. 540 / kVA will be charged on excess demand, if demand exceeds contracted load.

4. DETERMINATION OF THE DEMAND:

Demand measurement shall be made by suitable kilovolt ampere indicator at the point of delivery. The demand for any month shall be defined as the highest average load measured in Kilo Volt-Amperes during any fifteen consecutive minutes period of the month.

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:

Minimum bill payable by a consumer under this category shall be 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.

13.3.1 **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.

13.3.2 **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.

13.4 ANNEXURE: 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 / Prepaid Meters	Per Meter	175.00
	d. Maximum Demand Indicator	Per Meter	350.00
	e. Tri-vector Meters	Per Meter	1000.00
	f. Ammeters and Volt Meters	Per Meter	50.00
	g. Special Meters / Net Meters	Per Meter	400.00
	h. Initial Testing of Meters	Per Meter	Nil
2.	Disconnection and Reconnection of supply for any reason whatsoever (Disconnection & Reconnection to be separately treated as single job)		
	a. Consumer having load above 100 BHP/75kW	Per Job	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. 550 per connection
   b. Three Phase Domestic light and fan : Rs. 800 per connection
   c. Single Phase Commercial : Rs. 800 per connection
   d. Three Phase Commercial : Rs. 1100 per connection

2. **FOR TEMPORARY ELECTRICITY CONNECTION:**
   a. Single Phase (Up to 4 kW) : Rs. 800 per connection
   b. Three Phase (from 5 kW to 24 kW) : Rs. 1100 per connection

13.5 ANNEXURE: 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
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

Sl. No.	Name Plate Rating in KVA of Individual Welding Transformer	Capacity of the Capacitors (KVAR)
34.	34	26
35.	35	27

13.6 ANNEXURE: ORDER DATED MAY 11, 2015 ON FIXATION OF TARIFF FOR PRE-PAID METERING

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,

LUCKNOW

Petition No.: 1015 / 2015

IN THE MATTER OF: Fixation of Tariff for Pre-paid Metering

And

IN THE MATTER OF:

1. Uttar Pradesh Power Corporation Limited (UPPCL), Shakti Bhawan, 14 – Ashok Marg, Lucknow.
2. Madhyanchal Vidyut Vitaran Nigam Ltd. (MVVNL), Prag Narain Road, Lucknow.
3. Purvanchal Vidyut Vitaran Nigam Ltd. (PuVVNL), 132 KV S/s, Bhikaripur Vidyut Nagar, Varanasi.
4. Paschimanchal Vidyut Vitaran Nigam Ltd. (PVVNL), Victoria Park, Meerut.
5. Dakshanchal Vidyut Vitaran Nigam Ltd. (DVVNL), Vidyut Bhawan, Gailana Road, Agra.
6. Kanpur Electricity Supply Company Ltd. (KESCo), KESA House, 14/71, Civil Lines, Kanpur.
7. Noida Power Company Ltd. (NPCL), Commercial Complex, H-Block, Alpha II Sector, Greater Noida City.

……………. Petitioners or affected Distribution Licensees

Present

1. Shri Desh Deepak Verma, Chairman
2. Smt. Meenakshi Singh, Member
3. Shri I. B. Pandey, Member

ORDER

With regard to the Pre-paid Metering, the Commission has passed an Order in the matter of Tariff applicable for the connections given to Jhuggi / Hutments and Patri Shopkeepers on August 25, 2014. Further, the Commission in its Tariff Order for FY 2014-15 dated October 1, 2014 has also provided direction to the Distribution Licensees regarding expedition of process of introduction of Pre-paid meters.

Moreover, in this regard, various meetings were held between officers of the Commission, representatives of State Distribution Licensees and various stakeholders to discuss the issues regarding the implementation of Pre-paid meters in the State. With regard to the same, a Petition was filed by the all the five State Distribution Licensees on April 24, 2015 (Petition No. 1015 / 2015) in the matter of fixation of Tariff for Pre-paid Metering and the petitioners requested the Commission to consider their suggestions / proposals to implement Pre-paid metering in the State. Further, a meeting was also held at UPERC Office on April 28, 2015 which was attended by various officials of the Commission and Distribution Licensees to discuss various matters related to Pre-paid Metering. Consequently, based on the points raised during the meeting, the Distribution Licensees vide letter No. 2453 / RAU / Petition submitted its replies to the Commission on April 30, 2015.

In this regard, taking into consideration the submissions made by the licensees, the Commission hereby approves the following:

1. Any consumer having prepaid meter shall be entitled to a discount as specified (as per TO for FY 2014-15 it is 1.25% on Rate of Charge) in the applicable Tariff Order.

2. Initially the installation of pre-paid meters may be done for LMV category of consumers with load up to 45 kW only.

3. Fixed charges for the Pre-paid consumers should be computed on the contracted / sanctioned load of the consumer instead of demand recorded by the meter or 75% of contracted load, whichever is higher, basis.

4. For Pre-paid consumers there should not be any penalty for exceeding the contracted demand, instead if the consumer exceeds its contracted demand his supply will be automatically cut off, which can be immediately resumed after removing the excess load by the consumer and resetting the meter by a simple push button. However, in case a consumer is desirous of enhancing his load, the existing applicable procedures shall apply.

5. In case of change of category of consumer on grounds that his consumption exceeds a pre-defined level, the difference amount may be spread on 3 successive units as illustrated below.

   Illustration for Life-Line Consumers tariff as per Tariff Order for FY 2014-15:

   A "Lifeline" category consumer has to pay Rs. 435.00/- for consumption of 150 kWh and Rs. 679.50/- for consumption of 151 kWh. So, just by exceeding one unit after 150 units, the consumer would get shifted to "Other Metered" category and all its units already consumed would have to be charged as per the tariff of "Other Metered" category. For this consumption of this extra 1 kWh, he now has to pay Rs. 244.50/- (Rs. 679.50 - Rs. 435.00). Thus, the above amount of Rs. 244.50 would be recovered by dividing / spreading it into 3 successive units i.e. Rs. 81.5/unit.

6. For Lifeline consumers, if the consumption exceeds a certain limit (say 150 units) and the supply is interrupted for non availability of balance, then the excess amount to be paid by the consumer shall be adjusted in the next recharge.

7. The Minimum Charges specified for a particular category of consumer would be inclusive of Electricity Duty and the Regulatory Surcharges. However, the Electricity Duty and Regulatory Surcharges should be computed on the actual energy consumption.

8. For issue of recharge vouchers, initially the existing billing centres shall be authorized to issue these vouchers on working days. Later on depending upon the acceptability of prepaid meters, online recharge facility, recharge through ATM etc. should be introduced.

9. The prepaid meters should be installed outside the premises of the consumer, with display unit within. In case a consumer opts for prepaid meter, the charges in respect of meter and cable may be charged in 12 equal monthly instalments.

10. At least one prepaid meter recharge shall have to be done within a maximum period of four months. The minimum recharge voucher shall be of Rs. 500/-. However the licensee may reduce the value, based on the response and need of the consumer.

11. In case of zero balance, the prepaid meter shall allow continuity of supply from 4.00 P.M of the current day till 11.00 A.M of the next day. The meter shall also not interrupt the supply on Sundays and National Holidays. The consumer shall be prompted whenever his balance goes below Rs 100/-. The consumer will also be given the facility to set a prompt as per his requirement. Accordingly, the supply will automatically stop after the exhaustion of complete balance except for the conditions stated above.

12. If the balance of the consumer exhausts during the period specified above and the supply is not interrupted then, the amount billed due to consumption during this period will be recovered in the subsequent recharge of the Prepaid Meter. After deduction of the due amount from the total recharge amount, the balance amount would be available to the consumer for use. If the recharge amount is not sufficient to recover the due amount, the consumer will not be allowed for further consumption till the entire outstanding due is recovered.

13. In case a revised tariff is required to be implemented, a zero value recharge coupon shall be applied to the prepaid meter by staff of the licensee.

14. In case a post-paid consumer is allowed to pay his existing dues on instalments, and that consumer wishes to apply for a prepaid meter, his existing instalments shall be transferred to the prepaid meter. New prepaid connection shall not be issued in premises where arrears exist.

The Petition is disposed off as above.

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

Place: Lucknow

Date: 11th May, 2015

13.7 ANNEXURE: ORDER DATED MAY 29, 2015 ON PROVISIONAL BILLING AND FACILITATION CHARGES

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,

LUCKNOW

IN THE MATTER OF: Suo - Motu Proceedings on matters of

1. **Provisional Billing in case of defective meters / Normative Consumption for Un-metered consumers and,**
2. **Facilitation Charges are being levied when payment is done through internet.**

And

IN THE MATTER OF:

8. Uttar Pradesh Power Corporation Limited (UPPCL), Shakti Bhawan, 14 – Ashok Marg, Lucknow.
9. Madhyanchal Vidyut Vitaran Nigam Ltd. (MVVNL), Prag Narain Road, Lucknow.
10. Purvanchal Vidyut Vitaran Nigam Ltd. (PuVVNL), 132 KV S/s, Bhikaripur Vidyut Nagar, Varanasi.
11. Paschimanchal Vidyut Vitaran Nigam Ltd. (PVVNL), Victoria Park, Meerut.
12. Dakshanchal Vidyut Vitaran Nigam Ltd. (DVVNL), Vidyut Bhawan, Gailana Road, Agra.
13. Kanpur Electricity Supply Company Ltd. (KESCo), KESA House, 14/71, Civil Lines, Kanpur.

Present

4. Shri Desh Deepak Verma, Chairman
5. Smt. Meenakshi Singh, Member
6. Shri I. B. Pandey, Member

ORDER

(Hearing – May 27, 2015)

The Commission has initiated Suo - Moto proceedings in the matter of (1) Provisional Billing in case of Defective Meters / Normative Consumption for Un- metered consumers and (2) the facilitation charges being levied by the Distribution Licensees to the consumers on payment being done through internet. Accordingly, a hearing was conducted on May 7, 2015 in the above matter wherein the various officials from UPPCL and officers of UPERC were present. Subsequently, a Suo - Moto Order was passed by the Commission on May 11, 2015 directing the Licensees to explain as to why revised consumption norms have been issued by the Licensees in spite of specific instructions in the Tariff Order for FY 2014-15 & as to why prior approval / exemption of the commission was not taken for the same. The Commission in the aforesaid Order also directed the Licensees to deliberate on the issue of facilitation charge with a proposal and action taken report. In compliance to the above direction, the Licensees submitted their replies to the Commission on May 26, 2015.

On the above matter, second hearing was held on May 27, 2015 at 11:30 Hrs. in the office of the Commission wherein Officers of the Commission, Mr. Sanjay Singh, Director (Commercial), UPPCL, Mr. Amarjeet Singh Rakhra, Advocate of Distribution Licensees, along with other officials of UPPCL were present. Mr. Avadhesh Kumar Verma, Chairman U.P. Rajya Vidyut Upbhokta Parishad was also present in the hearing.

In reply to the direction given by the Commission in its Suo - Moto Order dated May 11, 2015, the Distribution Licensees submitted that in Electricity Supply Code (ESC) 2005, there are specific provisions regarding how billing is to be done for defective meters but there are no such specific provisions regarding the consumption norms, hence they have passed an executive order regarding the same. In this regard, the Licensees also submitted that, they have been historically specifying the norms and has only revised the existing norms based on the supply hours and Diversity Factor as specified in the Electricity Supply Code, 2005.

The Licensees submitted that the provisional billing have been revised in view of the actual average hours of supply to urban areas wherein they have considered the load factor of 30% for domestic consumers and load factor of 50% for commercial and small scale industries which is in line with the provisions of Supply Code. It further submitted that the revision was necessary from the point of view of better energy accounting and to encourage the consumers to maintain their meters in healthy condition. The Licensees submitted that the Order issued by the UPPCL on dated January 23, 2015 is restricted to provisional billing of the urban consumers with defective meter or no meter only and is no way connected to normative consumption of the unmetered consumers.

The Distribution Licensees further submitted that the Commission has directed the Licensees to fix the consumption norms with respect to rural unmetered consumers but the same could not be undertaken due to lack of clarity on who shall be conducting the study i.e. the Commission or the Licensees. The Licensees further submitted that any study, implementation report for executive Order issued by the Licensee is being viewed circumspectly by the Commission and at times it shows traces of mistrust towards their intention and requested the Commission to conduct the study for specifying the norms of unmetered consumers.

In this regard, it must be noted that, in a meeting held on April 28, 2014 on the issue of revising of consumption norms held with the Commission, the Distribution Licensees have agreed to conduct a study to assess the actual consumption norms in accordance with the Regulations. The relevant extract of the Tariff Order for FY 2014-15 has been specified below for reference:

> *"9.2.14 Hence, the Commission is of the opinion that revising the consumption norms without validating the same based on detailed and appropriate study, would not be appropriate.* ***Further, the Distribution Licensees / UPPCL in the meeting on this issue held with the Commission on 28th April, 2014 in response to the In-House Paper prepared by the Commission, have agreed to conduct a study to assess the actual consumption norms in accordance with the Regulations. (Emphasis Added)***

9.2.15 In view of the above, to provide accurate and effective consumption norms, the Commission directs the Petitioners to conduct a detailed study, which should include the following:

- *Review of Methodology adopted by Distribution Licensees for assessment of consumption norms for unmetered consumers.*
- *Identification and finalization of sample size of unmetered consumers for installation of meters by Distribution Licensee.*
- *Collection and analysis of data like Distribution Sub-division wise number of consumers where sample meters have been installed, month wise load of each such consumer maintained in the Distribution Sub-divisions, month-wise consumption readings of each sample meter along with number of supply hours per month, total connected load - division wise and month wise, etc.”*

Further, with regard to the above direction, the Distribution Licensees in its Tariff Petition for FY 2015-16 has submitted to complete the study for assessment of metered and unmetered consumers by September 30, 2015 and December 31, 2015 respectively as specified below:

“The Petitioner submits that as per the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 the study for assessment of metered and unmetered consumers has to be completed by 30.09.2015 and 31.12.2015 respectively.

Accordingly, the same would be completed in the stipulated timeframe.”

From the above, it can be seen that clear directions were given to the Licensees in the Tariff Order for FY 2014-15 to conduct the required study to which the Distribution Licensees have also agreed to submit the same. The Commission feels that the directions were very clear and requires no further clarification. The Licensee should adhere to the stipulated timeframe as specified by the Commission in its UPERC (Multi Year Distribution Tariff) Regulations, 2014 as complete the study as specified by the Commission.

The Licensees also submitted that there is a tendency amongst the dishonest consumers to make their meters defective to take advantage of provision of average billing contributing to high distribution losses, so bills are prepared on reasonable provisional units fixed on the basis of average hours of supply and load diversity of the consumers to deterrent artificial suppression of the actual consumption. The Licensees also submitted that the connections without meters were also released during Vidyut Chori Roko Abhiyan adding 24 Lakhs of new consumers during July and August 2014 due to lack of availability of meters. But such connections were released to at least ledgerize illegal connections and most of such unmetered connections have been metered. The Licensee also submitted that although it tried to start the process of direct sale of meters by the meter vendors to the consumers but the response was not encouraging.

Further, the Licensees clarified that provisional billing is done by the Licensees for consumers with defective meters or no meters (i.e. in the case where the consumers were given metered connection but meters are not yet installed) and such arrangement is only for the 'interim' period and once the meters on such consumers would be installed then the final adjustment will be done based on the provisions of Supply Code. In this regard, the Commission enquired the duration of 'interim' period, to which the Licensee failed to give a satisfactory reply. Further, the Licensees must also note that the Electricity Supply Code also provides that such provisional billing should not extend more than two billing cycles.

In light of the above submission the Licensee has requested the Commission to allow preparation of provisional bills based on assessed units as per Order No. 12 / CE (Comm.) CU – 1 dated January 23, 2015.

Further, during the hearing Mr. Avadhesh Kumar Verma brought the following points to the notice of the Commission:

- Uttarakhand Electricity Regulatory Commission has undertaken a study after which it has notified the normative billing for the unmetered consumers and he stated that it proves that without the permission of the Commission, the Licensee should not issue any order on normative billing.

- He also added that, UPPCL had issued an Order on the similar matter during 2008, which was later rejected by the Commission. The relevant extract of the Commission Order dated March 04, 2008 has been extracted below:

"17. The Commission is not satisfied by the concern shown by the licensee to make their officers / employees accountable for delaying replacement of defective meters, and that by this order the affected consumer will also press the authority for immediate replacement of defective meters to avoid high provisional bills, and it appears as if the licensee's interest is only for collection of higher revenue and not for fast replacement of defective meters and this may well lead to sheer exploitation of consumers. Therefore this practice absolutely does not ensure a fair treatment to consumers, but speaks of inefficiency of the licensee.

18. The Commission is however conscious of the fact that distribution companies have to incur expenses for distribution of power, and therefore cannot also allow the consumers to be benefited by improper functioning of the meter to the disadvantage of the distribution company.

19. ***In view of the above, the Order dated 4.2.2008, No 175/HC/billing is quashed.*** *The Commission further directs the licensees to submit fresh and concrete proposal to tackle the menace of large number of defective meters taking care of, availability of meters and requisite organization and plan for replacement of defective meters within stipulated time. With this, the complaint stands disposed."* ***(Emphasis added)***

He also submitted that, in reply to the objection of the U.P Rajya Vidyut Upbhokta Parishad regarding normative billing, UPPCL had submitted that the unmetered consumers are billed on flat rate and the provisional units fixed for booking against such consumers is totally for academic reasons and for proper accounting of distribution as well as AT&C losses of a particular area, then why the unmetered urban domestic consumers are billed on the basis of 155 per unit per kW per month without the approval of the Commission.

The Commission is of the view that, the Licensees in it submission has repeatedly submitted that they have been historically specifying the norms and has only revised the existing norms based on the supply hours and Diversity Factor as provided in the Electricity Supply Code to which the Commission never had any objection. In this regard it is clarified that the Commission has issued an Order in the matter of provisional billing of defective meters on March 04, 2008 in which speaking of the inefficiency in the part of the Licensees has quashed the Order of the Licensees dated February 04, 2008.

Thus, the Commission after taking into consideration the above facts and considering the constraints being faced by the Licensees on the procedural, procurement, financial and other matters directs the Licensees to use the normative consumption billing method for defective meters as per the provisions specified in the Electricity Supply Code, 2005. However, for the consumers with no meters (i.e. in the case where the consumers were given metered connection but meters are not yet installed) the provisional billing shall continue only for a maximum period of two billing cycles, during which the Licensees should ensure the meters get installed. Thereafter, the Licensees shall not be entitled to raise any bill from the consumers without installation of meters. It is further clarified that the revenue loss on this account must be borne by the Licensees and the revenue loss would be considered as deemed revenue. Thus, appropriate accounting in this regard must be done by the Licensees.

Further, the Commission also directs the Licensees that before changing / revising any consumption norms, prior approval of the Commission must be taken by the Licensees in future.

With regard to the issue regarding the facilitation charges being levied by the Distribution Licensees to the consumers on payment being done through internet, the Commission during the Hearing held on May 7, 2015 has directed the Licensee to deliberate on the same and submit its proposal.

In reply to the above, the Licensees vide its letter dated May 26, 2015 submitted that online payment facility allows the consumer to make payment online using two modes of payment (i) Internet banking (ii) Payment through Credit card or Debit Card. The Licensees submitted that, in case the payment of bill is made by Internet banking the bank which is involved, charges on per transaction basis (i.e. on flat rate) for providing payment services of its bank. The Licensees submitted that these charges directly go to the payment gateway service provider and in order to encourage payment through internet, UPPCL is bearing such charge which is Rs. 3.65 per transaction. Further, in case a payment of bill is made by Credit Card or Debit Card, the Card provider charges fees for providing card payment services which is certain percentage of the transaction amount. M/S Tech Process which is the payment gateway aggregator charges 1% of the transaction amount as transaction fee. The Licensee submitted that to promote payment through internet, it has taken an initiative to bear a transaction charges for transaction up to Rs. 1,000.

During the discussion in the matter the Licensee submitted that category wise waiver of transaction charges is not possible due to implementation issues. In this regard, the Commission directs the Licensees to bear the transaction charges for transactions up to Rs. 4,000 for payment of bill through internet using Credit Card / Debit Card gateway. Further, the Commission also directs the Licensees that, in order to provide greater accessibility & convenience to the consumers, larger number of banks must be included for providing the above facilities.

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

Place: Lucknow

Date: 29 May, 2015