



**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW**

Petition No. 2333 of 2025

QUORUM

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

Hon'ble Shri Griesh Kumar Vaish, Member (Law)

IN THE MATTER OF

Petition under Sections 14 and 15 read with Section 86 (1) (d) of Electricity Act, 2003 read with UPERC (General Conditions of Distribution Licence) Regulations, 2004 read with Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 and the Amendment thereof, and Government of Uttar Pradesh Notification No. 444/24-P-3-2023 dated 10.03.2023, and read with Uttar Pradesh Data Centre Policy 2021 (as amended on 07.11.2022) for grant of Distribution License to Adani Energy Solutions Step Eleven Limited for undertaking supply and distribution of power in the Data Centre Park being developed by DC Development Noida Limited at Plot 20, Sector 62, NOIDA, Uttar Pradesh.

AND

IN THE MATTER OF

Adani Energy Solutions Step Eleven Limited

Adani Corporate House, Shantigram,
Near Vaishno Devi Circle,
Antigram, S G Highway,
Ahmedabad, Gujarat- 382421

... PETITIONER NO. 1

Adani Energy Solutions Limited

Adani Corporate House, Shantigram,
Near Vaishno Devi Circle, S. G. Highway,
Khodiyar Ahmedabad,
Gujarat-382421.

... PETITIONER NO. 2

PRESENT AT THE HEARING

1. Ms. Deepa Chawan, Senior Advocate, Petitioner





2. Sh. Hemant Singh, Advocate, Petitioner
3. Sh. Sourav Roy, Advocate, Petitioner
4. Sh. Harshit Singh, Advocate, Petitioner
5. Sh. Rabindra Chile, Advocate, Petitioner
6. Sh. Mohit Chandla, Advocate, Petitioner
7. Sh. Anil Rabadia, Representative, Petitioner
8. Sh. Sandeep Srivastava, Deputy Manager, AEL

ORDER

(DATE OF HEARING: 30.07.2026)

1. The present petition has been filed by Adani Energy Solutions Step Eleven Limited (AESSEL) and Adani Energy Solutions Limited (AESL) seeking grant of a Distribution Licence to AESSEL for undertaking distribution and supply of electricity within the Data Centre Park being developed by DC Development Noida Limited (DCDNL) at Plot No. 20, Sector-62, Noida, Uttar Pradesh.
2. The petitioner submitted that Adani Enterprises Limited (AEL) was granted approval and incentives under the Data Centre Policy for development of a Data Centre Park at Noida and, through its group companies, established DCDNL as the developer of the project. It was further submitted that while DCDNL is responsible for development of the Data Centre Park, it does not possess expertise in electricity distribution and, therefore, AESSEL, a group company of AESL, has been appointed as the operator for development of the electricity distribution system and for undertaking the business of supply and distribution of electricity within the Data Centre Park.
3. In support of its eligibility, the petitioner has relied upon the provisions of the Data Centre Policy and the Government Notification dated 10.03.2023, which, according to the petitioner, contemplate grant of a distribution licence not only to the Data Centre Park Developer but also to its operator and/or associate for carrying out the specialized activity of development and operation of power distribution infrastructure within the Data Centre Park.
4. The Petitioner further submitted that AESSEL, though a newly incorporated SPV, derives its financial, technical and managerial strength from its parent company,





AESL, which is engaged in the business of transmission and distribution of electricity through its various group entities. The petitioner has relied upon the experience and financial credentials of AESL for satisfying the requirements relating to capital adequacy, creditworthiness and technical and managerial capability prescribed under the Electricity Act, 2003, the Distribution Licence Rules and the UPERC Distribution Licence Regulations. The proposed licence area presently falls within the supply areas of PVVNL and, upon grant of licence, AESSEL would function as a parallel distribution licensee in terms of the sixth proviso to Section 14 of the Electricity Act, 2003.

5. During scrutiny of the petition, the Commission sought clarifications regarding, inter alia, the status of AESSEL as an operator/associate of DCDNL, the scope of the Operator Agreement, the exact licence area and the financial and technical eligibility of the petitioner.

In response, the petitioner filed affidavits and supporting documents, including a legal opinion of Senior Advocate Shri Sanjay Sen, an addendum to the Operator Agreement, financial statements and other supporting material. The opinion proceeds on the basis that there is no inconsistency between Clause 8.4(iii) of the Uttar Pradesh Data Centre Policy, 2021 and the Government Notification dated 10.03.2023. According to the opinion, while the expression "operator" denotes the entity entrusted with the functional responsibility of operating the distribution infrastructure within the Data Centre Park, the expression "associate" denotes the jural relationship between such entity and the Data Centre Park Developer. The opinion further notes that neither the Data Centre Policy nor the Government Notification adopts or refers to the definition of "associate company" under the Companies Act, 2013 and, therefore, the expression "associate" is not required to be construed in the restricted sense contemplated therein. It has further been opined that an operator functioning under the control and supervision of the Data Centre Park Developer would qualify as its associate and, subject to compliance with the applicable regulatory requirements, would be eligible to seek a distribution licence.

The petitioner submitted that the expressions "operator" and "associate" used in the Data Centre Policy and the Government Notification are intended to be read



harmoniously and that an operator appointed by the Data Centre Developer would qualify as its associate for the purpose of seeking a distribution licence. The petitioner has further submitted that an Operator Agreement has been executed between DCDNL and AESSEL and that the same has been suitably amended to provide that, in the event the Data Centre Developer ceases its Data Centre business, the Operator Agreement shall stand terminated and AESSEL shall take steps for cancellation and surrender of the distribution licence in accordance with the applicable regulatory framework.

With regard to financial capability, the petitioner relied upon the financial strength, net worth, internal resource generation and creditworthiness of its parent company AESL to demonstrate compliance. The petitioner additionally submitted that AESL and its group entities possess the requisite technical and managerial capability for carrying out distribution business and relied upon the experience of AESL and its distribution utility operations in support of its claim that the proposed licensee would be capable of establishing, operating and maintaining the proposed distribution network within the Data Centre Park.

With regard to the proposed licence area, the petitioner has submitted that a Letter of Comfort has been issued by UPECL for Plot No. C-20/1A/10, Sector-62, Noida. It has been further submitted that adjoining plots C-20/1A/11 and C-20/1A/12 have been acquired and amalgamated and the process for obtaining Letters of Comfort for the said plots is underway. The petitioner also brought on record subsequent developments relating to reservation/allotment of an additional Data Centre facility proposed at Plot Nos. C-24 to C-30, Sector-80, Noida and sought inclusion of the said area within the proposed distribution licence. The petitioner submitted that DCDNL would also develop a Data Centre Park at the said location and AESSEL would act as the operator for distribution of electricity therein.

6. In order to appreciate the issues arising for consideration in the present petition, it is necessary to examine the relevant statutory and policy framework governing grant of a distribution licence for a Data Centre Park. With respect to the grant of distribution license, Section 14 proviso 6 of the Electricity Act 2003 provides that:





*"Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, **comply with the additional requirements relating to the capital adequacy, credit-worthiness, or code of conduct as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:**"*

7. Further, in exercise of the powers conferred by sub-section (1) of, and clause (b) of sub-section (2) of Section 176 of the Electricity Act 2003, the Central Government framed rules, viz. **"Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005"**, notified on 23rd March 2005, which provided for additional requirements as regards to the Capital Adequacy, Creditworthiness and Code of Conduct, in accordance to Section 14 proviso 6 of the Electricity Act 2003. Further, Ministry of Power issued second amendment to these rules, namely **"Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Second Amendment) Rules, 2022"** dated 28th Nov 2022, wherein the 'Explanation' to Rule 3 is amended as follows:

*"Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a license for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, **the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply.**"*

8. Further, Government of Uttar Pradesh through the Department of IT & Electronics has, in exercise of its executive power under Article 162 of the Constitution of India, issued Uttar Pradesh Data Center Policy 2021 dated 28th January 2021 and its amendment dated 7th November 2022 (hereinafter referred to as the "DC





Policy"). The DC Policy aims to provide necessary support and enabling framework that is required for developing data center parks in the State of Uttar Pradesh and aims to build a conducive policy environment for the data center industry to flourish in the State of Uttar Pradesh with locational advantage, strong IT ecosystem, and readily employable quality talent, which are some of the key ingredients to make the state a promising destination for investment in the data center industry.

9. That para 6.3 of the said DC Policy provides that:

"Data Center Park Developer is an entity who would be responsible to build the facility of DC park covering land, park area (Water, Sewage, Road, Parking, Green Area, etc.), provision of DC essentials setup / equipment (i.e. Electricity, Network / Fibre connectivity, Mechanical Electrical and Plumbing equipment (MEP), etc.)."

Further, para 8.4(iii) of the said DC Policy provides that:

"Distribution License: DC Park Developer(s)/ operator(s) shall be eligible for seeking licence for power distribution and consumption within the DC park as per regulations issued by Uttar Pradesh Electricity Regulatory Commission (UPERC) in this regard from time to time."

10. Further, to allow and facilitate DC Park Developers and/or their associates to develop and maintain power distribution infrastructure and procure power, which is a specialized activity for the entire data center park, the Government of Uttar Pradesh vide notification No. 444/24-P-3-2023 dated 10th March 2023 (Urja Anubhag – 3), has provided as under:

"NOW, THEREFORE, in exercise of the powers under Explanation to sub-rule (2) of rule 3 of the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Amendment) Rules, 2005, to give effect to the mandate under Paras 6.3, 8.4 (iii) and 8.4 (v) of the DC Policy, the Governor is pleased to notify each area notified as "data center park" within the State of Uttar Pradesh as "minimum area of supply" for the purposes of grant of





a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the said Act."

11. The matter came up for admission on 30.07.2026. During the hearing, the learned Senior Counsel appearing for the petitioner submitted that pursuant to the queries raised by the Commission, the petitioner had filed affidavits and applications furnishing the requisite clarifications.
12. Learned Senior Counsel submitted that DCDNL is the Data Centre Park Developer, whereas AESSEL has been designated as the operator for development, operation and maintenance of the electricity distribution infrastructure within the Data Centre Park. It was further submitted that the expressions "operator" and "associate" appearing in the Uttar Pradesh Data Centre Policy, 2021 and the Government Notification dated 10.03.2023 are required to be understood in their ordinary and common parlance sense and not by importing the meaning of the expression 'associate company' from the Companies Act, 2013. It was contended that AESSEL, being the operator of the Data Centre Park and an associate of DCDNL, satisfies the eligibility requirements for grant of a distribution licence. In support of the said interpretation of the expressions used in the Policy and the Government Notification, reliance was placed upon the judgment of the Hon'ble Supreme Court in *M/s MSCO Private Limited vs. Union of India* [(1985) 1 SCC 51] as under:

"4. The expression 'industry' has many meanings. It means 'skill', 'ingenuity', 'dexterity', 'diligence', 'systematic work or labour', 'habitual employment in the productive arts', 'manufacturing establishment' etc. But while construing a word which occurs in a statute or a statutory instrument in the absence of any definition in that very document it must be given the same meaning which it receives in ordinary parlance or understood in the sense in which people conversant with the subject matter of the statute or statutory instrument understand it. ..."





13. The Commission sought clarification regarding the extent of the proposed licence area, the status of the Letter of Comfort (LOC) and the amalgamation of plots proposed to form part of the Data Centre Park. In response, learned Senior Counsel submitted that an LOC has presently been issued in respect of Plot No. C-20/1A/10, whereas the adjoining plots bearing Nos. C-20/1A/11 and C-20/1A/12 have been acquired by the developer and the processes relating to issuance of LOCs of the said plots are presently underway.

The Commission observed that consideration of the prayer for grant of a distribution licence would necessarily be confined to the area in respect of which the requisite approvals and LOC are presently available. The Commission further observed that, upon completion of the requisite formalities in respect of the additional plots, the petitioner may approach the Commission for amendment of the licence, if so required. Learned Senior Counsel submitted that the petitioner would have no objection to such a course of action. The Commission also considered the submissions relating to the proposed Data Centre facility at Plot Nos. C-24 to C-30, Sector-80, Noida, and observed that the same principle would apply in respect thereof upon receipt of the requisite approvals and LOC.

14. In the backdrop of above factual and legal matrix, after preliminary examination of the petition, the petitioner is directed to publish a notice under section 15(2) of the Electricity Act. The notice will be published in **at least two Hindi and two English daily newspapers** with the following title appearing prominently in bold letters at the top of the notice:

In the matter of Application by Adani Energy Solutions Step Eleven Limited and Adani Energy Solutions Limited for grant of Parallel Distribution License for the Data Center Park situated at Noida, Uttar Pradesh

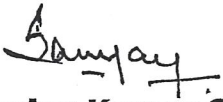
15. In accordance with section 15(2)(i) of Electricity Act, 2003, comments /suggestions shall be invited from the public through this notice within a period of 30 days from the date of publication of notice. In the notice published in the newspapers, it shall be indicated that suggestions and objections, if any, may be filed before the Secretary, UP Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow-226010 by post, along with soft copy through email at secretary@uperc.org





16. In the notice, the petitioner is also directed to put a note to the effect that in case the Commission allows any subsequent changes resulting in amendment of the license petition, the petitioner will publish such changes or the complete notice afresh for soliciting the comments/suggestions of the public. In such eventuality, all the requirements of section 15 and relevant sections of UPERC (General Conditions of Distribution License) Regulations, 2004, shall be adhered to by the petitioner.
17. In pursuance to section 15(2)(ii) of Electricity Act, 2003, the petitioner is directed to submit a "No Objection" from the concerned authorities of the Central Government if their system is likely to affect any cantonment, aerodrome, fortress, arsenal, dockyard or camp/building/place in the occupation of Government for defence purposes. Further, in case the system of the petitioner is affecting or is likely to affect any local authority, any central or state authority/body, no objection from such authorities/bodies shall also be submitted.
18. Further, the petitioner shall post the complete petition along with annexure and enclosures on its website. The petition shall be kept on the website till such time the license is issued, or the petition is rejected by the Commission. The notice to be published in the newspaper should clearly indicate the website address where the complete petition is available for the purposes of inspection by anyone. The notice should also mention that the petition is available at petitioner's head office.
19. The petitioner shall within 2 weeks from the date of publication of notice submit to the Commission on affidavit the names and dates of the newspapers in which the notice has been published and shall also file relevant copies of the newspapers.
20. A copy of this order be also sent to UPPCL, PVVNL and UPPTCL.


(Griesh Kumar Vaish)
Member (Law)


(Sanjay Kumar Singh)
Member


(Arvind Kumar)
Chairman



Place: Lucknow

Dated: 05.08.2026

