UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition No. 1684 / 2021

APPROVAL OF AGGREGATE REVENUE REQUIREMENT (ARR) AND TARIFF FOR FY 2021-22

AND

TRUE-UP OF ARR AND REVENUE FOR FY 2019-20

FOR

Noida Power Company Limited., (NPCL) – (Petition No. – 1684/2021)

ORDER UNDER SECTION 62 & 64 OF

THE ELECTRICITY ACT, 2003

August 26, 2021

Table of Contents

List of Tables

Before

UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Petition No. 1684 / 2021

IN THE MATTER OF:

PETITION NO. 1684 / 2021: TRUING UP OF TARIFF FOR FY 2019-20, ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2020-21 AND APPROVAL OF AGGREGATE REVENUE REQUIREMENT AND TARIFF FOR FY 2021-22

And

IN THE MATTER OF:

NOIDA POWER COMPANY LTD., GR. NOIDA (NPCL) – (PETITION NO. – 1684/ 2021)

ORDER

The Commission having deliberated upon the above Petition and the subsequent filings by the Petitioner, thereafter being admitted on April 26, 2021 and having considered the views / comments / suggestions / objections / representations received from the stakeholders 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 (hereinafter referred to as 'the Act'), hereby passes this Order.

The Licensee, in accordance with Regulation 5.10 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019, shall publish the Tariffs approved by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the area of supply and shall upload the approved Tariff / Rate Schedule on its internet website.

The tariff so published shall be in force after seven days from the date of such publication of the tariff and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein. 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.

1 BACKGROUND AND PROCEDURAL HISTORY

1.1 BACKGROUND

1.1.1 M/s Noida Power Company Limited (hereinafter referred to as 'Petitioner', 'Licensee' or 'NPCL') was granted a 30 year electricity license on August 31, 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. It is noted that the NPCL License is upto August 30, 2023 and the License of NPCL will expire within the Control period.

1.2 DISTRIBUTION TARIFF REGULATION

1.2.1 The Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 (herein after referred to as "Distribution MYT Regulations, 2014") were notified on May 12, 2014. These Regulations are applicable for determination of ARR and Tariff from FY 2017-18 to FY 2019-20. Embarking upon the MYT framework, the Commission has divided the period of five years (i.e. April 1, 2015 to March 31, 2020) into two periods namely –

- Transition period (April 1, 2015 to March 31, 2017)
- Control Period (April 1, 2017 to March 31, 2020)

1.2.2 The transition period of two years ended in FY 2016-17. The Distribution Tariff Regulations, 2006 were made applicable for the Truing Up of ARR for the transition period (FY 2015-16 to FY 2016-17), whereas the first Control Period of the MYT Period (FY 2017-18 to FY 2019-20), was governed in accordance with the Distribution MYT Regulations, 2014.

1.2.3 Subsequently, the Commission notified the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 (hereinafter referred to as "MYT Regulations 2019") applicable for determination of tariff from April 1, 2020 onwards up to FY 2024-25 [i.e., till March 31, 2025] unless extended by the Commission. These Regulations were finalized by the Commission on 23rd September 2019 and were finally uploaded on the Commission's website on 22nd November 2019, after gazette notification. These Regulations are applicable for the purpose of submission of Multi Year Tariff Petition for Business Plan, True-up, Annual Performance Review (APR), determination of Annual Revenue Requirement (ARR) and Tariff of all the distribution and transmission licensees within the State of Uttar Pradesh for the Control Period FY 2020-21 to FY 2024-25.

PROCEDURAL HISTORY

1.3 BUSINESS PLAN, MULTI YEAR ARR & TARIFF AND TRUE UP PETITION BY THE LICENSEE

1.3.1 The Commission, vide its Tariff Order dated November 30, 2017, approved the Business Plan for MYT Control Period (FY 2017-18, FY 2018-19 and FY 2019-20) for NPCL along with the ARR / Tariff for FY 2017-18. In the said Order, the Commission also approved the True Up for FY 2015-16.

1.4 TRUE UP FOR FY 2016-17, ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2017-18, AND AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19 FILED BY THE PETITIONER

1.4.1 The Commission, vide its Tariff Order dated January 22, 2019, approved the ARR / Tariff for FY 2018-19, Annual Performance Review (APR) for FY 2017-18 and True-Up for FY 2016-17.

1.5 TRUE UP FOR FY 2017-18, ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2018-19, AND AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2019-20 FILED BY THE PETITIONER

1.5.1 The Commission, vide its Tariff Order dated September 03, 2019, approved the ARR / Tariff for FY 2019-20, Annual Performance Review (APR) for FY 2018-19 and True-Up for FY 2017-18.

1.6 TRUE UP FOR FY 2018-19, ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2019-20, AND AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2020-21 FILED BY THE PETITIONER

1.6.1 The Commission, vide its Tariff Order dated December 04, 2020, approved the ARR / Tariff for FY 2020-21, Annual Performance Review (APR) for FY 2019-20 and True-Up for FY 2018-19.

1.7 DETERMINATION OF TARIFF, ANNUAL PERFORMANCE REVIEW (APR) AND TRUING UP OF TARIFF

1.7.1 As per the provisions of the Distribution MYT Regulations, 2014 the Distribution Licensee were required to file their ARR / Tariff Filings before the Commission latest by November 30th each year so that the tariff can be determined and be made applicable for the subsequent financial year.

1.7.2 The Regulation 4 of MYT Regulation, 2019 stipulates the timelines for filing of Business Plan, ARR / Tariff, APR & True-Up Petitions under these Regulations. The relevant extract of the same is reproduced below:

Quote

4. Petitions to be filed in the Control Period

4.1 The Petitions to be filed in the Control Period under these Regulations will comprise of the following:

Filing date	***True- Up***	***APR***	***ARR / Tariff***
15.10.2019	***Business Plan for FY 2020-21 to FY 2024-25***		
30.11.2019	*FY 2018-19 (as per MYT Regulations, 2014)**	*FY 2019-20 (as per MYT Regulations, 2014)**	*FY 2020-21*
30.11.2020	*FY 2019-20 (as per MYT Regulations, 2014)**	*FY 2020-21*	*FY 2021-22*
30.11.2021	*FY 2020-21*	*FY 2021-22*	*FY 2022-23*
30.11.2022	*FY 2021-22*	*FY 2022-23*	*FY 2023-24*
30.11.2023	*FY 2022-23*	*FY 2023-24*	*FY 2024-25*

**The filings shall be as per Multi-Year Distribution Tariff Regulations, 2014 and Multi-Year Transmission Tariff Regulations, 2014, however, filings have to be made on 30th November of the respective year as per these Regulations.*

4.2 The Licensee shall submit the data regarding the above as per Guidelines and Format prescribed and added/ amended from time to time by the Commission.

Unquote

1.7.3 The Petitioner vide its Letter No. P-77A/2021/032 dated November 26, 2020 sought extension for two months for filing the Petitions. The Commission vide its Letter No. UPERC/D(T)/2021-22/Tariff/20-1447 dated December 08, 2020 accepted the request of the Petitioner and granted 2 months extension for filing the Petition.

1.7.4 The Petitioner submitted its Petitions in the matter of Truing Up for FY 2019-20, Annual Performance Review (APR) FY 2020-21 and determination of ARR / Tariff for FY 2021-22 before the Commission, on February 01, 2021.

1.7.5 The Commission would like to caution the Petitioner that such delays in future in filing of True-Up, APR and ARR Petitions during this control period would be dealt strictly considering the directions contained under Hon'ble APTEL's Judgement dated 11.11.2011 in OP No. 1/2011 referred above. Additionally, this would be treated as non-compliance of relevant provisions of various Regulations and appropriate punitive action against the Petitioner may be taken by the Commission.

1.8 PRELIMINARY SCRUTINY OF THE PETITIONS

1.8.1 After the detailed scrutiny of the Petition by the Commission, a deficiency note was issued to the Licensee vide letter No. UPERC/Secy/D(Tariff)/2020-21-1844 dated February 22, 2021 directing it to provide the required information within 10 days from the date of issuance of the Deficiency Note.

1.8.2 The Petitioner vide it Letter No. P-77A/2021/044 dt. March 04, 2021 sought extension of further four weeks' time for submission of information required in 1st deficiency. The Commission vide its Letter No. UPERC/Secy/D(Tariff)/ 2021-22-1943 dated March 12, 2021 granted further four weeks' time for the submission of information sought in 1st deficiency. The Petitioner submitted the response of the first set of deficiencies vide letter dated April 02, 2021.

1.8.3 The Technical Validation Session was conducted on April 09, 2021 through VC, which was attended by the senior officials of the Commission and the Licensee and during the Technical Validation Session (TVS), the Licensee explained various issues raised in the deficiencies. Subsequently, minutes of meeting (M.O.M) along with pending data / information were issued and the Licensee was directed to submit the pending information within 10 days Vide e-mail dated April 12, 2021.

1.8.4 The Commission also reiterated in the Admittance Order dated April 26, 2021 that the Licensee has not submitted any Tariff Proposal and since the determination of ARR / Tariffs had already been significantly delayed, the Commission admitted the Petition. The Commission directed the Licensee to submit the pending responses immediately and also directed to shall furnish further information / clarifications, if any, as deemed necessary by the Commission during the processing of the Petition and provide the same to the satisfaction of the Commission within the time frame as stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

1.8.5 Subsequently, several other data deficiencies were sent to the Licensee vide emails / letters dated June 10 2021, June 14 2021, June 22 2021, June 30 2021 and July 15 2021 and the Licensee replied to the same via emails / letters. Further, the Licensee was also directed to submit its responses in hard copy also in affidavit.

1.8.6 Further, the Petitioner has informed that against the Commission`s Order dated 04.12.2020 for True up of FY 2018-19, APR of FY 2019-20 & ARR/Tariff for FY 2020-21 in the Petition No. 1541 of 2019, and also against the Commission`s Business Plan Order dated 26.11.2020 in the Petition No. 1526 of 2019, the Petitioner has filed Appeals before the Hon’ble APTEL.

1.8.7 Taking onto consideration the above deficiencies raised by the Commission, henceforth the Petitioner is directed to submit the following information along with each Tariff filing / Petition:

1. Provide the details of all the pending cases filed by NPCL against UPERC in various forums along with the status of the same.
2. Provide details of vehicles and any asset of 132kV & above (and associated assets) capitalized or part of CWIP during the year along with the True-up/ARR Petition as provided during the previous year proceeding. Further, the Petitioner is directed not to buy luxury vehicles and also restrict itself in respect to the number of vehicles.
3. Provide the details of the land capitalized during the year, along with the purpose of usage and status of usage of land, along with the lease deed for each land capitalized. Also provide the list of un-utilized land capitalized.
4. Provide copy of all the registries and usage details of all the land capitalized during the year.
5. Provide list of Open Access consumers (Long Term, Short Term, Medium Term) along with their consumption.
6. Wherever the opening values in the new audited account doesn't not match with the closing shown in the previous audited account, the reasons for the same to be provided as part of balance sheet.
7. Provide detailed breakup of CWIP claimed for the year along with the Petition.
8. Provide the portion of electricity duty in the Bad Debts along with the Petition and reconcile the same with the balance sheet for the year.

9. Submit the month-wise actual category/sub-category wise Billing Determinants (No. of Consumers, Connected Load & Sales) & actual Revenue for the year along with the Petition.

10. Submit the reconciliation of the actual O&M expenses (i.e. employee expenses, A&G expenses, R&M expenses) vis-à-vis the normative expenses for the year.

11. The Petitioner is directed to ensure that the actual Power Purchased (MUs) ex-bus & at energy delivered at NPCL periphery (MU) along with inter & intra state losses are made part of the Audited Balance Sheet.

12. Ensure that the actual category/sub-category wise Billing Determinants (No. of Consumers, Connected Load & Sales) & actual Revenue are made part of the Audited Balance Sheet.

13. The Petitioner is directed to ensure that the actual Power Purchase Cost with detailed break-up of each source, inter-state transmission charges, inter-state transmission charges are made part of the Audited Balance Sheet.

14. Submit the PPA`s, Commission`s approval and bills of each source from which power is procured, along with the True-up/ARR petition.

15. Submit the details of each investment scheme / project exceeding Rs. 10 Crore and obtain prior approval of the Commission as per Regulations for inclusion as regulatory expenditure in the ARR. Further, Petitioner should submit the Petitions on quarterly basis for approval of the Commission in line with the MYT Regulations 2019. Failure to do so will result in disallowance of such investment in the ARR in order to safeguard the consumers from unjust and unfair charges.

16. Provide the daily load curves and monthly load curves for last year along with the corresponding N2 region demand curves of exchange.

1.9 ADMITTANCE OF THE TRUE-UP, APR AND ARR / TARIFF FILINGS

1.9.1 The Commission, vide its Admittance Order dated April 26, 2021, directed the Petitioner to publish a Public Notice consisting of the summary and highlights of the proposed Aggregate Revenue Requirement and Tariff for FY 2021-22, Annual Performance Review for FY 2020-21 and True-Up for FY 2019-20 in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in its license area, inviting suggestions and objections within 15 days from the date of publication of the Public Notice(s) from the stakeholders and public at large. The Petitioner shall also upload on its website the Public Notice, Petitions filed before the Commission along with all regulatory filings, information, particulars and related documents.

1.9.2 The Commission also directed that the Public Notice(s) should also contain the details of ARR, proposed Tariff, True-Up, details of actual and approved Distribution Loss for FY 2019-20, FY 2020-21 along with proposed losses for FY 2021-22, Power Purchase Cost, Average Cost of supply, Average retail Tariff from each category / subcategory wise consumers, wheeling charges, Open Access related charges etc., and such other matters if any, as directed by the Commission.

1.10 PUBLICITY OF THE LICENSEE FILING

1.10.1 The Public Notice detailing the salient features of the Filings were published by the Licensee in daily newspapers as detailed below, inviting objections from the public at large and all stakeholders.

1.10.2 This information appeared in Hindi Newspapers (Dainik Jagran, Navbharat Times) and English Newspapers (The Statesman, Times of India) on April 29, 2021.

1.11 STATE ADVISORY COMMITTEE

1.11.1 The State Advisory Committee was also conducted on 21st June, 2021 wherein the views and suggestions of the members of the SAC were sought. The same have also been taken into consideration while determining and finalising the ARR and Tariff.

2 PUBLIC HEARING PROCESS

2.1 PUBLIC HEARING:

2.1.1 To provide an opportunity to all sections of the population in the Licensee's supply area to express their views and to also obtain feedback from them, virtual public hearing through Video Conference was held by the Commission on May 24, 2021. The Public Notice for the same was published in the following newspapers;

News Paper	Date
Times of India (English), New Delhi	11.05.2021
Dainik Jagran (Hindi), New Delhi	11.05.2021

2.1.2 Consumer representatives, industry associations as well as several individual consumers participated actively in the public hearing process.

2.1.3 The State Advisory Committee meeting was held on June 21, 2021 in which Tariff related issues were discussed and inputs were sought from members of the Committee. The same have also been taken into consideration while determining and finalising the ARR and Tariff.

2.1.4 The views / suggestions / comments / objections / representations on the True-up / APR/ ARR / Tariff submissions received from the public were forwarded to the Licensee for its comments / response. The Commission considers these submissions of the consumers and the response of the Licensees before it embarks upon the exercise of determining the final True-up / APR / ARR / Tariff.

2.1.5 Besides this, the Commission, while disposing the True-up / APR / ARR / Tariff filed by the Licensee, has also taken into consideration the oral and written views / comments / suggestions / objections / representations received from various stakeholders during the public hearings through video conferencing or through post or by e-mail.

2.1.6 The Commission has taken note of the views and suggestions submitted by the various stakeholders who provided useful feedback on various issues and the Commission appreciates their participation in the entire process.

2.2 VIEWS / COMMENTS / SUGGESTION / OBJECTIONS / REPRESENTATION ON TRUE-UP, APR AND ARR / TARIFF FILLINGS.

2.2.1 The Commission has taken note of the various views/ comments / suggestions /

objections / representations made by the stakeholders.

2.2.2 The Commission has attempted to capture the summary of comments / suggestions / observations in this section. However, in case any comment / suggestion / observation is not specifically elaborated, it does not mean that the same has not been taken into consideration. The Commission has considered all the issues raised by the stakeholders and Licensee response on these issues while carrying out the detailed analysis of the True Up for FY 2019-20, APR for FY 2020-21 and Tariff for FY 2021-22.

2.2.3 The list of the persons who have submitted their views / comments / suggestions / objections / representations, is appended to this Order. The major issues raised therein, the replies given by the Licensees and the views of the Commission have been summarized as detailed below:

TARIFF

A. Comments / Suggestions of the Public

2.2.4 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad has proposed 'Covid Rahat Tariff' to give relief to Domestic (rural and urban), Commercial (rural and Urban) and agricultural consumer in times of Covid 19 pandemic as for NPCL also like State Discoms.

2.2.5 Shri Rama Shanker Awasthi submitted that the Petitioner has been levying Tariff that is (a) the Tariff being charged is much in excess of the Tariff prescribed by the Commission vide its Tariff Orders; and (b) non-uniform, i.e., different consumers of the Petitioner getting electricity in same consumer tariff category are being charged differential charges.

2.2.6 Further, he submitted the details of the invoices for LMV-1 category of consumers evident of such differential levy of fixed charges for the same quantum of contractual load/ billable demand, which is in complete contravention of the tariff order of the Commission.

S No.	Consumer No.	Name	Area	As per Munshi Report ()	Contracted Load	Fixed Charges
1.	200014887	Anil Kumar Khanna S/o Gobind Ram Khanna	Nalgarha	R	2 KW	216.99
2.	2000147476	Santosh S/o Vishnu	Nalgarha	R	1 KW	55.89
3.	…….	Vinod Kumar Mahapatra S/o Hari Mahapatra	Nalgarha	R	2KW	216.99

S No.	Consumer No.	Name	Area	As per Munshi Report ()	Contracted Load	Fixed Charges
4.	2000109680	Panwati Devi D/o Narendra Singh	Kulesra	R	2KW	216.99
5.	2000096045	Rahul Sharma C/o Prem Chandra Sharma	Lakhnawali	R	2KW	224.22
6.	2000079977	Usha C/o Rum Pal Sharma	Haldauni	R	2KW	216.99
7.	2000073156	Hari Ram C/o Harpal Singh	Habibpur	R	5KW	542.47
8.	200006602	Ajay Kumar Verma C/o Jai Chand Verma	Suthyana	R	2KW	282.08
9.	2000131976	Jagram Singh S/o Kherati Lal	Nalgarha	R	2KW	216.99
10.	2000089796	Rajendra C/o Fathey Singh	Nalgarha	R	2KW	216.99
11.	2000108133	Mangla C/o Buddha	Malakpur	R	2KW	216.99
12.	2000078416	Pradeep C/o Babu	Malakpur	R	2KW	209.75
13.	2000144404	Abid KhanS/o Chand Khan	Suthyana	R	2KW	245.92
14.	2000016003	Bhagmali C/o Rattan Singh	Suthyana	R	2KW	238.68
15.	2000061411	Santa C/o Rajpal Singh	Suthyana	R	2KW	231.45
16.	2000144369	Sudesh W/o Harikishan	Suthyana	R	2KW	238.68
17.	2000148760	Lallu S/o Hari Singh	Habibpur	R	2KW	224.22
18.	2000075434	Suman C/o Gajaye Singh	Habibpur	R	2KW	195.29
19.	2000016150	Ashok Kumar C/o Ram Rikh	Malakpur	R	1KW	108.49
20.	2000013204	Jaswant Singh C/o Bali Singh	Malakpur	R	2KW	216.99
21.	2000097371	Vipol Kumar C/o Rakesh Babu	Haldauni	R	2KW	209.75
22.	2000001454	Virpal Singh Parjapat C/o Ramsroop Parjapat	Haldauni	R	2KW	231.45
23.	2000066995	Ram Avtar Yadav C/o Ram Soch Yadav	Haldauni	R	2KW	202.52

S No.	Consumer No.	Name	Area	As per Munshi Report ()	Contracted Load	Fixed Charges
24.	2000101367	Sunita Devi C/o Dinesh Kumar	Haldauni	R	2KW	216.99
25.	2000115873	Mintu Devi W/o Sudhakar Tiwari	Jalpura	R	2KW	253.15
26.	2000113487	Ramlal Sharma S/oParsuram Sharma	Jalpura	R	2KW	209.75
27.	2000085632	Geeta C/o Harish Chand	Jalpura	R	2KW	238.68
28.	2000123541	Javid Khan S/o Sattar Khan	Jalpura	R	2KW	231.45
29.	2000015456	Lekh Singh C/o Tejpal	Lakhnawali	R	2KW	209.75
30.	2000147431	Vedprakash S/o Mukesh Kumar	Lakhnawali	R	2KW	1374.25
31.	2000058136	Kusum Tyagi C/o Dayanand Tyagi	Kulesra	R	2KW	238.68
32.	2000054163	Akash Sharma C/o Bhoomal Sharma	Haldauni	R	2KW	202.52
33.	2000034684	Shiv Ji Jha Jha C/o Mahendra Jha	Kulesra	R	2KW	253.15
34.	2000028225	Padam Singh C/o Ranbir Singh	Malakpur	R	2KW	216.99
35.	2000015076	Paramanand Sharma C/o Shyami	Lakhnawali	R	2KW	216.99
36.	2000015036	Ravi Shankar C/o Ram KishanSharma	Malakpur	R	2KW	216.99
37.	2000014157	Sripal C/o Chiriya	Habibpur	R	2KW	202.52
38.	2000006350	Krishnanagar	Suthiyana	R	2KW	216.99
39.	2000007786	Likhiram C/o Gangaram	Jalpura	R	2KW	253.15
40.	2000000081	Sanjay Kumar C/o Bidhu	Jalpura	R	2KW	231.45
41.	2000147963	Deepak Sharma S/o Brahmpal Sharma	Lakhnawali	R	2KW	238.68
42.	2000126214	Juli Singh W/o Naveen Kumar Singh	Lakhnawali	R	2 KW	195.29
43.	2000053180	Leelay Singh C/o Bhulay Singh	Kulesra	R	2 KW	216.99
44.	2000082041	Mala Devi C/o Krishana Pal Singh	Kulesra	R	2 KW	209.75

S No.	Consumer No.	Name	Area	As per Munshi Report ()	Contracted Load	Fixed Charges
45.	200017641	Anita W/o Raghuvender Singh	Kulesra	R	2 KW	159.12
46.	2000038672	Prakash Chand Saini C/o Nathi Singh Saini	Kulesra	R	2 KW	202.52
47.	2000043038	Sunil Kumar C/o Jhuttar Singh	Habibpur	R	2 KW	231.45
48.	2000041514	Bhagmal Singh C/o Durga R. Singh	Habibpur	R	5 KW	420.41
49.	2000098195	Devi Ram C/o Paimi	Habibpur	R	2 KW	224.22
50.	2000115883	Ashok Kumar S/o Rati Ram	Nalgarha	R	2 KW	216.99
51.	2000043554	Darshan Singh C/o Sadhu Singh	Nalgarha	R	3 KW	325.48
52.	2000065208	Usha Devi C/o Gopal Singh	Jalpura	R	2 KW	245.92
53.	2000066602	Ajay Kumar Verma C/o jai Chand Verma	Suthyana	R	2 KW	282.08

2.2.7 Further, he submitted that the aforementioned invoices pertain to the period from November 2020 to January 2021. Until 04.12.2020, which is the date of promulgation of the Tariff Order for the FY 2020-21, the Tariff Order dated 03.09.2019 was applicable on Petitioner and continued to hold the field. Vide the Tariff Order dated 03.09.2019, the rates prescribed for the various categories are as follows:

Category	Load	Fixed Charges (INR)	Energy Charges (INR)
LMV-1 (Rural)	Upto 1 KW	50 per month	3.00/kWh
LMV-1(Rural)	Above 1 KW	90 per KW per month	3.35/ kWh- 6.00/kWh As per consumption
LMV-1 (Urban)	Upto 1 KW	50 per month	3.00/kWh
LMV-1 (Urban)	All loads	110 per KW per month	5.50/ kWh-7.00/kWh
LMV-5 (Rural)	Unmetered	170/ BHP/ month	Nil
LMV-5 (Rural)	metered	70/BHP/Month	2.00/ kWh
LMV-5 (Urban)	metered	130/BHP/ Month	6.00/ kWh

2.2.8 Further, he submitted that the same rate schedule is applicable for FY 2020-21, as prescribed by the Commission vide its Tariff Order dated 04.12.2020.

2.2.9 Further, he submitted that it is clear from the above table that the fixed charges being charged by the Petitioner vide the said invoices, are neither uniform nor in conformance with the fixed charges prescribed vide the Tariff Orders of the Commission. For instance, it is submitted that for a load of 2 KW under allegedly urban schedule, the fixed charges collected by the Petitioner range from Rs. 159 to Rs. 282.08, which is directly contravening the Fixed charges prescribed by the Commission as per its Tariff Order. Further, he enquired, how can it be that for the same billable demand, the fixed charges differ so drastically, when the billing is actually automatic and through a comprehensive software system.

2.2.10 Further, he submitted that this is not only a contravention of the Commission's tariff orders, which in itself is liable to be penalized, but is also a violation of the license conditions. Further, these bills are only with respect to a few consumers in only 2 categories, and for a limited period. However, these invoices are evidence of a large-scale illegality and scam being perpetrated by the Petitioner with its consumers. He submitted that it is incumbent upon the Commission to commence a wide scale investigation in order to see what is the extent of these discrepancies and arrest their perpetration now that the Commission has been made aware of the same.

2.2.11 Based on the reply of the Petitioner, he added that the Petitioner has stated and accepted that the billing is done on daily basis for these areas. In this regard, he submitted that it means billing is done for 36 days to 47 days for consumers. Pertinently, contrary to the billing on daily basis, as adopted and accepted by the Petitioner, the Electricity Supply Code, 2005, Annexure 3.1, read with Rule 3.7 and 6.1(a), clearly mandates that the billing for consumers in LMV-1 and LMV-5 categories shall be strictly on monthly or bi-monthly basis. This clearly exhibits the willful disregard and non-compliance by the Petitioner of its mandatory obligations under the Supply Code.

B. Petitioner's Response

2.2.12 As regards to the objection of Shri Avadhesh Kumar Verma, the Petitioner in its response submitted that this comment is not related to Tariff proceedings.

2.2.13 As regards to the objection of Shri Rama Shanker Awasthi, the Petitioner submitted that the objections regarding the matter are baseless and false and hence denied. The

Petitioner submitted that the comments provided by the Objector are false, baseless and misleading. Further, the Petitioner submitted that it has been raising bills in accordance with the Tariff Orders issued by the Commission from time to time, latest being on 04.12.2020. Since, the fixed charges are billed on per day basis, therefore, depending on the billing cycle the fixed charges would vary from month to month depending upon the number of days the consumers have been billed.

2.2.14 Further, the Petitioner submitted that it is pertinent to mention that none of the consumers mentioned in the corresponding paragraph have raised any complaint on wrong levy of fixed charge, however, the Objector on his own under the garb of championing the cause of consumers is attempting to make a false narrative against the Company and its officials for ulterior motives.

2.2.15 Further, the Petitioner pointed out that the false and misleading allegations are in a desperate attempt to discredit the Company and its officials. The Petitioner repeatedly prays before the Commission to direct the Objector not to make any attempt to tarnish the goodwill of the Petitioner and its officials.

C. Commission's View

2.2.16 The Petitioner has submitted the following:

Quote

It is submitted that the Petitioner Company has been raising bills in accordance with the Tariff Orders issued by the Hon'ble Commission from time to time, latest being on 04.12.2020. Since, the fixed charges are billed on per day basis, therefore, depending on the billing cycle the fixed charges would vary from month to month depending upon the number of days the consumers have been billed.

Unquote

2.2.17 The Commission has taken note of the objections/suggestions made by the stakeholder in this regard and also noted response by the Petitioner. However, any matter related to billing disputes can be raised by the concerned consumers in appropriate forum.

DISTRIBUTION LOSSES

A. Comments / Suggestions of the Public

2.2.18 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that if voltage wise losses analysis is done then the losses of NPCL will be between 5% to 7%.

2.2.19 Shri Rama Shanker Awasthi submitted that the Petitioner has submitted its Distribution Loss statement as follows:

Sl.No.	Particulars	Control Period		
		Actual	Actual	Actual
		FY 2017-18 (n+1)	FY 2018-19 (n+2)	FY 2019-20 (n+3)
A	**System Losses At 33 KV**			
1	Energy received into the system	1812.5	2014.2	2267.3
2	Energy sold at this voltage level	819.6	944.1	1037.9
3	Energy transmitted to the next (lower) voltage level	972.5	1046.5	1203.5
4	Energy Lost	20.4	23.5	25.9
5	**Total Loss in the system (4/1)*100%**	1.13%	1.17%	1.14%
B	**Losses At 11 KV**			
1	Energy received into the system	972.5	1046.5	1203.5
2	Energy sold at this voltage level	441.5	477.3	568.5
3	Energy transmitted to the next (lower) voltage level	502.2	537.4	597.6
4	Energy Lost	28.7	31.9	37.4
5	**Total Loss in the system (4/1)*100%**	2.95%	3.04%	3.11%
C	**LT System Losses**			
1	Energy received into the system	502.2	537.4	597.6
2	Energy sold at this voltage level	406.5	428.7	474.3
3	Energy Lost	95.7	108.7	123.3
4	**Total Loss in the system (3/1)*100%**	19.10%	20.20%	20.60%
D	**Overall Losses**			
1	Energy In (A1)	1812.5	2014.2	2267.3
2	Energy Out (A2+B2+C2)	1667.6	1850.1	2080.7
3	Total T&D Loss ((1-2)/1) *100%	7.99%	8.15%	8.23%

2.2.20 Further, he submitted the distribution losses after disallowances of excess sales in unmetered category, and are as follows:

Sl. No.	Particulars	FY 2019-20 (n+3)
A	**System Losses At 33 KV**	
1	Energy received into the system	2267.3
2	Energy sold at this voltage level	1037.9
3	Energy transmitted to the next (lower) voltage level	1203.5
4	Energy Lost	25.9
5	**Total Loss in the system (4/1) *100%**	1.14%
B	**Losses At 11 KV**	
1	Energy received into the system	1203.5
2	Energy sold at this voltage level	568.5
3	Energy transmitted to the next (lower) voltage level	597.6
4	Energy Lost	37.4
5	**Total Loss in the system (4/1) *100%**	3.11%
C	**LT System Losses**	
1	Energy received into the system	597.6
2	Energy sold at this voltage level	451.6
3	Energy Lost	146.1
4	**Total Loss in the system (3/1) *100%**	24.40%
D	**Overall Losses**	
1	Energy In (A1)	2267.3
2	Energy Out (A2+B2+C2)	2057.9
3	**Total T&D Loss ((1-2)/1) *100%**	**9.23%**

2.2.21 He submitted certain observations with respect to High Allowance of Losses to NPCL compared to KESCO and Torrent Power like the ratio of 33kV and 11kV & LT sales of three years is presented below wherein it can be clearly seen that HT sales are increasing at Petitioner which is completely opposite to their claims of increasing LT sales. In such a scenario, distribution losses should be actually reduced.

Description	**FY 2017-18 (n+1)**	**FY 2018-19 (n+2)**	**FY 2019-20 (n+3)**
Ratio of 33kV sales to Import	45.20%	46.90%	45.80%
Ratio of 11kV sales to Import	24.40%	23.70%	25.10%
Total HT Sales	69.60%	70.60%	70.80%
Ratio of LT sales to Import	22.40%	21.30%	19.90%

2.2.22 Further, he submitted that it can be seen that NPCL's LT sales over last 2 years is reduced by 2.5%. The actual LT losses of NPCL are 24.4% and accordingly, towards reduction of LT sales distribution losses should also be reduced by 2.5% * 24.4% i.e., by 0.61% on the overall losses.

2.2.23 Further, he submitted that despite the fact that most of consumers at LT voltage are connected with single transformer in LMV-2, LMV-3, LMV-4, LMV-5, LMV-6, LMV-7 & LMV-8 category which is typically without any theft from the electric mains, the Petitioner is observing high losses at LT. At such levels, state Discoms are also not allowed losses.

2.2.24 The Petitioner has shown increasing trends of distribution losses at 11kV which is not possible in view of increasing number of 11kV feeders and 33/11kV transformer capacity in FY 2019-20. A detail of technical assets which is necessary to reduce technical losses is shown below:

	FY 18-19	**FY 19-20**
5 MVA	70	70
10 MVA	310	310
12.5 MVA	312.5	437.5
Total 33/11kV Transformer MVA	**692.5**	**817.5**
No. of 33/11kV Substation	47	50
No. of 11kV Feeders	228	249

2.2.25 Further, he submitted that with a greater number of feeders, average load per feeder will reduce and hence there should be reduction in 11kV losses and not the increase as shown by the Petitioner. It appears that no efforts to use "control room" or SCADA is done by the Petitioner for load balance etc. which is necessary to reduce losses at high voltage. From the Tariff Orders of September 2019 & 04.12.2020, a summary has been prepared compared which shows that the Commission has been allowing distribution losses at such high levels to the Petitioner which should be not more than 6%.

Sl No	**Parameter**	**KESCO**	**NPCL**
1	Energy Import	3469.06	2010.92
2	Losses at 132 kV	0.55%	0
3	Sale at 132 kV	182.75	0
4	Losses at 132 kV %	0.92	0
5	Energy at 33kV	3285.39	2010.92

Sl No	Parameter	KESCO	NPCL
6	Losses at 33kV %	2.14%	1.18%
7	Energy Losses at 33kV	70.31	23.73
8	Sales at 33kV	111.67	623.4
9	Energy Available at 11kV	3103.41	1363.79
10	Losses at 11kV	4.09%	2.97%
11	Sales at 11kV	502.99	748.34
12	Energy Losses at 11kV	126.93	40.5
13	Energy Available at LT	2473.49	574.95
14	Energy Sales at LT	2376.43	456.59
15	Energy Losses at LT	97.06	118.36
16	**Losses at LT %**	**4.08%**	**25.92%**
17	Excess LT Loss allowed to NPCL compared to KESCO		21.84%
18	Excess LT Loss units allowed to NPCL compared to KESCO		125.55
19	Average Power Purchase Cost approved to NPCL Rs/kWh		5
20	**Excess cost allowed on discretionary basis Rs. Cr.**		**62.78**

**Note: Reference is taken from the Tariff Orders approved for State Discoms and NPCL. For KESCO, HT sales is distributed in same ratio as provided by KESCO in its petition for 132kV, 33kV, 11kV and LT sales. For NPCL, data is not available for bifurcation of HV-1 and LMV-1 sales at 33kV so entire sale is considered at 11kV. Even if 20% sales is considered at 33kV at HV-1 & LMV-1 (Gaur city, JP Greens, AWHO and many such consumers as surveyed in the area are at 33kV but no voltage-wise bifurcation provided)*

2.2.26 Further, he submitted that if the Commission allow the Petitioner the same kind of LT losses i.e., 7.92% instead of 4.08% as being provided to KESCO, the revised distribution losses of the Petitioner would be 5.10% as follows as in line with losses of Noida ***Zone of PVVNL and Surat Electricity Company.***

	Particulars	
A	**System Losses At 33 KV**	FY 2019-20 (n+3)
1	Energy received into the system	2267.3
2	Energy sold at this voltage level	1037.9
3	Energy transmitted to the next (lower) voltage level	1203.5
4	Energy Lost	25.9

	Particulars	
5	**Total Loss in the system (4/1) *100%**	1.14%
B	**Losses At 11 KV**	
1	Energy received into the system	1203.5
2	Energy sold at this voltage level	568.5
3	Energy transmitted to the next (lower) voltage level	597.6
4	Energy Lost	37.4
5	**Total Loss in the system (4/1) *100%**	3.11%
C	**LT System Losses**	
1	Energy received into the system	597.6
2	Energy sold at this voltage level	451.6
3	Energy Lost	47.3
4	**Total Loss in the system (3/1) *100%**	7.92%
D	**Overall Losses**	
1	Energy In (A1)	2168.6
2	Energy Out (A2+B2+C2)	2057.9
3	Total T&D Loss ((1-2)/1) *100%	5.10%

2.2.27 Further, he submitted that the Petitioner provides every reason for increasing the distribution losses and it compares NPCL's performance with the state discoms. In spite of having the highest underground network, 100% under-ground and AB cable in LT voltage, paying salaries in crores to entire management (MD &CEO salary is reported more than Rs. 6 Cr for a sale of 2057 MU i.e., approx. 3 paisa/ kWh of sales, highest in country), loading of transformer almost at 40% but distribution losses are reported so high. It appears there is no management action to reduce losses and they are simply reporting whatever comes at the end of year.

2.2.28 Further, the Objector takes reference to Surat Electricity and Ahmedabad Electricity company owned by M/s Torrent Power regarding reduction of T&D losses (reference https://powerline.net.in/2019/10/06/torrentpower/). The Torrent Power reduced its losses by 11% in Ahmedabad from 6.31% and by 4% from 4.35% to 4.21%. However, for the Petitioner, the Commission has adopted 5% loss reduction target in 5 years which is highly flexible target.

"The T&D losses in Ahmedabad and Surat stood at 5.61 per cent and 4.21 per cent, respectively, in 2018-19, a decline from the 6.31 per cent and 4.35 per cent recorded in the previous year. The utility's T&D losses are among the best in the country, at levels below 7 per cent for the past three years."

2.2.29 Further, he compared the Petitioner with PVVNL with data submitted by them in respect of losses claimed. Below submission are made with respect to Voltage Wise Energy Loss at PVVNL (Form P1)

2.2.30 He submitted that there is no loss of energy at 132kV to PVVNL, however, there seems to be metering error of 0.0017% as reported by it. It was also informed by PVVNL in FY 2018-19 of zero losses, however, despite that the Commission had generously approved losses to 132kV Consumers in Open Access at 0.18%, which is the gross error. The Commission is requested to not repeat such an error in the proposed tariff Order.

2.2.31 Further, he submitted that PVVNL has reported losses at 33kV level as 1.45% which is appreciated by the Objector but an advice is that it can be reduced to 1.2% -1.3% with suitable technical and metering solutions. Some of the suggested measures are as follows:

- PVVNL should be directed to complete interface metering at T-D points at the earliest and provide the current status.
- Separation of 33kV Consumers from Substation feeders.
- Monthly energy audit report for each 33kV feeder
- Capital investment plan to reduce length of 33kV feeders and loading on 33kV feeders to create N-1 facilities.
- Metering of 33kV incoming feeders at substation ends.

2.2.32 Further, he submitted that PVVNL has wrongly summated sales and losses at 11kV and LT levels which is against the regulations. As per Form 4A approx. 6000 MU are stated as sales at 11kV level. Due to non-availability of meters at DT level, the technical losses of 11kV levels can be fixed by the Commission at approx. 2.5-3.0% and the balance should be passed on to LT levels.

2.2.33 For the losses at LT Level, as computed by the Objector he submits that on the basis of above assumption, following is the computation for the reference of the Commission:

B		**Losses At 11 KV**	
	1	Energy received into the system	31,814.18
	2	Energy sold at this voltage level (assumed)	6,000.00
	3	Energy transmitted to the next (lower) voltage level	24,938.67
	4	Energy Lost	875.51
	5	**Total Loss in the system (4/1) *100%**	**2.75%**
C		**LT System Losses**	
	1	Energy received into the system	24,938.67
	2	Energy sold at this voltage level (assumed)	20,938.67
	3	Energy Lost	4,000.00
	4	**Total Loss in the system (3/1) *100%**	**16.04%**
D		**Overall Losses**	
	1	Energy In (o1)	34,432.42
	2	Energy Out (A2+B2+C2)	29,065.91
	3	Total T&D Loss ((1-2)/1) *100%	15.59%

2.2.34 Further, he requested the Commission to direct the Petitioner to provide on monthly basis strategy to provide voltage wise distribution losses to the Commission. It is also required as per Cost Audit and to compute Wheeling Charges and Wheeling Losses at each voltage. The Discom should also provide feeder-wise technical losses with best-in-class technical standards to compute voltage wise losses till the DT metering is completed. The Discom should also provide wheeling losses division wise so that consumers in open access are subject to right quantum of losses.

2.2.35 It has been observed that when same losses are provided to the Petitioner, distribution licensee located within the PVVNL area at District Gautam Budh Nagar, at each voltage level, though PVVNL has overloaded system compared to the Petitioner and more rural network due to which its technical losses should be higher, the distribution losses of the Petitioner become only 6.01%. However, if PVVNL is provided same voltage-wise losses as being provided to the Petitioner, then losses of PVVNL becomes 17.2%.

2.2.36 The Commission is requested to adopt scientific model for allowing distribution losses to both Petitioner and PVVNL and there should not be different yardstick for the same/

similar/ adjacent regions so that consumers are not adversely affected by any discom.

2.2.37 He submitted the Comparison with standards adopted by the Delhi Electricity Regulatory Commission and as a part of an exhaustive research, he has analyzed the orders of the Delhi Electricity Regulatory Commission ("DERC") and has shared his findings below:

- The Hon'ble DERC has allowed for Tata Power DDL 8.19% losses in FY 18- 19, a 2% reduction from 8.38%. Further the losses are reduced to 8.0% in FY 19-20 i.e., a reduction of 2.31%;
- The Hon'ble DERC has allowed 99.5% collection efficiency;
- The Commission will be pleased to see that there is one licensee who against the target of 8.19% in FY 2018-19 has actually achieved distribution losses at 7.93%;
- The estimated losses at various voltages in TPDDL area are as follows (reference page 183 of Tariff Order for TPDDL):

Category	**Losses**
Loss above 66kV	0%
Loss at 33 kV and at 66kV	0.79%
Loss at 11kV Level	2.66%
Losses at LT	9.10%

- With reference to LT sales, energy input at LT level to sell is 8347.26 MU out of 9643.85 MU i.e., 86.6%. It clearly shows that unlike the Petitioner where HT sales are 71%, the HT sales at TPDDL are less than 11%.
- The Commission is requested to take note that a large area of TPDDL i.e., Narela, Bawana, Badli etc. are highly theft prone areas but in its petition TPDDL, unlike NPCL, has not taken shelter of such excuses as there are always positive and negative zones in each discom area.

2.2.38 With respect to Comparison with the losses of BRPL, New Delhi which have been decreased from 8.26% in FY 2018-19 to 7.20% in FY 2019-20 he submitted following points:

- He submitted that the Petitioner should not be allowed distribution losses more than 5.1%. However, if the Commission decide the distribution losses higher than

5.1%, then detailed reasons are requested to be provided in the tariff order to make in unbiased and technically supported.

- The Hon'ble DERC also require its Licensee to provide information on theft recovery in terms of Units and total amount collected, tariff category-wise. It is requested that the Petitioner be also directed by Hon'ble UPERC to provide such information to analyses.
- The Commission is also requested to obtain the energy mix & loss statement for each month in terms of Units imports and Unit Sold. It is also requested that such information be also provided on the website of the Petitioner for each month by the end of 7th day of following month.
- Further, he submitted that the Petitioner does not own, operate or maintain any network at 132kV and therefore under Open Access the Petitioner cannot be provided any wheeling loss or wheeling charges at 132kV. The Commission is requested that such demand of the Petitioner to be disallowed.

B. Petitioner's Response

2.2.39 As regards to the objection of Shri Avadhesh Kumar Verma, the Petitioner submitted that every licensed area has unique issues and challenges with respect to T & D losses and realization of bills. Even, within the same licensed area, there will be huge divergence in T & D Losses and realization of bills etc. There are certain areas / pockets where AT&C losses are ranging from 50% and above whereas some other areas / pockets such AT&C losses will be 6% or so. The Petitioner further submitted that it has 118 villages fully electrified and in many of them the AT&C losses are higher than 50% and it has been a daunting task to provide 18 hours supply as well contain AT&C losses within the regulatory norms. Therefore, the AT&C losses are approved for the entire licensed area as a whole and not on sub-area or voltage basis.

2.2.40 As regards to the objection of Shri Rama Shanker Awasthi, the Petitioner submitted that the matter regarding the Distribution Losses is wrong and misleading hence denied. The Objector has completely ignored the Petitioners licensed area, geographic condition, consumer pattern and its consumption which is totally different from the other Distribution Companies of the State of U.P. It will be highly unjust and unreasonable to apply the principles of State Distribution Companies without a scientific study of the load pattern, trends and consumption patterns of the area of the Company.

2.2.41 The licensed area of the Petitioner includes 118 villages which are densely populated with many unauthorized/ unorganized laborer colonies / encroachments indulging into theft of electricity continuously. In order to curb T&D Losses and theft of power, the Petitioner does regular raids/ visits in order to remove unauthorized tapings as well as assessment of theft of electricity. It is submitted that these categories are the largest contributors of electricity theft and the amount so recovered against these cases is being accounted under the same category. Since, these are unauthorized connections, the number of consumers and connected load of such recoveries do not get reflected in the consumer numbers and connected load in the forms prescribed by the Hon'ble Commission. Even in the urban areas, one can find migrant labour in large numbers using electricity through unauthorized connection. The objector has completely ignored the amount assessed and recovered against electricity theft from such unauthorized consumers. The Objector with the sole purpose of misleading the Commission, has taken into account the consumer numbers and connected load of the authorized connections only which are not comparable. It is pertinent to mention that the supply hours, consumption pattern and consumer profile of the licensed area of the Petitioner is totally different from the other State Distribution Companies.

2.2.42 The Objector, for the reasons best known to him, has completely ignored the fact that the Licensed area of the Petitioner is situated in the NCR region and the agricultural land in Greater Noida is being cultivated for more than 2 crops including rice crop in a year and the power supply provided in such areas is much more than 10-12 hours of supply which has not been considered by the State Commission while determining the purported norms/ principles. Therefore, the objection is completely misplaced and against the revenue being collected from such unauthorized usage.

2.2.43 Further, the Petitioner submitted that it is aggrieved by the Order dated 04.12.2020 of the Commission, and has filed an Appeal before the Hon'ble Appellate Tribunal for Electricity [hereinafter referred to as 'Hon'ble APTEL'] and that the matter is sub-judice.

2.2.44 As regards to the objection regarding high allowance of Losses to the Petitioner compared to KESCO, Torrent Power, PVVNL and Delhi Discoms, the Petitioner submitted that every licensed area has unique issues and challenges with respect to T & D losses and realization of bills. Even, within the same licensed area, there will be huge divergence in T & D Losses and realization of bills etc. There are certain areas / pockets where AT&C losses are ranging from 50% and above whereas some other areas / pockets such AT&C losses will be 6% or so. At the cost of repetition, it is humbly submitted that the Petitioner has 118 villages fully electrified and in many of them the AT&C losses are higher than 50% and it has been a daunting task to provide 18 hours supply as well contain AT&C losses within the regulatory norms. Therefore, the AT&C losses are approved for the entire licensed area as a whole and not on sub-area or voltage basis. Therefore, the comments of the Objector are misleading and devoid of any merit.

C. Commission's View

2.2.45 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner. Further, the Commission considers the approved Distribution loss trajectory in the Business Plan Order for concerned years. The Commission has dealt the matter in the relevant Chapters.

SALES

A. Comments / Suggestions of the Public

2.2.46 Shri Rama Shanker Awasthi submitted that the Petitioner has provided information on sales wherein unmetered sales has been considered at much higher levels in spite of facts that the same had been disallowed by the Commission in its Order dated 04.12.2020. The Petitioner has submitted the consumption as follows in Appendix 2, format F9A

		FY 2019-20				
		Actual				
Sl. No.	Consumer Category	No. of consumers	Connected load/ contracted demand	Metered Energy Sales	Metered Energy Sales	Units Per kW/ Month
		(Nos.)	(in MW)	(in MU)	(in MU)	in KWh
3	LMV1					
a	Rural Metered	17947	37.68	29.04	29.04	64
b	Unmetered	2208	5.39	18.6	18.6	288
c	LMV-1M Other	67162	214.19	217.15	217.15	84
d	LMV-1 Bulk	162	144.55	321.61	321.61	185
7	LMV5					
a	Unmetered	691	3.25	18.83	18.83	482
b	Rural Metered	474	2.31	2.69	2.69	97
c	Urban Metered	56	0.27	0.21	0.21	66

2.2.47 Further, he submitted that the Commission in its Order dated 04.12.2020 has considered unmetered sales in terms of per kW per month, at same level as the state Discoms. The norms considered are for LMV-1 per kW per month 144 units, for LMV-5 per kW per month 137.49 units.

2.2.48 Accordingly, the revised consumption in these categories is as follows:

Sl.No.	Consumer Category	No. of consumers	Connected load/ contracted demand	Metered Energy Sales	Units Per kW / Month	Norms of UPERC Units /kW/ Month	Revised Sales	Excess Sales Booking
		(Nos.)	(in MW)	(in MU)	in KWh	in KWh	(in MU)	(in MU)
3	**LMV1**							
b	Unmetered	2208	5.39	18.6	288	144	9.31	9.28
7	**LMV5**							
a	Unmetered	691	3.25	18.83	482	137.49	5.37	13.46
	Total			37.43			14.68	**22.75**

2.2.49 Further, he submitted that the total sales of 2080.65 MU are therefore reduced by 22.75 MU for FY 19- 20 and the allowable sales is 2057.90 MU. He submitted that this Commission needs to take these figures into account and accordingly deduct the quantum of 22.75 MU from the allowable sales of the Petitioner.

2.2.50 Based on the reply of the Petitioner, he added that the Commission, vide its TVS held on 09.04.2021, observed that in LMV-1 category, no. of consumers and connected load are decreasing whereas sales are increasing, while in LMV-5 category, no. of consumers and connected Load are increasing whereas sales is decreasing, and asked the Petitioner to justify the same. The Petitioner has given an evasive response as it states that the reason behind decrease in consumers in the LMV-1 and LMV-5 categories is attributable to the conversion from the Unmetered connection into Metered connection.

2.2.51 The Petitioner has given no data to support its submissions and has given generic responses. No details are provided regarding the following:

- How many consumers have been converted from metered to unmetered?
- How many new consumers have been added in LMV-5 category and what purpose have they taken the connection for?

2.2.52 He submitted that contrary to the evasive submissions of the Petitioner, it is stated that no new villages are being added to the Petitioner's License area. Even the Petitioner has not provided any details of any new villages being added. Moreover, the villages already within Petitioner's license area have been acquired by GNIDA, which is developing these villages into developed Sectors. As a result, the old unmetered connections in these erstwhile village areas are being surrendered and the new metered connections granted in place of the same.

2.2.53 Since the Petitioner has given the same reasons for the level of sales, as were given by it for FY 2018-19, then the treatment given to Petitioner's unmetered sales should be the same as in FY 2018-19.

2.2.54 The Commission has allowed unmetered sales at same norms to state Discoms vide true up orders for FY 2018-19 to all Discoms in state.

2.2.55 Further, he submitted that the Petitioner had made submission on LMV-5 metered sales in FY 2018-19 at a higher per kW/per month basis as compared to FY 19-20 & same is summarized below from their submissions:

FY	Consumer Category	No. of consumers	Connected load/ contracted demand	Metered Energy Sales	Units Per kW / Month
FY18-19	Rural Metered	427	2.057	5.15	209
FY19-20	Rural Metered	474	2.31	2.69	97

2.2.56 He further submitted that he is raising issue of fake sales by the Petitioner for several years, however, the Commission has not yet initiated any investigation in the matter. As it can be seen that the tariff for metered LMV-5 in rural, tariff was Rs. 1.00 per unit in FY 2018-19, a high sale had been registered, with fake means, and then allowing bad debt for this amount to happen.

2.2.57 Further, he submitted that the Tariff for FY 2019-20 had been fixed at Rs. 2.00 per unit for LMV-5 rural metered category, so accordingly, the Petitioner reduced the recording of energy consumption for this category from 209 units / kW/ month to 97 units / kW/ Month. Therefore, he submitted that it is clear that while the tariff is doubled, to keep AT&C losses rate intact, the Petitioner has reduced the energy sales to LMV-5 rural metered consumers to almost half.

2.2.58 Based on the reply of the Petitioner with regards to fraud in metered Agriculture Sales, he added that the Petitioner seems to suggest that the cases of theft, and the loss of electricity because of the same has exponentially increased in the FY 2019-20, as compared to previous years. However, surprisingly, the underdeveloped areas, which the Petitioner claims to be the primary reason for such theft, were already there in previous years.

2.2.59 Notably, the cases of theft increasing appear to be in the same year when the Commission has reduced the tariff of LMV-5 category.

2.2.60 He also added that the Petitioner should confirm if it is case of arrest of theft which has reduced the metered sales. Notably, the assessment of theft is calculated on the basis of LxFxDxH, as provided in the Supply Code. If it is yes, it must be with penalty amount and overall ABR for LMV-5 metered should be high.

2.2.61 It is a matter of detailed inquiry as the Petitioner has chosen to not provide answer, how per kW/ month units have come down for LMV-5 (M), if it is theft control activity, it should have been case for LMV-5 (UM) also.

2.2.62 It is submitted that if these bills are not fake, then the Petitioner needs to explain the following enquiries:

- Why is the security deposit amounts not mentioned in these sample invoices?
- This means that the Petitioner is neither claiming the interest on security deposit of such consumers in its ARR, nor is it providing that interest to such consumers.
- On the basis of monthly bills, such consumers appear to not have paid any amounts against their electricity bills at least for the last 5 years.
- It means that neither the Petitioner collected their security deposit amount, nor did they disconnect the supply after adjusting security amounts.
- This means that either such consumers are those whose supply has already been permanently disconnected, but the billing is continuing after that.
- In the alternative, it means these consumers never existed. It is because no Discom, including the Petitioner, would ever give supply or connection to any consumer, except BPL, without collecting Security Amount.

2.2.63 In view of the above, it is clear that these bills are actually fake and the Petitioner needs to be held answerable for the same.

B. Petitioner's Response

2.2.64 The Petitioner submitted that objections regarding the matter are denied as being incorrect. The Petitioner has already provided its reply on the same issue to the Commission in response to the query no. 1 raised by the Commission during the Technical Validation Session held on 09.04.2021. The same is provided below for ready reference of the Commission:

"As per the directions of the Hon'ble Commission contained in its various orders, latest being in its Tariff Order dated 4th December 2020, the Company is converting the Unmetered connection into Metered connection thereby reducing the number of consumers & load in the said category.

The Company would like to bring to the kind attention of the Hon'ble Commission towards the letter no. 1686/24-P-3-2018 dated 3rd Aug'18 written of the Principal Secretary (Energy), Govt. of UP, wherein the Company has been directed to provide 18 hours power supply in villages failing which action will be taken against the Company in accordance with the conditions of license of the Company. In compliance to the above, the Company had supplied power for a greater number of hours to the aforesaid consumers.

As mentioned earlier, the licensed area of the Company includes 118 villages which are densely populated with unorganized labors and encroachers who indulge into theft of electricity continuously. In order to curb T&D Losses and theft of power, the Company does regular raids/ visits in order to remove unauthorized tapings as well as assessment of theft of electricity & recovery thereof in accordance with the provisions of Electricity Supply Code and the provisions of the Electricity Act 2003. This category is the largest contributors of electricity theft and the amount so recovered against these cases is being accounted under the same category. Since, these are unauthorized connections, the number of consumers and connected load of such recoveries do not get reflected in the consumer numbers and connected load in the forms prescribed by the State Commission. Hence, the sales so assessed and recovered against electricity theft is accounted for under the revenue column."

2.2.65 Further, the Petitioner submitted that the numbers in the True-up Petition is based on Audited Accounts.

2.2.66 The Petitioner submitted that the objections regarding the fraud in metered agricultural sales are malafide and denied. The Petitioner submitted that the said objections have been made solely to defame the Petitioner Company and its officials by levelling false, baseless and misleading allegations. The Objector is attempting a fishing and roving inquiry, without any substantive evidence to proof his allegations, which is not permissible in law. The Petitioner strongly objects the use of the words "fraud" which is being habitually used by the Objector. The Petitioner further prayed before the Commission to direct the Objector not to make any attempt to tarnish the goodwill of the Petitioner Company and its officials.

2.2.67 Further, the Petitioner submitted that it has already provided its reply on the issue mentioned to the Commission in response to the query no. 1 raised by the Commission during the Technical Validation Session held on 09.04.2021. However, the same is provided hereinbelow for ready reference:

> *"The licensed area of the Company includes 118 villages and a large portion of the area, almost 2/3rd, is still undeveloped. At many places, GNIDA has acquired the land, however, sectorization / other development has not been done. On such area, the unauthorised occupants continue agricultural activities, sometimes without even authorized connections. In order to curb T&D Losses and theft of power, the Company does regular raids/ visits in order to remove unauthorized tapings as well as assessment of theft of electricity & recovery thereof in accordance with the provisions of Electricity Supply Code and the provisions of the Electricity Act 2003. The sales so assessed and recovered against electricity theft is accounted for under the revenue column without impacting the number of authorized consumers and connected load thereof.*
>
> *Further, due to slow pace of developments, many industries, institutions, investors etc. who have taken allotment of plots etc., have not yet started their industrial, commercial or residential activities and has only taken electricity connections for water pump and basic lighting for security purposes. Hence, the number of consumers and connections have increased, however, such connections are used sparsely with no or minimal sales."*

2.2.68 Further, the Petitioner submitted that the Commission may be pleased to appreciate that the numbers in the True-up Petition are always based on the Audited Accounts.

C. Commission's View

2.2.69 The Commission checks for overbooking of sales under unmetered categories and limits the sales to the norms approved for unmetered category & corresponding power purchase cost. As an illustration, the Commission checks for overbooking of sales under unmetered categories and limits the sales to the norms approved for LMV5 category i.e., 140 kWh/kW/month for FY 2019-20 (as approved in Tariff Order dated September 03, 2019 of State Discoms) & corresponding power purchase cost is reduced. The Commission has disallowed the sales in LMV-5 Category taking 137.49 kWh/kW/month in True up of FY 2018-19. However, this norm has been revised to 140 kWh/kW/month for FY 2019-20 (as approved in Tariff Order dated September 03, 2019 of State Discoms) and same has been applied for State Discoms also in True up of FY 2019-20.

MONTH WISE DETAILS OF SALES AND REVENUE

A. Comments / Suggestions of the Public

2.2.70 Shri Rama Shanker Awasthi submitted that the Petitioner was asked to submit month-wise details of sales and revenue for the FY 2019-20 by the Commission vide the minutes of the Technical Validation Session held on 09.04.2021 ("TVS Note") [query 2 of TVS Note @ page 5]. The said queries were responded to by the Petitioner vide the reply dated 22.04.2021 ("Second Reply"). Vide the Second Reply, the Petitioner has stated as follows:

> *"This is to inform that due to spurt in COVID infection in Greater Noida, the employees of the Company, being a public utility are severely affected. Currently, the Company is facing sharp rise in COVID infections amongst its employees and it is forced to close its offices (till 30th Apr'21 as of now) and ask employees to work from home on best efforts basis barring the staff / employees connected with the supply of power. The Commercial function who is responsible for maintaining the sales information is badly affected by COVID infections and almost 1/3rd of its workforce including senior executives are battling with COVID infections. Thus, the Company regrets that it will not be able to provide the month-wise sales and revenue for FY 2019-20 for the time being. The Company request the Commission to kindly allow it time for filing the above information till the situation normalizes."*

2.2.71 He submitted that this is not the first time that month wise information of sales and revenue were required. He submitted that the Tariff Forms prescribed by the Commission, for instance Form F10 and Form 13E among others, specifically require the Petitioner to provide the same. He submitted that the Petitioner didn't provide this information and the Commission was required to ask for it again. However, in complete dereliction of its duty, the Petitioner is choosing to delay the provision of this information, which is already with the Petitioner.

2.2.72 Further, he submitted that it is a matter of public knowledge that the software SAP-ERP, used by the Discoms, including the Petitioner, records all of this information and it can be drawn out of the same quite easily. If the Petitioner can provide the Fixed Asset Register ("FAR"), then this data can also be easily provided as it is only a matter of presenting the data that is already with the Petitioner. He further submitted that it is evidenced from Petitioner's own submissions that it does not require manual intervention for procurement of any data. In this regard, the relevant part of its True-up petition is quoted herein for convenient reference:

"

3.1.5 The Hon'ble Commission in its order dated 3rd September, 2019 had approved the ABR of Rs. 7.84 per unit against which the Company achieved actual ABR of Rs. 7.93 per unit through rigorous control on meter reading and billing. It is kindly submitted that the Company maintains its books of accounts including billing register in SAP –ERP system which is one of the best ERP software and is now being used by many of the distribution companies apart from other business sectors. All billing parameters viz. the details of category / sub-category, rate schedule of the respective category / subcategory, other parameters applicable under each category, general clauses of rate schedule and provisions of Electricity Supply Code are configured in the SAP-ERP only. More than 95% of the meter reading is done through AMR, LPR and CMRI with no manual intervention, hence, the sales and revenue is recorded / computed by the SAP-ERP system automatically. The SAP-ERP generates the billing register for the purpose of preparation of bills, printing thereof, sales & consumers' ledgers and the Company prepares its Audited Financial Statement on the basis of such system generated sales register only.

"

2.2.73 Further, he submitted that the constant denial and delay to provide this information is nothing but an attempt on part of Petitioner to force the determination of the Tariff without providing adequate details. Further, because the Petitioner has not been able to provide the requisite monthly details of sales and revenue, the Objector has also been constrained to submit the instant comments on the basis of assumptions. He submitted that as has been admitted by the Petitioner, if the month-wise details of sales and revenue cannot be provided, then it may be given additional time, however, until such time that this information is placed on record and the public is given an opportunity to respond to them, the Tariff cannot be determined by the Commission.

2.2.74 Based on the reply of Petitioner, he added that the Petitioner is mandatorily required to upload its Tariff petitions, as well as all the supporting documents, on its website, which was also directed to be done by the Commission vide its Acceptance order as well. The

Petitioner did not upload and make publicly available the relevant information on its website prior to public hearing. However, the same was provided to the Commission, who provided the same to the Objector after the public hearing.

B. Petitioner's Response

2.2.75 The Petitioner submitted that the contents of the same are wrong and hence denied. The Petitioner submitted that the allegations of the Objector are baseless and in total ignorance of the documents already submitted before the Commission. The Petitioner further denied the statement that it did not provide the necessary information to the Commission. The approval of ARR which includes inter-alia the approval of T & D losses on annual basis and determination of Tariff is an annual exercise for which the requisite data for the entire year viz. FY 2019-20, FY 2020-21 and FY 2021-22 has already been submitted to the Commission. Further, the Petitioner submitted that with respect to the monthly sales information for FY 2019-20, the same has also been submitted along with the demand projections for FY 2021-22.

C. Commission's View

2.2.76 The monthly Billing Determinants and revenue were provided by the Petitioner and the same has also been provided to the Objector. The Commission has taken note of same.

POWER PURCHASE

A. Comments / Suggestions of the Public

2.2.77 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that in past three years the Power Purchase and Capex of the Petitioner has tremendously increased and it should be rejected as its license is expiring on 30/08.2023, therefore, its proposed Capex of Rs. 350 Cr for FY 2020-21 should be rejected.

2.2.78 Shri Rama Shanker Awasthi submitted that the Commission had, vide its Deficiency Note, asked the Petitioner to submit source-wise (long term, medium term, short term, banking, sale of power and other) month-wise power purchase and transmission charges bills along with an index. The Petitioner, vide its First Reply, stated that it had annexed the copies of the invoices as Annexure 4 to the said Reply. He submitted that, the documents provided by the Petitioner (and uploaded on its website which it is statutorily mandated to do), never provided an Annexure 4. This means that, in complete contravention of the request of the Commission as well as its duty to provide such documents, the Petitioner has not provided the relevant proofs, as required by the

Commission, in support of its claims. It appears that the same has been done to force the Commission to pass a Tariff Order without the appreciation of all the relevant proofs.

2.2.79 Further, he submitted that the Commission had vide query No. 5 of the deficiency Note, asked the Petitioner to provide a copy of all the Banking Agreements, transactions details and bills, in a day wise and month wise manner. The Petitioner, in blatant ignorance of such a request, has chosen to not provide any details and the banking agreements. Such conduct of the Petitioner is similar to its past conduct as there have been earlier times where, as the Objector has noticed, the Petitioner does not place the relevant invoices and documents on record despite repeated requests. Therefore, he submitted that the Commission ought to direct the Petitioner to submit such documents on record and caution it for its lackadaisical approach in providing the relevant documents. Further, he submitted that in the absence of these crucial documents, it is not possible for the Commission to adequately verify the claims of the Petitioner and proceed with the exercise of tariff determination.

2.2.80 Further he submitted that the Petitioner has booked an additional unit of 22.75MU that need to be deducted from total power purchase cost, which is similar to the methodology followed by the Commission, in the last tariff Order dated 04.12.2020. The Petitioner has purchased RE power non-solar from unapproved sources. The same ought to be detreated and disallowed following the same approach as per the Commission's previous tariff orders.

2.2.81 Based on the reply of the Petitioner with regards to Renewable Power Purchase, he added that the Petitioner, vide its response dated 02.04.2021, has admitted that it has not obtained approval for procuring RE power and has now sought that approval post-facto. In light of these submissions, it is clear that the Petitioner has admitted to having procured RE power non-solar from unapproved sources and the same ought to be disallowed following the same approach as per the Commission's previous tariff orders. It is in line with methodology adopted by the Commission vide order dated 04.12.2020.

2.2.82 With respect to Long Term Power Purchase, he submitted that the Petitioner vide its Table 8 of the true-up petition has submitted that it has availed 76% of the plant availability, as opposed to available 85% availability of the Unit II of DIL's Plant. This means that the Petitioner has actually underutilized the available capacity by procuring 9% less power than what it is actually entitled to off-take. In this regard, it is submitted that as has been the approach adopted by the Commission in the previous tariff orders, the Petitioner should only be allowed to recover the fixed charges in respect of the actual capacity utilized and not on the normative value of 85% as it is underutilization on part of the Petitioner due to its own inefficiency, for which its consumers cannot be held liable.

2.2.83 Based on the reply of the Petitioner with regards to long term Power Purchase, he added that Chapter 5 of Appendix III does not contain any justification of the underdrawl highlighted by the Objector. Since the Petitioner has failed to provide any reason or basis for such under drawl, the Commission accordingly requested that the Petitioner should only be allowed to recover the fixed charges in respect of the actual capacity utilized and not on the normative value of 85% as it is under-utilisation on part of the Petitioner due to its own inefficiency. He also added that it is in line with methodology adopted by the Commission vide order dated 04.12.2020

2.2.84 With respect to PGCIL charges, he submitted that the Petitioner has provided 1 POC Bill dated 01.01.2020 for the period from July,2019 to September, 2019, as Annexure 4. The specific details of the said bill is as follows:

> *"POC Bill 3 raised by PGCIL dated 01.01.2020 for an amount of Rs. 43,69,76,234/-. Notably, it includes arrears of July,2011 to June, 2019."*

2.2.85 Notably, it is just one bill, which is for the period from July,2019 to September, 2019. This bill is for around Rs. 43 crores and does not explain the total demand of transmission charges of the Petitioner. The POC bills for the rest of the year have not been provided by the Petitioner. At this juncture, what is pertinent here is that this POC Bill-3 invoice includes arrears for the period beginning from July, 2011. It is not clear what these arrears are for. In any case, since the supply only commenced from November 2016 in terms of the PPA, which was duly approved by the Commission vide its order dated 20.04.2016, there is no basis in law for DIL to levy on the Petitioner and recover from them any kind of PGCIL charges for any period prior to the commencement of the power supply. It is submitted that no arrears of DIL for any use of LTA capacity, which pertain to a period prior to the date of commencement of supply to the Petitioner, can be recovered from the Petitioner. As such, it is incumbent upon this Commission to direct the Petitioner to submit all accompanying documents, that are referred to in these invoices, without which the scrutiny of DIL's claim of transmission charges cannot be completed.

2.2.86 Further, he submitted that at this juncture, it is important for this Commission to note that another issue that arises from the scrutiny of the invoices so far that have been placed on record before this Commission for justifying the transmission charges. It is a matter of record that PGCIL, which had allegedly recovered an additional amount of Rs.

23.8 crores from DIL for the period from November, 2018 to March, 2019, had to reverse the same to DIL during the FY 2019-20 in terms of the hon'ble CERC's Order dated 31.07.2019. It is stated that the Commission has recorded the submissions of the Petitioner in this regard in its tariff order dated 04.12.2020, specifically para 3.6.76, wherein the Petitioner has admitted on record the refund of the amount of Rs. 23.80 Crores. However, the Petitioner has submitted that it has deposited an amount of Rs. 38.76 Crores as PGCIL charges during the whole year. This, along with the amount of refund comes out to Rs. 62.56 Crores, which is the amount effectively paid by NPCL/ DIL to PGCIL. This is on the basis on Para 5.3(g) of the True-up Petition. It is submitted that it is also a matter of record that the Commission had approved an amount of Rs. 55. 37 Crores towards payment of transmission charges. This means that DIL/ NPCL have actually paid Rs.7.19 Crore's worth of transmission charges in excess of what has been approved by the Commission. It would be relevant to state that this Commission had sought from the Petitioner, vide its Discrepancy Note, the actual documents evidencing the refund of the excess amounts that were recovered from DIL [Query No. 7 of Discrepancy Note]. In its First Reply, the Petitioner has stated that the said documents are annexed therein as Annexure 6. However, Annexure 6 is actually the Whole-sale Price Index and not the document asked for by the Commission. Pertinently, even last time the charges allowed by the Commission were not verified by the Commission as even last time the Petitioner and DIL had not placed the actual bills on for transmission charges on record.

2.2.87 Further he submitted that in the Petitioner Balance sheet, only total transmission charges are provided. The cost of purchase of power from DIL, as reflected in the balance sheet, already includes the transmission charges and accordingly, the verification of transmission charges cannot be done from the balance sheet. It is important for this Commission to direct the Petitioner to place the relevant documents and proofs on record, in the absence of which the Petitioner claims for transmission charges ought to be rejected.

2.2.88 Based on the reply of the Petitioner with regards to the PGCIL Charges, he added that Commission had sought from the Petitioner, vide its Discrepancy Note, the actual documents evidencing the refund of the excess amounts that were recovered from DIL [Query No. 7 of Discrepancy Note]. In its First Reply, the Petitioner has stated that the said documents are annexed therein as Annexure 6. However, the said annexure did not contain the requisite bills.

2.2.89 Further, the Objector had raised a specific issue regarding the refund of transmission charges. It is a matter of record that PGCIL, which had allegedly recovered an additional amount of Rs. 23.80 crores from DIL for the period from November, 2018 to March, 2019, had to reverse the same to DIL during the FY 2019-20 in terms of the Hon'ble CERC's Order dated 31.07.2019. It is stated that the Commission has recorded the submissions of the Petitioner in this regard in its tariff order dated 04.12.2020, specifically para 3.6.76, wherein the Petitioner has admitted on record the refund of the amount of Rs. 23.80 Crores.

2.2.90 It is pertinent to note that the POC Bill for the period from April, 2019 to June, 2019 dated 06.11.2019 and October, 2019 to December, 2019 dated 06.04.2020, has been provided. However, the last quarter's POC bill for FY 2019-20 is still not on record. The bills provided on record, do not contain any explanation to justify or reconcile this amount of Rs. 23.80 Crores. Even the Petitioner has not provided any explanation, justification or reconciliation in respect of the amounts of Rs. 23.80 Crores before the Commission.

2.2.91 Accordingly, the Commission ought to allow PGCIL transmission charges after adjusting the amount of Rs. 23.80 Crores, which has already been recovered in excess, and the computation of the same be laid out in detail in the order.

2.2.92 With respect to non-scrutiny in purchase of Additional Coal, he submitted that the invoices provided by the Petitioner at Annexure 3(a) and 3(b) of its Second Reply in response to the query No. 5 of the TVS Note are for additional coal that were purchased during the period of FY 2017-18 and FY 2018-19. However, they are again being submitted even for the FY 2019-20. It is not understood why the same invoices are being submitted even for the subsequent financial year.

2.2.93 DIL had approached this Commission vide its Petition Nos. 1318 and 1319 of 2018, and 1438 of 2019 for procuring additional coal for the period from 2016-2019. However, these petitions were for in-principal approvals, which was granted. This is contrary to the misleading submissions being made on record by the Petitioner in its True-up petition, which is reproduced below:

"

c) Further, the Hon'ble Commission vide its Order dated 19th March 2020 in Petition No. 1318 & 1319 of 2018 has approved Rs. 61.27 Cr. towards the cost of procurement of additional coal by M/s DIL during FY 2017-18 and FY 2018-19. Accordingly, the Company has considered the full amount for FY 2017-18 and FY 2018-19 in line the above Order dated 19th March 2020.

"

2.2.94 He submitted that it is a categorically wrong, fallacious, misleading statement which only represents the malafides of the Petitioner. The Commission had only granted it's in principle approval to the procurement of additional coal. However, how much coal is bought and the verification of the details with respect to the validity of the procurement is something that is subject to the true-up of DIL, which is yet to be carried out by the Commission. The order dated 04.12.2020, in relevant part is reproduced hereinbelow for convenient perusal:

"3.6.27 The Commission vide a data gap query sought the details:

"Accordingly, the cost of power from LTPPA for FY 2018-19 has been provided on the basis of bills received by the Company from DIL in accordance with the aforesaid order in Audited Accounts for FY 2018-19. Thus, the total cost of power provided in Audited Accounts as per the bills raised by M/s DIL is Rs. 515.61 Cr as against Rs. 516.97 approved by the Hon'ble Commission vide Tariff Order dated 22nd January 2019.In this regard, NPCL should provide the monthly bills for procurement of power from DIL in FY 2018-19."

3.6.28 The Petitioner in response to the query submitted the summary of bills and copies of sample bills of DIL.

3.6.29 The Commission observed sudden variations in FY 2018-19 power purchase from DIL wherein sudden very high / low values have been noticed which seem to be abnormal. The Petitioner in this regard submitted that:

a) "In Sep'18, DIL took shutdown for annual maintenance from 17.09.2018 to 30.09.2018 due to which the power off-take was lesser during the month, though in accordance with the terms of the PPA, the Company paid the capacity charge at Normative Availability and full transmission charges to PGCIL as per Transmission Service Agreement. It is pertinent to mention that the Long-Term Transmission charges are paid to PGCIL at 100% LTOA capacity i.e., 170 MW, irrespective of the actual off- take by the beneficiaries.

b) Subsequent to the MYT Order dated 05.02.2019, M/s DIL raised bills for arrears towards the differential tariff amounting to Rs. 60.76 Cr for FY'2016-17 to FY'2018-19. The above amount was included in the power purchase cost in the month of Mar'19.

c) Further, as already submitted vide reply dated 29th May 2020, as per LTPPA with M/s DIL for supply of 170 MW power, LTA has been granted by PGCIL (CTU) in two parts, viz., 58 MW in existing system and the balance 112 MW in Champa- Kurukshetra Pole-1. Accordingly, the PoC bills for applicable transmission charges were raised by PGCIL to DIL (being the long-term applicant) on monthly basis. The monthly amount, so billed, is being reimbursed by NPCL as per the terms of the LTPPA. From November 2018 onwards, PGCIL also started raising monthly PoC bills for 170 MW LTA from Existing line in addition to 112 MW from Champa-Kurukshetra line which resulted into higher PoC bill than the previous average monthly bill in accordance with CERC Order dated 22.02.2018 in Petition No. 13/TT/2017 determining HVDC charges pertaining to Champa-Kurukshetra Pole-1 line. As per the aforesaid Order, Hon'ble CERC approved sharing of HVDC charges for Champa-Kurukshetra Pole-1 line as per Regulation 11 (4)(3)(iii) instead of 11 (4)(3)(i) of the Sharing Regulations 2010. Consequently, transmission charges for the period Nov'18 to Mar'19 increased by Rs.23.80 Cr. Subsequently, on the Review Petition filed by PGCIL & Other beneficiaries on the above erroneous treatment of sharing of HVDC transmission charges under Regulation 11(4)(3)(iii) instead of 11(4)(3)(i) of Sharing Regulations 2010, the Hon'ble CERC vide its Order dated 31.07.2019 allowed the above Review Petition and directed PGCIL to refund the excess LTA charges to the beneficiaries in FY 2019-20."

3.6.30 The Commission has taken the note of the same, but the Petitioner did not submit the bills of Arrear. The Commission for the True Up for FY 2018-19 has not considered the said amount and will take into consideration after the True Up of DIL."

2.2.95 Further submitted that till date only in-principal approval has been granted to DIL for procuring additional coal. However, the validity of claims of DIL with respect to additional coal remain unverified. It is submitted that the Petitioner has furnished DIL's bills and not the bills of the seller from whom the coal has been purchased by DIL. It is also not clear what is the amount incurred by DIL for the transportation of the said coal. What this coal is being used for, is also not clear. This is specifically important considering the Unit II of DIL's plant, not only supplies to the Petitioner but also to TANGEDCO. Unless there is verification by a third-party sampler, auditor, or the procurer, how can it be ascertained whether the coal was bought or not? If the coal was bought, what was the grade of that coal? It is also not clear that the coal that was bought was for Unit II of the Plant. It is also not clear without any audit as to whether the amounts being claimed towards the additional coal by DIL are actually commensurate to the quantum of power supplied by DIL to the Petitioner. As such, it is requested that the Petitioner be directed to furnish all these details before this Commission and the Commission ought to conduct a detailed scrutiny of the claims of DIL and the Petitioner, before allowing any additional amounts for additional coal.

2.2.96 Based on the reply of the Petitioner with regards to non-scrutiny in purchase of coal, he added that the Petitioner has failed to respond to any of the documents requested by the Objector. None of the documents, as claimed by the Petitioner to have been provided to the Petitioner, have been submitted in these proceedings. Without finalization of the True-up petition in respect of coal, as filed by DIL, the Commission ought not to allow any claims towards purchase of coal for the Petitioner in the instant petition.

2.2.97 With respect to Medium Term Power Purchase, he submitted that the Petitioner vide its Table 9 of the true-up petition has submitted that it has availed 74% of the plant availability, as opposed to available 85% availability of the SKS's Plant. This means that the Petitioner has actually underutilized the available capacity by procuring 11% less power than what it is actually entitled to off- take. In this regard, it is submitted that as has been the approach adopted by the Commission in the previous tariff orders for long term power purchase, the Petitioner should only be allowed to recover the charges in respect of the actual capacity utilized and not on the normative value of 85% as it is underutilization on part of the Petitioner due to its own inefficiency, for which its consumers cannot be held liable

2.2.98 Based on the reply of Petitioner with regards to Medium Term Power Purchase, he added that the Petitioner has chosen to not respond to any of the queries raised by the Objector. It is submitted that the Commission ought to allow the same treatment and adopt the same methodology as has been done vide its previous tariff order dated 04.12.2020.

2.2.99 With respect to Short Term Power Purchase, he submitted that on one hand, is procuring lesser power than what it is entitled to off take from its long term and medium-term sources. However, on the other hand, the Petitioner is purchasing power on short term and the engaging in banking arrangement of that power. This is leading to additional burden/ levy of transmission charges. It is submitted that if any power was procured from unapproved sources, then the same ought to adjusted for on the basis of the rates available at the exchange, similar to the approach adopted in the previous tariff orders by the Commission. It is submitted that it being highlighted again that since the Petitioner has not provided any copies of the invoices for power purchase, despite having been specifically asked for by the Commission, it is not possible for the Objector to analyze the validity of the power procurement of the Petitioner.

2.2.100 Based on the reply of the Petitioner with regards to Short Term Power Purchase, he added that the Petitioner has not responded to the petitioner's queries. It is in line with methodology adopted by the Commission vide order dated 04.12.2020, on ST unapproved power from various sources. The Hon'ble Commission had raised a specific query on this account vide its email dated 30.06.2021, which have been replied to by the Petitioner vide its submission dated 06.07.2021. Therein as well, the Petitioner has accepted that the power procured from these sources has not been procured after obtaining prior approval of the Commission. Thus, the same ought to be disallowed.

2.2.101 With respect to Power from MPPL & APPCL, he submitted that the Petitioner has purchased RE power in FY 2019-20 for which it has not taken any approval from the Commission.

Source of Power	From	To	MU at NR	Per unit rate	Total Amount Rs. Cr.
Non-Solar Power (MPPL)	01-May-19	31-Oct-19	44.36	4.99	22.13
Non-Solar Power (APPCPL)	01-Jul-19	30-Sep-19	38.46	4.68	18
Total			**82.82**	**4.85**	**40.14**

2.2.102 He further submitted that the Petitioner is repeatedly procuring power without approval of the Commission and seems to be indulged in procuring power in bilateral sources even when it's off-take from the long-term sources is reduced. He submits that the Petitioner is purchasing wind power at Rs. 3.46 per kWh and accordingly such high-power cost be disallowed.

2.2.103 Based on the reply of the Petitioner with regards to Power from MPPL & APPCPL, he added that the Commission ought to thoroughly scrutinize the procurement of power by the Petitioner from MPPL and APPCPL and disallow the same if it has been procured without due-approval of the Commission, keeping in line with the methodology adopted by the Commission vide its previous tariff order dated 04.12.2020.

2.2.104 With respect to Power from Solar Sources, he submitted that the Petitioner has submitted in respect of Solar power purchase under head Solar Power (Net Metering) a total of 5.74 MU at a cost of Rs. 7.57 per kWh. The Regulations clearly states that any power injected by consumer into grid of Discom under net-metering shall be settled annually at a cost of Rs. 2.00 per kWh. However, the Petitioner has stated that it has paid Rs. 7.57 per kWh to consumers in Greater Noida which is in violation of Commission. It is requested that the Commission ought to verify whether the Petitioner has really paid this amount to consumers under net-metering. It is a matter of investigation that against cost of Rs. 1.15 Cr, the Petitioner is claiming Rs.4.35 Cr.

2.2.105 Based on the reply of the Petitioner with regards to Power from Solar Sources, he added that no regulation provides such a provision that banked energy shall be booked at a consumer tariff. It is simply an adjustment of units.

2.2.106 He submitted that the Petitioner seems to have done some inappropriate accounting as follows:

a. Energy which has imported into grid from consumer is shown as purchased Rs. 7.57 per unit

b. Same energy at the time of adjustment to consumer, when exported to consumer, is shown as sales at Rs. 7.57 per unit.

c. While no regulation provides this mechanism and there is no financial gain / loss apparently, but adding 5.74 MU both in Import and Sales, has reduced distribution losses of NPCL by 0.02% and thereby savings on disallowances on power purchase. It will also impact on interest on working capital, allowance of bad debt.

d. Power in net metering is not a power procurement. In fact, it reduces the power procurement. 5.74 MU solar power of net metering ought to be settled at Rs. 2.00 as per this Hon'ble Commission's CRE Regulations 2019.

e. The Commission is requested to investigate into the matter and if the contentions are correct, then it should be disallowed.

B. Petitioner's Response

2.2.107 As regards to the objection of Shri Avadhesh Kumar Verma, the Petitioner submitted that it has provided a detailed explanation / justification regarding Power Purchase and CAPEX in Chapter 7 and Chapter 9 of ARR of Petition and has submitted the same before the Commission.

2.2.108 As regards to the objection of Shri Ram Shankar Awasthi regarding Non-Provision of Invoices and Agreements as Required by the Commission, the Petitioner submitted that the objections are incorrect and hence denied. The Petitioner submitted that the complete information including the copy of invoices of power purchased have already been provided by the Petitioner vide its reply to the Commission's letter bearing no. UPERC/Secy/D(Tariff)/2021-22-1844 dated 22.02.2021 as Annexure-4, therefore, the contentions of the Objector are incorrect, baseless and misleading.

2.2.109 Further, the Petitioner submitted that it has already submitted complete information and detailed justification of power purchase including power banking in FY 2019-20 to the Commission in its reply to the query 5 of Commission's letter bearing no. UPERC/SECY/D(Tariff)/2020-21-1844 dated 22.02.2021.

2.2.110 With reference to the objection regarding additional units it is submitted that these are denied as being false and incorrect. The contention of the Objector is baseless and is in gross biasness and prejudice against the Petitioner Company and its officials. It is pertinent to mention that aggrieved by the Order dated 04.12.2020 of the Commission, the Petitioner Company filed an Appeal no. 27 of 2021 before the Hon'ble APTEL which is sub-judice and any reliance placed on the objections is devoid of any merit.

2.2.111 With reference to the objection regarding RE power non-solar from unapproved sources, the Petitioner submitted that in Chapter 5 of Appendix III Text of True up of its Petition no. 1684 of 2021 and reply to query 14 and 15 of the Commission letter bearing no. UPERC/SECY/D(Tariff)/2020-21-1844 dated 22.02.2021 has already provided detailed justification of purchase of Short-Term Power including Non-solar RE power procure from APPCPL and MPPL and also wind power procured from PTC.

2.2.112 With reference to the objection regarding Long Term Power Purchase, it is submitted that the Petitioner has provided a detailed explanation / justification regarding power drawl under Long Term PPA in Chapter 5 of Appendix III Text of True up of its Petition no. 1684 of 2021 submitted before the Commission on 1st February 2021.

2.2.113 With reference to the objection regarding PGCIL charges, it is submitted that the

Petitioner has already provided its reply on the same issue to the Commission in response to the query no. 7 raised by the Commission during the Technical Validation Session held on 09.04.2021. The same is provided below for ready reference of the Commission:

> *"As per LTPPA with M/s DIL for supply of 170 MW power, LTA has been granted by PGCIL (CTU) in two parts, viz., 58 MW in existing system and the balance 112 MW in Champa-Kurukshetra Pole-1. Accordingly, the PoC bills for applicable transmission charges were raised by PGCIL to DIL (being the long-term applicant) on monthly basis. The monthly amount, so billed, was reimbursed by NPCL as per the terms of the LTPPA.*
>
> *From November 2018 onwards, PGCIL also started raising monthly PoC bills for 170 MW LTA from Existing line in addition to 112 MW from Champa-Kurukshetra line which resulted into higher PoC bill than the previous average monthly bill in accordance with CERC Order dated 22.02.2018 in Petition No. 13/TT/2017 determining HVDC charges pertaining to Champa-Kurukshetra Pole-1 line. As per the aforesaid Order, Hon'ble CERC approved sharing of HVDC charges for Champa-Kurukshetra Pole-1 line as per Regulation 11 (4)(3) (iii) instead of 11 (4)(3)(i) of the Sharing Regulations 2010.*
>
> *Subsequently, on the Review Petition filed by PGCIL & Other beneficiaries on the above erroneous treatment of sharing of HVDC transmission charges under Regulation 11(4)(3)(iii) instead of 11(4)(3)(i) of Sharing Regulations 2010, the Hon'ble CERC vide its Order dated 31.07.2019 allowed the above Review Petition and directed PGCIL to refund the excess LTA charges to the beneficiaries. Accordingly, in pursuance to the CERC's order dated 31.07.2019, during FY 2019-20, PGCIL credited the refund of additional LTA charges vide its letter no. POWERGRID/WR01/Comml/Serial No. 91302869 dated 01.01.2020 (copy enclosed as Annexure-6 in PDF format soft copy) which has been credited in the ARR for FY 2019-20 by the Company after receiving the credit of the same from M/s DIL.*
>
> *Further, M/s PGCIL has not provided the breakup of amount reversed/refunded by it between FY 2018-19 and FY 2019-20. Therefore, it will not be feasible for the Company to provide the break-up of the amount so refunded between FY 2018-19 and FY 2019-20 as desired by the Hon'ble Commission is not available.*

It is pertinent to mention that transmission charges are accounted on actual basis as and when received. The transmission charges in FY 2018-19 were accounted on the basis of the bills received during that year which has since been trued up, therefore, it is humbly submitted that the aforesaid refund of transmission charges does not affect the truing up of FY 2018-19.

Further, with respect to nature of POC Bills it is humbly submitted that the same has been described in detail in CERC's order no. L-1/44/2020-CERC dated 29.04.2011 in the matter of approval of Transmission Service Agreement, Revenue Sharing Agreement, Billing, Collection and Disbursement Procedure under Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses), Regulations, 2010 and CERC (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2017. The relevant extract of the order is enclosed as Annexure-7 (Soft copy in PDF). It is also submitted that the PGCIL raised the PoC bills in accordance the methodology approved by the Hon'ble CERC as above."

2.2.114 With reference to the objection regarding the non-scrutiny in purchase of Additional coal it is submitted the contents of the same are incorrect and hence denied. It is submitted that the Commission vide its Order dated 19.03.2020 and 06.05.2020 disposed the petitions filed by M/s DIL for procurement and use of additional coal during FY'2017-18 to FY'2018-19 and FY'2019-20, respectively. As per Para 72 of the Commission's Order dated 19.03.2020, an amount of Rs. 61.27 Cr. was approved towards the additional coal procured by M/s DIL during FY'2017-18 and FY'2018-19 and accordingly, the same was paid by the Petitioner Company. Para 72 of the said Order is reproduced hereinbelow for ready reference:

72. **The Commission after examining the details submitted by the DIL, approves the following as per the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2014:**

Compensation for Additional Coal Claimed by the Petitioner vis-a-vis Approved by the Commission

Particulars	Amount Claimed by the Petitioner in ₹ Cr	Amount Approved by the Commission in ₹ Cr
FY 2017-18	22.07	22.07
FY 2018-19	39.20	39.20

The compensation admissible to the Petitioner towards Additional Coal procured by the Petitioner, thus, works out to Rs. 22.07 Crores for FY 2017-18 and Rs. 39.20 Crores for FY 2018-19. The Petitioner shall raise a Supplementary Bill on the NPCL for payment of the aforesaid amounts in terms of this order. The terms & conditions of payment and late payment surcharge shall be governed by UPERC Generation Tariff Regulations 2014.

2.2.115 It is submitted that for FY 2019-20, the Commission vide its Order dated 06.05.2020 directed M/s DIL to claim 90% of additional coal cost to be incurred during the Control Period FY’2019-20 to FY’2023-24 on provisional basis. Further, such additional cost was allowed subject to prudence check by Commission. Therefore, M/s DIL claimed Rs. 6.51 Cr. i.e., 90% of the cost incurred during FY’2019-20 on provisional basis subject to final true-up. While claiming the said amount, M/s DIL submitted various documents viz. Statutory Auditor’s Certificate for monthly allocation of coal for NPCL with corresponding GCV, month wise GCV report from third party sampler etc. along with the bill for provisional scrutiny of the Company. It is submitted that therefore in light of the facts stated hereinabove, it is evident that the Objector has raised the present objections upon incorrect and incomplete facts and therefore the same is liable to be dismissed.

2.2.116 With reference to the objection regarding Medium Term Power Purchase, it is submitted the contents of the same are incorrect and hence denied. The Company has provided a detailed explanation / justification regarding power drawl under Medium Term Power PPA dated 06.08.2018 with M/s PTC India Ltd. (M/s PTC), being sourced from generator M/s SKS Power Generation Chhattisgarh Ltd. (M/s SKS) in Chapter 5 of Appendix III Text of True up of its Petition no. 1684 of 2021 submitted before the Commission on 01.02.2021.

2.2.117 With reference to the objection regarding Short Term Power Purchase, it is submitted the contents of the same is incorrect and hence denied. It is submitted that the Petitioner Company has already submitted complete and detailed justification for all the power purchase which includes short term and Power banking etc. in FY 2019-20, before the Commission in Chapter No. 5 Power Purchase of Appendix-III of the Petition No. 1684 of 2021 dated 1st February, 2021. as well as vide its reply to query 14 and 15 of the Commission’s letter bearing no. UPERC/SECY/D(Tariff)/2020-21-1844 dated 22.02.2021.

2.2.118 With reference to the objection regarding Power from MPPL & APPCL, the Petitioner submitted that the contents of the same are false and incorrect and denied in its entirety. It is submitted that the Petitioner Company has paid Rs. 19.64 Cr to Uttar Pradesh Power Corporation Limited [hereinafter referred to as 'UPPCL'] which has been claimed in the ARRs from time to time. In addition to the above, the Company has also made on account payment of Rs. 10 Cr to UPPCL in pursuance to the directions of the Commission and the Hon'ble Allahabad High Court, which has not been claimed in the ARRs since the said matter is pending adjudication before the Hon'ble Supreme Court. It is submitted that the necessary impact in respect of the abovementioned two payments will be given by the Petitioner Company in its ARR petition, upon receipt of the order of the Hon'ble Supreme Court.

2.2.119 With reference to the objection regarding Power from Solar Sources, it is submitted that the Commission in Regulation 10.4 of the UPERC (Rooftop Solar PV Grid Interactive Systems Gross / Net Metering) Regulations, 2019 provided the procedure for settlement of excess energy generated by a Net Metering consumer.

2.2.120 The Regulation 10.4 provides that the settlement at Rs. 2/kWh or as notified by the Commission from time to time would take place at the end of the settlement period for the unadjusted units.

2.2.121 The Regulation 10.4 is reproduced as hereinbelow:

"10 Energy Accounting and Settlement

10.4

The energy accounting and settlement procedure for consumers installing and operating rooftop solar PV system under net metering arrangement shall be as per the following procedure:

(i) For each billing period, the Licensee shall show the quantum of electricity injected by the rooftop solar PV system in the billing period, supplied electricity by Distribution Licensee in the billing period, net billed electricity for payment by the consumer for that billing period and net carried over electricity to the next billing period separately;

(ii) If the electricity injected exceed the electricity consumed during the billing period, such excess injected electricity shall be carried forward to next billing period as electricity credit and may be utilized to net electricity injected or consumed in future billing periods but within the settlement period;

(iii) If the electricity supplied by the Distribution Licensee during any billing period exceeds the electricity generated by the eligible consumer's rooftop solar PV system, the Distribution Licensee shall raise invoice for the net electricity consumption after taking into account any electricity credit balance remaining from previous billing periods;

Provided, in case the eligible customer is under the ambit of time-of-day tariff, as determined by the Commission from time to time, the electricity consumption in any time block (e.g., peak hours, off-peak hours, etc.) shall be first compensated with the electricity generation in the same time block. Any excess generation over consumption in any time block in a billing cycle shall be carried forward to the corresponding time block in the subsequent month for adjustment purpose.

Provided also that the excess electricity measured in kilo-watt hour may only be utilized to offset the consumption measured in kilo-watt hour and may not be utilized to compensate any other fee and charges imposed by the Distribution Licensee as per the instructions of Commission

Provided also at the end of each settlement period, any electricity credits, which remain unadjusted, shall be paid at a rate of Rs 2/kWh by the Distribution Licensee or as notified by the Commission from time to time.

Provide further that at the beginning of each settlement period, cumulative carried over electricity credits shall be reset to zero."

2.2.122 It is pertinent to mention herein that only the excess units are being settled at Rs. 2/kWh as per aforesaid Regulation 10.4 and the remaining units which have been netted off within the same billing period are being booked at the same rate at which the Consumer is being charged. Hence the energy shown as purchased at the rate of Rs. 7.57 per unit is the energy being adjusted from the consumption of same month and hence, accounted at the ABR of the consumers.

C. Commission's View

2.2.123 The Commission has taken note of the objections/suggestions made by the Stakeholders and the response submitted by the Petitioner. The Commission has dealt the issues in detail in the relevant Chapters of this Order.

NO TRUE-UP FOR FY 2007-08

A. Comments / Suggestions of the Public

2.2.124 Shri Rama Shanker Awasthi submitted that the Commission in previous years computed the revenue gap upto the FY 2018-19 on the basis of the true-up of tariff orders for preceding Financial Years. Notably, since the true-up for UPPCL, for the FY 2000-01 to FY 2007-08 has been carried out by the Commission, vide its order dated 21.05.2013, but the Petitioner's true-up for bulk sale of energy for the FY 2007-08 was done only vide its order dated 14.10.2010. As a result, the true-up in respect of the BST rate, which was applicable for the power supplied by UPPCL to the Petitioner during this period, was never given impact of in the subsequent true-up orders dated 10.10.2012 and 31.05.2013 for NPCL for the FY 2007-08. Hence, he submitted that there has been no true up for NPCL for 2007-08, which is having an impact in the present-day computation of revenue gap for FY 2019-20.

2.2.125 Based on the reply of the Petitioner, he added that the true up for FY 2007-08 in reference to bulk power supply cost (BST) in view of UPPCL's true up order dated 21.05.2013 is not done by the Commission and the same should be done with the proposed Tariff Orders. It is submitted that in terms of the Regulations of the Commission's own regulations, to conduct a True-up is a mandatory requirement and obligation of the Commission. It is a settled principle of law that in the process of determination of tariff, no expenditure is final and finite unless the same is Trued-up by the Commission. It is only during the True-up exercise that the Commission determines the validity, and prudence of any expenditure. Unless the same is done, it cannot be determined what is the exact extent of the expenditure that has to be allowed to be recovered in tariff.

B. Petitioner's Response

2.2.126 The Petitioner submitted that the objections regarding the matter are wrong and denied. The Petitioner submitted that the True-up for FY 2007-08 has been done by the Commission vide its Tariff Order dated 14.10.2010 and, vide tariff Order dated 19.10.2012 therein giving effect to Order of the Hon'ble APTEL's Order dated 15.12.2011.

C. Commission's View

2.2.127 The Commission has taken note of the objections/suggestions made by the Stakeholders and the response submitted by the Petitioner.

PERMITTING UNJUST ENRICHMENT OF NPCL BY FAILING TO CORRECT ITS OWN PAST MISTAKES

A. Comments / Suggestions of the Public

2.2.128 Shri Rama Shanker Awasthi submitted that it is an established principle of law that tariff determination is a continuous process. Any findings or allowances by the Commission in a particular Financial Year are bound to have an impact in the subsequent years. As such, if there is any error that has been made while determining Tariff in the preceding years, it is bound to have an impact in the current Financial Year as well as the future years.

2.2.129 Further, he submitted that the Commission, on numerous occasions, has itself discovered that there have been some erroneous allowances on account of an erroneous methodology having been applied in the preceding years that have been permitted to the Petitioner. In fact, in the recent order dated 04.12.2020 itself, the Commission has discovered that in the preceding years, the Petitioner has been permitted to recover certain amounts that it shouldn't have. While the Objector has already filed a review petition against the order dated 04.12.2020, highlighting several such instances, it is submitted that the Commission, in terms of Section 86 of the Act, as well as its own regulations has all the requisite powers to correct the same and arrest the perpetration of any illegality on that count, thereby stopping any unjust enrichment of the Petitioner and undoing the wrong that has been permitted to be done erroneously. Further, he submitted that it is the duty of the Commission to ensure that no licensee is unjustly enriched on account of an error of the Commission. Such a duty becomes even more prominent if the said error is causing prejudice to the consumers, whose interests the Commission is mandated to protect in the first place.

2.2.130 Based on the reply of the Petitioner, he added that there is no stay on finding of the Commission and therefore the errors of all the mentioned past years be rectified in upcoming tariff order.

B. Petitioner's Response

2.2.131 The Petitioner submitted that the objections regarding the same are denied as being false and incorrect. The contention of the Objector is baseless and is in gross biasness and prejudice against the Petitioner and its officials. Further, the Petitioner submitted that it is pertinent to mention that aggrieved by the Order dated 04.12.2020 of the Commission, the Petitioner Company an Appeal no. 27 of 2021 before the Hon'ble APTEL which is sub-judice and any reliance placed on the objections is devoid of any merit.

C. Commission's View

2.2.132 The Commission has taken note of the objections/suggestions made by the Stakeholders and the response submitted by the Petitioner.

PASSING ON THE BURDEN OF INITIATING PROCEEDINGS ON THE CONSUMER

A. Comments / Suggestions of the Public

2.2.133 Shri Rama Shanker Awasthi submitted that the if the Commission does come across certain issues in respect of which the present proceedings may not be suitable and it merits to be adjudicated under a separate petition, it is wholly incorrect and unjust to pass on the burden of initiation of such proceedings on to the general public. The Objector is constrained to state that the Commission has resorted to such directions in its order dated 04.12.2020.

2.2.134 Further, he submitted that this constitutes dereliction of duty and abdication of its authority by the Commission, because, unlike the licensee, to whose prejudice such proceedings have to be initiated and who shall never be motivated to initiate any such proceedings, the general public does not have the resources and the wherewithal to initiate such proceedings. Initiation of proceedings before the Commission are not only cumbersome but also an expensive affair which an individual consumer cannot be expected to handle. As such, it creates a situation when the Commission discovers a legitimate issue which deserves to be adjudicated and decided but is never able to do so because it chooses to sit quietly and be a mere spectator who waits for someone to initiate the cause of action, instead of acting on it of their own accord and having all the powers to initiate such a proceeding. Such dereliction of duty is extremely detrimental to the interests of the consumers and against the mandate of the Act. The Objector strongly urges the Commission to take notice of this issue. As has been etched in the annals of time, justice should not just be done, but it should also be seen to be done.

2.2.135 Based on the reply of the Petitioner, he added that the objector has raised an issue regarding the Commission's directive to objector vide Order dated 04.12.2020 initiate separate petition in capital expenditures which is an expense for any consumer. Being a consumer, the Objector has already highlighted the excessive inflated costs claimed by the Petitioner when compared to the cost prescribed/ approved by the Commission vide its costs data book. It is upon the Commission, and its statutory mandate, to conduct a thorough scrutiny of such claims and disallow the same. To ask the consumer to initiate such a cause of action by way of a separate petition is unjustified and against the mandate of the Hon'ble Commission.

2.2.136 He submitted that as the initiation of any proceedings before the Commission requires additional expenditure to be incurred towards the fee and other legal costs. The licensees under the jurisdiction of the Commission can recover these costs in their ARR. However, expenditure that any consumer would have to incur in initiating such proceedings before the Commission, is not recoverable either under the Act, or in terms of this Commission's regulations. Therefore, it would be contrary to the mandate under the Act to ask the consumers to bear such additional burden of initiating proceedings before the Hon'ble Commission.

B. Petitioner's Response

2.2.137 The Petitioner submitted that the objection regarding the matter is denied as being incorrect. The Petitioner submitted that the Commission has been approving the O&M Expenses in accordance with the MYT Regulations 2019 or MYT Regulations 2014 irrespective of actual expenses of the Company. Therefore, the allegations of passing on the burden of legal expenses upon consumers as raised by the Objector is completely misplaced, irrational and illogical.

C. Commission's View

2.2.138 In the Tariff Order for FY 2020-21, the Commission has directed that such investigation cannot be part of the present proceedings of determination of ARR and Tariff for the FY 2020-21 and may be dealt vide a separate Petition in this matter. The same is being reiterated.

ERRONEOUS NON-CONSIDERATION OF AMOUNTS OF RS. 19.64 CRORES

A. Comments / Suggestions of the Public

2.2.139 Shri Rama Shanker Awasthi submitted that the Petitioner vide its True up Petition submitted as follows:

> *"The above Table does not include the amount of Rs. 10.00 Cr. paid to UPPCL based on the Orders of Hon'ble Commission and Hon'ble Allahabad High Court in FY 2006-07 in the matter of providing 10 MVA additional supply of power by UPPCL."*

2.2.140 He submitted that the instant submission of the Petitioner pertains to an ongoing erroneous non-accounting of the surplus amount of Rs. 19.64 Crores which was created by the Commission vide its tariff order dated 01.09.2008 in the matter of true-up of FY 2006-07 which resulted in passing of unjust profits to the Petitioner. He submitted that contrary to the established principles of law and accounting, the Commission has illegally allowed the Petitioner to retain the surplus of Rs. 19.64 Crores instead of deducting/ adjusting the same against the Regulatory Asset while determination of carrying cost.

2.2.141 He submitted that the Commission, vide its Order dated 01.09.2008 in Petition no 451 of 2007 & 497 of 2007 for FY 2007-08 & 2008-09 for True up of FY 2006-07, held as follows:

> *"3.16.4 The surplus of Rs. 19.64 Crores available after truing up the expenses for FY 2006-07 is proposed to be carried forward to the next year."*

2.2.142 He submitted that the major portion of surplus of Rs. 19.64 Cr is due to the difference in power purchase expenses between actual / audited and trued up figured for FY 2006-07, which are Rs.117.21 Cr and Rs. 98.83 Cr respectively i.e., Rs. 18.38 Cr. The issue of this difference of claimed power purchase expenses and true up of power purchase expense is associated with the supply of 45 MW of power by UPPCL / PVVNL for many years at the rate determined by the Commission and then an additional 10 MW power supply in FY 2006-07 at marginal cost as agreed between the Petitioner & UPPCL/PVVNL. The Commission had been determining the tariff to be payable for 45 MW power by the Petitioner to UPPCL/PVVNL. He further submitted an extract from the Tariff Order 01.09.2008 and is as follows:

Quote

> *"3.15.3.13 Based on the above, the details of the approved power purchase cost for FY 2006-07 are as outlined below in Table 3-10- Power Purchase for FY 2006-07 (Audited and Trued-up)*

Sl.No.	Item	FY 2006-07 Audited			FY 2006-07 True-Up		
1	Retail Sales (MUs)	370.33			370.33		
2	Losses	8.04%			8.00%		
3	Power Purchase (MUs)	402.68			402.53		
4	Sources Of Power Purchase	MUs	Rs. / kWh	Total Cost (Rs.Cr)	MUs	Rs. / kWh	Total Cost (Rs.Cr)
A	UPPCL (Against 45 MW) - 10th May 06 to 31st	264.31	2.8715	75.9	264.31	2.41	63.7
B	UPPCL (Against 10 MW) - 10th May 06 to 31st Jan 07	36.54	2.8715	10.49	36.54	2.41	8.81
C	UPPCL (Against 45 MW) - 1st April 06 to 9th May 06 and 1st feb 07 to 31st March 07	95.67	2.8715	27.47	95.67	2.41	23.06
D	GEL (02 Feb 07 -28 March 07)	1.18	5.54	0.66	6.01	5.44	3.27
E	GEL (01 March 07 - 31 March 07)	2.6	6.2	1.61			
F	LANCO (23 Feb 07 - 20 March 07)	2.39	4.56	1.09			
5	Total	402.69	2.91	117.21	402.53	2.46	98.83

Unquote

2.2.143 Further, he submitted that the Petitioner procured power of 10 MW between 10.05.2006 and 31.01.2007 from UPPCL amounting to 36.54 MU. The Petitioner had stated to have received such power at the rate of Rs. 2.8714/ kWh from UPPCL, which brought the total cost of the said power to be Rs. 10.49 Crores. Notably, this (Rs. 2.8714 / kWh) was not the rate of power that was decided by the Commission. In fact, the provisional BST rate decided by the Commission was Rs. 2.7042/ kWh vide its order dated 26.06.2007. Taking Rs. 2.7042 /kWh as the rate, the total cost of the 10 MW power comes out to be around Rs. 10 Crores, which has admittedly been paid by the Petitioner to UPPCL.

2.2.144 Further, he submitted that the tariff for the supply of said power was considered to be Rs. 2.41/ kWh by the Commission vide its True-up for FY 2006-07 order dated 01.09.2008, which was equivalent to the Bulk Supply Tariff at the time and, as such, the total cost of power in respect of 10 MW supply from UPPCL came down to Rs. 8.81 Crores. Therefore, the dispute arose between UPPCL and the Petitioner with respect to the difference between Rs. 8.81 Crores, as allowed by the Commission, and Rs. 10.49 Crores, as provisioned by the Petitioner. Subsequently, UPPCL approached the Hon'ble High Court of Judicature at Allahabad, Lucknow Bench, to seek higher power supply price for supply of 10 MW power. The Hon'ble High Court directed the Petitioner to pay a lumpsum of Rs. 10 Crores in respect of the 10 MW power procured from UPPCL.

2.2.145 Further, he submitted that pursuant to the true-up of UPPCL for the period from FY 2000-01 to FY 2007-08, the rate of Rs. 2.41/ kWh was further reduced to Rs. 2.315/ kWh (Page no. 247 of the tariff order dated 31.05.2013), which has never been accounted for by of a subsequent true-up order for the Petitioner as such, there is an additional impact of Rs. 35 Lakhs, which the Commission has filed to account for.

2.2.146 Further, he submitted that the Commission in its Tariff order dated 26.06.2007 in petition no. 244 of 2005 for FY 2006-07 has stated following:

> *"3.71 Similarly, the bulk supply tariff payable by NPCL for FY 07 to UPPCL has been computed as Rs. 2.7046 per unit*
>
> *3.75 In context of determination of bulk supply tariff for FY 2007, the Commission would like to make it clear that it has not considered the impact of its recent order in the matter of "Uninterrupted supply of bulk power to Noida Power Company Limited by U.P. Power Corporation Limited (UPPCL)for supply to NPCL's consumers" dated 8th February 2007. In the said order, the Commission had deliberated on the issue of sale of additional 10 MW power by UPPCL to NPCL at marginal cost. The Commission has analyzed the issue from the perspective of the validity of the undertaking in terms of the Indian contract Act 1872 and the Electricity Act 2003, UPPCL's role as STU, allocation of PPA to distribution companies by the Government, availability of open access, and impact on competition. Through above order the Commission had directed UPPCL to charge NPCL for the units consumed against demand of 45 MW at the bulk supply tariffs of Rs. 1.897/unit and for the units consumed against demand of 10MW at the marginal cost at which UPPCL had procured power for NPCL for the disputed period. UPPCL was further, directed to revise the bills for the disputed period in accordance with the findings of the Commission. However, against the above order of the Commission, UPPCL has approached the Appellate Tribunal for Electricity, which has till date not decided the matter. In absence of any decision by the Appellate Tribunal bills for the disputed period have not been settled as yet by the*

parties. Further, NPCL has not submitted any data regarding energy made available to it at marginal cost by the UPPCL. The Commission has therefore not taken the above order into account for the purposes of this order and has simply followed the methodology for determination of bulk supply tariffs for NPCL as was adopted in its past orders. The Bulk Power Purchase Price for the FY 07 as determined through this order would therefore be trued up as per the audited results and the orders of the Appellate Tribunal in the matter."

2.2.147 Further, he submitted that the details of Tariff order dated 01.09.2008 in petition no 451/2007 & 497/2007 for FY 2007-08 & 2008-09 Truing-up for FY 2006-07 wherein it is mentioned that while the Commission fixed the BST at Rs 2.7042 / kWh and the Petitioner "booked / paid" at Rs. 2.8714 / kWh. This clearly states that the Petitioner violated the orders of the Commission at one hand and on other hand it mislead the Commission by stating "Booked/ Paid" at Rs. 2.8714. The fact is that the Commission never checked this fact whether the Petitioner had actually paid this amount or not to the UPPCL/ PVVNL and the Commission also didn't check with UPPCL/ PVVNL about receipt of the amount which the Petitioner stated as booked/paid. The Commission's observation in the order is reproduced as below:

"3.15.3.2 The Commission in its order for ARR and Tariff for FY 2005-06 and FY 2006-07 for NPCL had approved purchase expenses of Rs. 122.25 Crores for FY 2006-07. The Cost of power purchase from UPPCL was determined at Rs. 101.88 Crores at a BST of Rs. 2.7042/kWh and cost of power purchased from open market at Rs. 20.37 Crores (Rs. 4.50/kWh). Against the approved levels, the licensee has booked/paid an amount of Rs. 113.86 Crores to UPPCL at a bulk supply rate of Rs. 2.8714/kWh and an amount of Rs. 3.35 Crores for purchase of power from other sources at a weighted average rate of Rs. 5.44/kWh (Approved level Rs.4.50 per unit). The total power purchase cost as per audited accounts for FY 2006-07 is Rs. 117.21 Crores."

2.2.148 Further, he submitted that the Petitioner vaguely replied to the Commission to justify the booking / paid of Rs. 2.8714 / kWh which indicate that it was actually not paying to UPPCL/PVVNL and simply "booking the amount" in its accounts to misled the Commission to avail pass through of cost. The relevant para is reproduced as below:

"3.15.3.3 Further licensee in the audited accounts has mentioned that though the bulk supply tariff payable by licensee as determined by Commission was @

Rs.2.7042/kWh, the same has been booked / paid @ Rs.2.8714/kWh as a measure of prudence (after considering the differential credit impact of Rs.75.88 lacs arising on account of final power purchase price determined by Commission at Rs.2.9602 per unit and Rs. 2.9101 per unit for FY 2004-05 & FY 2005-06 respectively) based on the past practices and certain assumptions."

2.2.149 Further, he submitted that the Commission had been passing the Orders in a methodology set in earlier years for determination of power purchase cost of the Petitioner which is clear that BST was actually not linked to cost of power to UPPCL / PVVNL and UPPTCL but linked to expenses & Revenue of the Petitioner available at tariff of consumers approved by the Commission. He submitted that hence, there was malafied intention of the Petitioner to develop a "sham" dispute for additional 10 MW power supplied by UPPCL / NPCL at one hand and misled the Commission on other hand by providing false impression on amount paid to UPPCL / PVVNL for power cost for 10 MW supply.

2.2.150 Further, he submitted that the Petitioner could anticipate the growing revenue surplus due to higher billing to consumers, being a dense industrial area, on account of increased "Average Billing Rate" as approved by the Commission in its licensed area. The Petitioner knew it well that due to reverse calculations of BST for it by the Commission, the surplus revenue will be passed on to UPPCL/ PVVNL in line with the methodology adopted by the Commission over the years. Therefore, the Petitioner created confusing statements in the balance sheet in order to mislead the Commission on power purchase expenses by stating "Booked / Paid" to UPPCL and created a dispute with UPPCL / PVNNL for additional 10 MW power supplied to it.

2.2.151 Further, he submitted that the Commission in light of available information computed the BST at Rs. 2.41 / kWh for 45 MW power. Additionally, in light of the Tribunal finding in its Order dated 12.05.2008, rate for additional 10 MVA power supplied to the Petitioner by UPPCL/ PVNNL was also fixed at Rs. 2.41 per kWh. The relevant para is reproduced as below:

"3.15.3.6 Based on the above, the BST (for the 45 MW power) payable by NPCL to UPPCL is approved at Rs. 2.41/kWh. The impact of any change in this BST on account of true-up of the expenses for UPPCL Discoms in future shall be adjusted in the relevant ARR period.

3.15.3.7 As regard NPCL's dispute related to purchase of additional power of 10 MVA at marginal cost from UPPCL, it has been submitted by NPCL that the same *is pending adjudication by the Appellate Tribunal of Electricity (ATE) and therefore, the impact, if any, on account of settlement based on the decision of the Hon'ble ATE in this regard would be considered and given effect to upon receipt of the final judgement in the relevant ARR period.*

3.15.3.8 Subsequent to the above filing by the licensee, the Hon'ble ATE has vide majority judgement dated 12th May 2008 adopted the order of Hon'ble Technical Member Mr. H. L. Bajaj as the majority judgement in the matter:

"In view of the above the decision on the substantive issue of, Marginal Cost' being in line with the judgment of one of us (Hon'ble Technical Member Mr. A.A. Khan) we adopt the same as majority judgment."

It has also been stated in the para 3 of the above order that -

"One of us (Hon'ble Technical Member Mr. H.L. Bajaj) by his judgment delivered on 08.05.2008 has decided the core issue of dispute in the original Appeals being the 'Marginal Cost' defining it to be as "incremental cost to procure next unit of electricity" which is an internationally accepted definition and concluding that "I hold that the 'Marginal Cost' is the average pooled purchase cost of the additional power which has to be applied to the entire 400 MW additional procurement. Remaining issues of divergence get covered with this finding by me." This definition of 'Marginal Cost' and its implementation in the instant case are in congruence with the judgment of one of us (Hon'ble Technical Member Mr. A A. Khan) except that cost of power procured through the mechanism of unscheduled inter-change will also be taken into account while working out the average pooled purchase cost of additional power of 400 MW."

3.15.3.9 In the light of above order by the Hon'ble Appellate Tribunal, the marginal cost of 10 MVA of additional power is still to be determined. Till such time the marginal cost of additional 10 MVA power is determined, the Commission, in order to determine the total power purchase cost of NPCL for the FY 2006-07, provisionally fixes its rate at the Bulk Supply Rates determined for government owned distribution companies for the FY 2006-07 i.e Rs. 2.41/kWh."

2.2.152 Further, he submitted that the Commission acknowledged the fact that the Petitioner had paid Rs. 10 Cr as lumpsum amount for additional 10 MW power in compliance to the orders of Hon'ble High Court, Allahabad. As the dispute on 10 MW power was pending, the Commission kept the rates for 10 MW at provisional rates. He mentioned that in actual the Petitioner paid only Rs. 10 Cr towards additional 10 MW power wherein BST prices payable to UPPCL/ PVVNL, however, it confused the Commission with vague wording of "Booked / Paid".

> *"3.15.3.10 In this context it is also to underline that NPCL has already booked/paid the power purchase from UPPCL during FY 2006-07 at Rs. 2.8714/kWh. Further, NPCL has also made lump sum payments of Rs. 10 Crores in compliance to the orders by the Commission and Hon'ble High Court against the disputed procurement of 10 MVA power at marginal cost. In view of the provisional treatment to power purchase from UPPCL given by the Commission in the present order, there would be an amount receivable from UPPCL on account of excess payment made by NPCL during FY 2006-07. However, pending final determination of rates for the additional 10 MVA power, the present treatment proposed is provisional, and therefore the receivables due on this account from UPPCL to NPCL shall not be settled till the final settlement of the dispute between UPPCL and NPCL. The calculation of the final dues' receivable / payable by NPCL from / to UPPCL shall be computed only after the final settlement of the dispute and after capturing the impact of the final settlement. The impact on account of this settlement shall be considered and given effect to upon final resolution of the dispute in the subsequent ARR period."*

2.2.153 Further, he submitted that the Commission, vide its Order dated 01.09.2008 in Petition Nos. 451 of 2007 and 497 of 2007, directed that the surplus in the net revenue gap of the Petitioner, amounting to Rs. 19.64 Crores, which was arrived at after the True-up for FY 2006-07 be carried forward to the next FY. The relevant extract is as follows:

> *"3.16.4 The surplus of Rs. 19.64 Crores available after truing up the expenses for FY 2006-07 is proposed to be carried forward to the next year."*

2.2.154 Further, he submitted that in the meanwhile, UPPCL, filed appeal, being Appeal No. 51 of 2009, against the aforementioned order dated 01.09.2008 passed by the Commission, before the Hon'ble Appellate Tribunal for Electricity ("APTEL"). The said appeal was decided by the Hon'ble APTEL vide its judgment dated 15.12.2010 along with NPCL's Appeal No. 121 of 2007. The Hon'ble APTEL vide its judgment dated 15.12.2010 specifically scrutinized and approved the methodology of carrying forward the surplus net revenue gap of Rs. 19.64 Crores for the next Financial Year. The relevant paras of the judgment are reproduced by the objector for convenient perusal:

"2. In Appeal No. 121 of 2007 the Appellant has challenged the order of the State Commission dated 26.6.2007 determining bulk supply tariff for supply of power by the Appellant to NPCL for the FY 2005- 06 and FY 2006-07. Similarly, Appeal No. 51 of 2009 is against the order of State Commission dated 01.09.2008 determining the bulk supply tariff for the FY 2007-08 and FY 2008-09. Though the impugned orders are different, this common judgment is rendered in both these Appeals, as the issues are the same.

3(j). Subsequently on 01.09.2008, the State Commission passed an order in the ARR/Tariff of the Respondent distribution licensee for FY 2007-08 and FY 2008-09 according to its Regulations of 2006. In this order bulk supply tariff of the Appellant has been further reduced and made equal to the bulk supply tariff as applicable to the four government owned distribution licensees in the state. Further, the State Commission has also carried out true up of financials of Respondent distribution licensee for the FY 2006-07. The surplus of Rs. 19.64 crores as a result of the true-up has been allowed to be retained by Respondents distribution licensee towards projected future expenses instead of paying to the Appellant as done in the previous orders of the State Commission. Aggrieved by the order dated 01.9.2008 of the State Commission the Appellant has filed Appeal No. 51 of 2009."

2.2.155 Further, he submitted that the Hon'ble Tribunal disallowed the prayer of UPPCL on the issue of computing BST for the Petitioner by the Commission and made Order as follows:

"20. In view of above, we hold that the State Commission is empowered to determine the bulk supply tariff for supply of power by the Appellant to the Respondent distribution licensee"

……..

"34. The fifth issue is relating to treatment of surplus of 19.64 crores from the true up of financials of FY 2006-07 of the Respondent distribution licensee. The Learned Counsel for Appellant has argued that it has to be passed on to the Appellant and cannot be allowed to be retained by the Respondent for use in the future years. In the previous years also, such surplus had been passed on to the Appellant. According to the Respondent, the State Commission had changed the methodology

for determination of Bulk Supply Tariff in the impugned order dated 1.9.2008. In FY 2007-08 and 2008-09, the Distribution Licensee was having revenue gap and accordingly the surplus of 2006-07 has been adjusted to meet the expected revenue gap in FY 2007-08 and 2008-09.

35. We have examined this matter. In the ARR of 2006-07, the State Commission had projected power purchase cost of Rs. 20.37 crores from other sources against which the actual power purchase cost was only Rs. 3.35 crores. In the true up of financials of 2006-07 in the impugned order dated 01.9.2008, the State Commission determined a surplus of 19.64 crores. On the other hand, a revenue gap of Rs. 16.23 crores and Rs. 100.71 crores were expected in the FY 2007-08 and 2008-09 respectively. The State Commission adjusted the surplus of 2006-07 in the FY 2007-08 to finally arrive at a net surplus of Rs. 3.41 crores in FY 2007-08. Since large gap exceeding Rs. 100 crores were expected in the revenue requirement of FY 2008-09, the State Commission has decided to adjust this surplus in the true up of 2008-09.

36. We do not find any fault in this methodology. It is a normal and correct practice to adjust the surplus/gap as a result of true up of previous year in the succeeding years and the State Commission has rightly done so in its order dated 1.9.2008. However, as already discussed above, the State Commission has ensured that the cost of supply of power of the Appellant has been allowed and the Appellant has not suffered any loss on that account. In the past till 2005-06 the surplus in ARR of the Respondent was passed on to the Appellant but when there is deficit in the succeeding years, the surplus in the previous year cannot be passed on to the Appellant. Accordingly, this point is also decided against the Appellant."

"v) The last issue is relating to the treatment of surplus of 19.64 crores from true up of financials of FY 2006-07 of the Respondent distribution licensee. It is noted that in the ARR for FY 2007-08 and 2008-09 a revenue gap of Rs. 16.23 crores and Rs. 100.71 crores respectively were expected. The State Commission adjusted the surplus of Rs. 19.64 crores in the FY 2007-08 to finally arrive at a net surplus of Rs. 3.41 crores in FY 2007-08. Since large gap of more than Rs. 100 crores was expected in FY 2008-09, the State Commission decided to adjust this surplus of Rs. 3.41 crores in the true up of 2008-09. In our view, this is in order. It is correct to adjust the surplus/gap as a result of true up of financials of a financial year in the

ARR of the succeeding year. In the past, the State Commission had been passing on the surplus of the Respondent distribution licensee after meeting its revenue requirement to the Appellant but it cannot not do so when deficit is expected in the succeeding years. Therefore, we have decided this issue also against the Appellant."

2.2.156 Further, he submitted that the same was reaffirmed by the Commission vide its order dated 14.10.2010 in Petition No. 590 of 2008:

"3.5 SUMMARY OF TRUE-UP OF FY 2006-07:

3.5.1 As discussed in the preceding paragraphs; the Commission doesn't find any merit in truing up FY 2006-07 again and has decided to retain its decision of the Tariff Order for FY 2007-08 & FY 2008-09. Thus, Surplus of Rs.19.64 cr is carried forward in the true-up of FY 2007-08."

2.2.157 Further, he submitted that it is evident from the various orders reproduced above, the Petitioner continues to claim that the amount is not available with them and it is beyond any dispute that the Petitioner had paid only Rs. 10 Cr as lumpsum amount towards 10 MW additional supply, which otherwise as per Tariff Order of the Commission at Rs 2.41 / kWh becomes Rs. 8.806 Cr, which has to further be reduced to Rs. 8.46 Crores in terms of the rate of Rs. 2.315/kWh. He mentioned that in any case, if the Petitioner had paid Rs 10 Cr, it is only an excess amount of Rs. 1.194 Cr paid to UPPCL. The Petitioner in an attempt to obfuscate the whole issue had only tried to mislead the Commission with the word "Booked / Paid" and the Commission, in complete abdication of its statutory responsibilities, has never cross verified this claim of payments with UPPCL / PVVNL.

2.2.158 Further, he submitted that the Petitioner preferred an appeal against the said order dated 14.10.2010, being Appeal No. 4 of 2011. The Hon'ble APTEL, vide its judgment dated 15.12.2011 directed that the Commission may reconsider this issue of surplus amount of Rs. 19.64 Crores. The relevant paras of the order have been quoted below:

"We also notice that the State Commission has provided for surplus of Rs.19.64 crore for the FY 2006-07 when the recovery of the surplus from UPPCL is restrained by the State Commission and the amount is not available to the appellant. The State Commission in its counter affidavit dated 25.02.2011 has submitted that the appellant has never raised this issue before the State Commission nor any claim for the said amount has been made by the appellant.

12.17. In view of the averment of the State Commission on the above issue we direct the State Commission to reconsider the true up of ARR for the FY 2007-08 in respect of surplus of Rs.19.64 crore for the FY 2006-07 shown in the ARR."

2.2.159 Further, he submitted that the Commission has subsequently stopped accounting for these figures as vide its order dated 19.10.2012, the Commission decided to not carry forward this amount and only decide on it upon the determination of 10 MVA issue that is allegedly pending before the Hon'ble Supreme Court. In this regard, the Tariff order dated 19.10.2012, in relevant part has been quoted below:

"4.10 REVENUE GAP OF FY 2006 - 07:

4.10.1 The surplus determined by Commission for FY 2006 - 07 is Rs.19.64 Crores. The same was carried forward in Truing-up of FY 2007 - 08 in the previous Tariff Order.

4.10.2 The Petitioner's in its petition has sought revision of revenue gap for FY 2006 – 07 in regard to the surplus amount of Rs. 19.64 Crores not available with the company.

The Commission's Analysis

4.10.3 NPCL has submitted that the surplus of 19.64 Crores is not available with them since it is under dispute (issue pending with Hon'ble Supreme Court) and subjected to final settlement. NPCL has further submitted that it has paid the power purchase from UPPCL during FY 2006 - 07 at Rs. 2.8714 /kWh and a lump sum payment of Rs. 10 Crores against the disputed procurement of Rs. 10 MVA power at marginal cost.

4.10.4 In light of the Appellate's judgment and NPCL's submissions, the surplus amount of Rs. 19.64 Crores for FY 2006 - 07 is being considered. Accordingly, the non-availability of surplus fund is adjusted in FY 2007 - 08. Further, the amount is not carried forward to the true-up of FY 2007 - 08.

4.10.5 The said amount will be adjusted after the final settlement of the 10 MVA dispute between the Company and UPPCL which is currently pending at Hon'ble Supreme Court of India."

2.2.160 Further, he submitted that it is important to highlight at this stage that, this was a commercial dispute between the Petitioner and its Power Supplier, i.e., UPPCL/ PVVNL. As such, any amount in dispute between the seller and buyer of power cannot be allowed to be excluded while determining ARR. The tariff methodology that is to be adopted by the Commission, or for that matter any regulatory commission that is tasked with the responsibility of determining the tariff, can never provide for considering/ not considering any amounts that are stuck or disputed between any two entities. It is for this reason, that the Hon'ble APTEL never passed any specific orders with respect to the treatment of this amount. It is a matter of record that the only direction of the Hon'ble APTEL was to merely consider. However, the subsequent treatment meted out in respect of this amount by the Commission was completely contrary to the correct methodology of determining tariff. This sets a very bad precedent as it can always be claimed of the entity filing the ARR to exclude all of its amounts that are involved in commercial disputes and are not being recovered. In such a manner there can be multiple vendors of the Petitioner or any other licensee who can claim some amount in dispute and create a sham revenue gap which becomes payable by consumers along with the carrying cost. The Commission's allowance of such tactics to the Licensee is in complete contravention of its own Regulations as it can't allow such benefits to the Licensee.

2.2.161 Further, he submitted that meanwhile, on account of such an order, the Commission, contrary to the established principles of law and accounting, has stopped considering this alleged outstanding amount of Rs. 19.64 Crores. Neither is this amount being accounted for in the ARR petition of the Petitioner, nor in the Tariff Orders of the Commission and it completely dehors the provisions of the applicable regulations.

2.2.162 Further, he submitted that it is appurtenant to note that while the accounting of this outstanding amount is being kept in abeyance by the Commission, including in its latest orders, there is a complete absence of the arrears payable to UPPCL by the Petitioner up until 2005-06, which amount to around Rs. 736 crores, in terms of the latest Tariff orders of the Commission for UPPCL.

2.2.163 Further, he submitted that this is a situation where both parties, the Petitioner and UPPCL, are benefitting by claiming arrears including the amount of Rs. 19.64 Crores. If the Petitioner's claim is that this amount is with UPPCL, then the correct approach would have been to first enquire about the same from UPPCL. However, it is a matter of record that the Commission has never enquired from UPPCL about the veracity of such a claim.

2.2.164 Further, he submitted that what is also of immense importance for the Commission to observe that a Discom's losses and arrears are never a part of the ARR. If that is the methodology not being followed, then what is the basis for making Rs. 19.64 crores to be made a part of ARR if this is also a part of the amount that is outstanding. It is also to be submitted that there is no restriction or injunction or any other such orders by the Hon'ble APTEL, the High Court, Allahabad and the Hon'ble Supreme Court to restrain the Commission from considering Rs. 19.64 Cr in the ARR of the Petitioner.

2.2.165 Further, he submitted that the submission of the Petitioner has always been, as can be seen from para 9.4.6 of the True-up petition that, the Petitioner has paid Rs. 10 Crores to UPPCL and the same has been lying with UPPCL. The Commission has acknowledged and relied on this fact repeatedly. However, at best this is a commercial dispute and out of the total dispute of Rs. 19.64 Crores, even if we keep this Rs. 10 crores amount aside, there have never been any details provided with respect to the remaining amount of Rs. 9.64 Crores by the Petitioner. Moreover, even the Commission has never enquired about this remainder amount. Therefore, it means that the Petitioner still has this amount of Rs.9.64 Crores with itself. In such a scenario, it is clear that the remaining amount of Rs. 9.64 Crores has ever been accounted for by the Commission as the dispute is clearly only about Rs. 10 crores. About this Rs. 9.64 Crores, neither the Commission, nor the Petitioner has ever disclosed or provided any details. Moreover, the Commission has also failed to account for the same since FY 2006-07. Therefore, the Commission, needs to consider the impact of this amount of Rs. 9.64 crores since FY 2006-07, including interest, and provide the adjustment of the same in the instant tariff order. Further, the Commission also needs to direct NPCL to furnish the details of the dispute and the stage which the same is pending. Alongside, it must also enquire from UPPCL/PVVNL whether the amount of Rs. 19.64 Crores has been reflected or given impact in its books, as the Commission has never even mentioned or given impact of this amount in UPPCL/PVVNL's tariff orders. If not, then this would mean that both the Petitioner and UPPCL/ PVVNL are benefiting on account of the non-consideration of this amount by the Commission, to the prejudice of the consumers.

2.2.166 Based on the reply of the Petitioner, he added that the Petitioner is now misleading the Commission by making claims that are contradictory to its own previous claims that have been recorded in previous tariff orders. An amount of Rs. 29.64 crores are an imaginary and concocted figure that is contradictory to the Petitioner's original stand of the paid amount of Rs. 19.64 Crores to UPPCL, as recorded vide order dated 19.10.2012 passed by the Commission.

2.2.167 He submitted that it was on the basis of submissions of the Petitioner before the

Commission that the Commission arrived at the finding that Rs. 10 Crores is a part of Rs. 19.64 Crores, and not separate, vide order dated 19.10.2012. Further, the dispute is a commercial dispute only about Rs. 10 Crores amount, as accepted by the Petitioner and PVVNL, which is allegedly pending before the Hon'ble Supreme Court. Even if that is the case, there is no basis for the Petitioner and/ or the Commission to not account for the remaining Rs. 9.64 Crores. it is a matter of record that neither the Petitioner has been accounting for the same in any of its ARR petitions filed over the years, nor has the Commission been accounting for it, which is completely wrong.

2.2.168 Therefore, even if Rs. 10 Crores is a matter of dispute, it is important to note that neither the Petitioner has ever accounted for this figure in its ARR, nor has it answered the query raised by the Objector. Moreover, there is neither any stay, nor any other directions by the Hon'ble Supreme Court with respect to this amount. In fact, both the Petitioner and PVVNL have not even been able to place on record details of any alleged dispute pending. Not even the number of the SLP/ Civil Appeal has been provided.

2.2.169 Moreover, PVVNL has also admitted that it shall go ahead and return the said amount to the Petitioner after it pays PVVNL the outstanding amount of Rs. 210 Crores, vide its Reply dated 16.06.2021 in Petition No. 1687 of 2021. He also added that if such amounts are surplus, how can the Petitioner have outstanding amount, if the Petitioner itself owes Rs. 210 Crores to PVVNL. It would be crucial to note here that in any case, this dispute of Rs. 19.64 Crores was a matter of dispute between UPPCL/PVVNL and the Petitioner. If the Petitioner was given the benefit of Rs. 19.64 Crores, then PVVNL may also ask the Commission to extend the same treatment to the amount of Rs. 210 Crores that is outstanding with NPCL.

2.2.170 Therefore, the Commission ought to consider the aforementioned concerns and account for Rs. 19.64 Crores, from FY 2006-07 onwards.

B. Petitioner's Response

2.2.171 The Petitioner submitted that the objections regarding the matter are false and incorrect and denied in its entirety. The Petitioner submitted that it has paid Rs. 19.64 Cr to UPPCL which has been claimed in the ARRs from time to time. In addition to the above, the Petitioner has also made on account payment of Rs. 10 Cr to UPPCL in pursuance to the directions of the Commission and the Hon'ble Allahabad High Court, which has not been claimed in the ARRs since the said matter is pending adjudication before the Hon'ble Supreme Court. It is submitted that the necessary impact in respect of the abovementioned two payments will be given by the Petitioner in its ARR petition, upon receipt of the order of the Hon'ble Supreme Court.

C. Commission's View

2.2.172 The Commission has taken note of the objections/suggestions made by the stakeholder in this regard and also noted response by the Petitioner.

2.2.173 In the True-up exercise, the Commission relies on the audited balance sheet of the Petitioner, and in the same the following information has been provided in Note 43:

"(a) UPERC had vide its order dated 1 September 2008 determined the revenue requirement for Financial Year 2006-07. Based on the said order, final power purchase cost (including transmission charges) was determined at Rs. 2.41 per unit for Financial Year 2006-07. UPPCL filed an appeal against the order in APTEL which has since been dismissed vide order of APTEL dated 15 December 2010. UPPCL, subsequently, challenged the judgment of APTEL in Supreme Court which was admitted on 26 November 2013 and pending for hearing. During Financial Year 2006-07, payments to UPPCL were made at the rate of Rs. 2.9361 as per the provisional order of UPERC prevailing at that time. The excess payments made to UPPCL amounting to Rs. 2,077 Lakh have been included under Other current financial assets in Note 14.

UPERC in its order dated 1 September 2008 directed that pending final determination of rates for the additional 10 MVA power (refer note (b) below), the receivables due on this account from UPPCL to the Company shall not be settled till the final settlement of the dispute between UPPCL and the Company. Pending final adjudication of the matter, the impact, if any, cannot be ascertainable at this stage.

(b) The Company had requested UPPCL to provide "Open-access" to wheel additional power for meeting the growing demand of the area. However, instead of providing "Open-access", UPPCL vide its letters dated 08 November 2005 and

13 January 2006 agreed to enhance the load of the Company from 45 MVA to 60 MVA. Accordingly, an additional load of 10 MVA was granted with effect from 10 May 2006. Initially, UPPCL billed the units supplied against additional load @ Rs.2.9361 per unit, i.e. the same rate at which existing 45 MVA power being supplied. Subsequently, UPPCL revised the bills for additional 10 MVA load at exorbitant rates ranging from Rs. 7.067 per unit to Rs. 9.435 per unit against which the Company filed a petition before UPERC for resolution of the dispute. UPERC vide its interim order dated 21 November 2006, directed UPPCL to restore the supply if disconnected and asked the Company to deposit an adhoc payment of Rs.500 Lakh. Against the said order of UPERC, UPPCL filed a writ petition in Hon'ble Allahabad High Court. Hon'ble High Court directed UPPCL to restore the power supply within 24 hrs, directed UPERC to decide the dispute within 4 weeks and also directed the Company to deposit another sum of Rs.500 Lacs. UPERC, finally passed an order dated 8 February 2007. Both UPPCL and the Company have appealed against the said order in Appellate Tribunal for Electricity, New Delhi. Appellate Tribunal had given its final order on 12 May 2008 setting out the methodology to be used to determine the power purchase price for additional power of 10 MVA from UPPCL.

"

2.2.174 Further, the Commission notes that this matter does not pertain to the current Petition i.e., FY 2019-20 to FY 2021-22

INTEREST ON WORKING CAPITAL

A. Comments / Suggestions of the Public

2.2.175 Shri Rama Shanker Awasthi submitted that the Petitioner has provided the following details for computing the interest on working capital:

Table-27 : Interest on Working Capital (FY 2019-20) Rs. Cr.		
Particulars	**Approved**	**Actual**
O&M expenses for 1 month	7.30	9.57
Two months equivalent of expected revenue	282.14	297.81
Maintenance spares @ 40% of R&M expenses for two month's	3.27	3.35
Gross Total	**292.71**	**310.74**
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003:		
Opening Balance	253.47	255.81
Received during the year (Net of Refunds)	30.00	4.30
Closing Balance	**283.47**	**260.11**
Average Security Deposit	**268.47**	**257.96**
Less: Security Deposit with UPPCL	11.28	11.28
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	**257.19**	**246.68**
Net Working Capital	**35.52**	**64.05**
Rate of Interest for Working Capital (SBI - PLR)	13.80%	13.80%
Interest on Total Working Capital	**4.90**	**8.84**

2.2.176 He further submits that the Commission ought to consider the following points while computing the interest on working capital:

a) An amount of Rs. 19.64 Crores that the Petitioner has been allowed to retain since FY 2007-08, in respect of power procurement, on the pretext of a commercial dispute between the Petitioner and UPPCL, without any order of any appropriate court.

b) The Commission, in previous years has, on the basis of wrongfully interpreting the Electricity Act, 2003 and Electricity (Supply) Act, 1948 erroneously deducted the amount of Rs. 11.28 Crores, which was the amount of payment security, by considering the same as consumer security deposit. The same needs to be allowed and considered while computing the interest on working capital.

c) While computing the interest on working capital, the Petitioner has computed an amount of Rs. 297.81 crores as the two-month equivalent of expected revenue on the basis of Rs. 1786.89 crores as total revenue. However, this amount of Rs. 1786.89 crores already include Electricity Duty of Rs. 88.02 Crores. It is settled law that ED cannot be part of the revenue, which this Commission has already accepted. Accordingly, while computing the two-month equivalent of expected revenue for the purposes of computing the Interest on working capital, the Commission needs to consider the amount of 1649.96 Crores as total revenue, as submitted by the Petitioner vide its Response to Commission's query No. 34 in the Deficiency Note.

d) The Petitioner has shown in Table 27 of Appendix X of the Petitioner ARR for FY 2021-22 average security deposit available with it as only Rs. 257.96 Cr. It has further deducted Rs. 11.28 Cr stating as with UPPCL, though the objector has made detailed submission for Rs. 11.28 Cr. With reference to amount mentioned for average security deposit of Rs. 257.96 Cr, it is stated that the Petitioner has computed the same wrongfully. According to Table 28, the Petitioner has secured interest on consumer security paid by it in FY 2019-20. It has provided month wise details of security deposit available with it. There cannot be two principles for computation. The details of security deposit held by the Petitioner each month is reproduced here-in-under as follows:

Month	Available Security Deposit with NPCL	Remark
Apr-19	280.02	Quarter Average provided
May-19	280.02	
Jun-19	280.02	
Jul-19	287.48	Quarter Average provided
Aug-19	287.48	
Sep-19	287.48	
Oct-19	292.11	Quarter Average provided
Nov-19	292.11	
Dec-19	292.11	
Jan-20	293.92	
Feb-20	296.81	
Mar-20	260.11	
Average of 12 months	285.81	
Average of 12 months provided by NPCL	257.96	
Excess Requirement Shown by NPCL	27.85	
Interest rate sought by NPCL	13.80%	
Excess Interest sought by NPCL illegally	3.84	

Accordingly, it is submitted that the Petitioner should not be allowed to gain illegally in any of the cost head by using such mis-representation of facts.

e) It is submitted that the Commission has to deduct an amount of Rs. 17.79 crores which is the actual non-tariff income from the working capital, before computing the interest on working capital, as the said amount is already with the Petitioner. This is according to the established regulatory principle of computing the interest on working capital as well as the standard principle of accounting, that finds adequate grounding in the various judgments and orders passed by the Hon'ble APTEL and the various tariff orders.

2.2.177 Based on the reply of Petitioner with respect to Computation of Interest on working capital, he added that the Petitioner has failed to respond to the issue raised by the Objector. The Commission to adjudicate in the matter and compute the correct figure for disallowance.

2.2.178 With respect to wrongful consideration of Security Deposit of Rs.11.28 Crores while computing interest on working capital, he submitted that the Petitioner, vide its true-up petition, at para 9.4.5, has stated as follows:

9.4.5 As per the practice followed by the Hon'ble Commission in its various Tariff Orders, latest being dated 3rd September, 2019 in case of the Company, the security deposit of Rs. 11.28 Cr passed on to UPPCL till FY 2005-06 in accordance with past arrangement, has been deducted from the total Security Deposit available with the Company while computing working capital requirement as the same are not available at the disposal of the Company for meeting its working capital requirements.

2.2.179 He submitted that vide the order dated 14.10.2010 in Petition No. 451 of 2007 and 497 of 2007 allowed an amount of Rs. 20.88 Cr as the quantum of security deposit recovered from the consumers of the Petitioner, in terms of Section 47(1)(b) of the Act. The order dated 14.10.2010 is quoted hereinbelow for convenient perusal:

"*4.7.2.4 The Commission has worked out the working capital and interest on working for FY 2007-08 as given in Table 4-8 below:*

TABLE 4-8: INTEREST ON WORKING CAPITAL – APPROVED (Rs.cr)

Particulars		FY 2007-08 (Rs. Cr)	
		Audited	True-up
One month's O & M Expenses	a	0.89	0.87
One-twelfth of the sum of the book value of	b	6.31	6.31
Receivables equivalent to 60 days average	c	28.44	27.67
Gross Total	d=a+b+c	35.63	34.85
Less: Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act	e	15.63	20.88
Net Working Capital	f=d-e	20.00	13.96
Add: Average Regulatory Assets	g	9.19	-
Total Working Capital required	h=f+g	29.19	13.96
Rate of Interest for Working Capital	i	13.50%	12.68%
Interest on Total working capital	j=h x i	3.94	1.77
Actual Interest on Working Capital paid by	k	1.76	
Net Efficiency Gains	l=j-k	2.18	
50% allowable to Distribution Licensee	m=l x 50%	1.09	
50% adjusted against Regulatory Asset	n=l x 50%	1.09	

2.2.180 The Petitioner, vide its appeal (Appeal no 04 of 2011) before the Hon'ble APTEL against the Commission's order dated 14.10.2010 raised an issue regarding interest on working capital for FYs 2007-08, 2008-09 and 2009-10 wherein it was stated that the petitioner had paid Rs 11.28Cr to UPPCL as security deposit and therefore the Commission should deduct Rs 11.28 Cr for computing interest on working capital.

2.2.181 The Hon'ble APTEL vide its order dated 15.12.2011 had decided the issue against the petitioner and stated that they do not find any reason to interfere with the impugned order on this issue. The relevant paras are reproduced as below:

"This appeal has been filed by Noida Power Company Ltd. against the order dated 14.10.2010 passed by the Uttar Pradesh Electricity Regulatory

Commission ("State Commission") deciding the Annual Revenue Requirement and tariff for the FY 2009-10 and true-up of the financials for the FYs 2006-07, 2007-08 and 2008-09.

3. (x) <u>Interest on working capital for the FYs 2007-08, 2008-09 and 2009-10:</u> The appellant has deposited an amount of Rs.11.28 crore as security deposit with UPPCL. The State Commission haswrongly considered the availability of aforesaid amount towards working capital requirements thereby reducing the working capital loan requirements, contrary to its earlier tariff orders dated 26.06.2007 and 01.09.2008.

5. (xi) Has the State Commission erred in considering the amount deposited by the appellant with UPPCL as available to the appellant towards the working capital requirement?

14. The eleventh issue is regarding interest on working capital for the FYs 2007-08, 2008-09 and 2009-10.

14.1 According to Ld. Counsel for the appellant, the appellant has deposited an amount of Rs.11.28 crore as security deposit with UPPCL which could not be considered to be available to the appellant towards working capital requirement.

14.2 According to Ld. Counsel for the State Commission the interest on working capital has been computed as per the Regulations.

14.3 We find that the State Commission in the impugned order has not giving any finding regarding consideration of amount deposited by the appellant with UPPCL as security deposit in working out the interest on working capital. We, therefore, give liberty to appellant to place its submission before the State Commission at the time of true-up for the FY 2009-10 for consideration.

14.4 We do not find any reason to interfere with the impugned order on this issue in the present appeal.

…….

23. (ix) <u>Interest on working capital:</u>

The State Commission has not given any findings regarding consideration of amount of Rs.11.28 crore deposited by the appellant with UPPCL as security *deposit. We give liberty to the appellant to place its contention before the State Commission at the time of true up for the FY 2009-10."*

2.2.182 He submitted that subsequently, vide its order dated 19.10.2012 in Petition Nos. 640/ 2009, 709/2010,776/2011, 794/2012, the Commission has taken a complete U-turn in its methodology and, despite there being no directions from the Hon'ble APTEL to the contrary, the Commission has directed as follows:

"*4.6.2.4 NPCL in its supplementary submission has substantiated that it was required to transfer the entire amount of security deposit received from consumers to UPPCL against the supply of electricity amounting to Rs. 11.28 Crores as per Section 47-A of the Electricity (Supply) Act, 1948 reproduced below:*

"47-A. Security -Notwithstanding anything in this Act, and notwithstanding that no arrangements have been mutually agreed under Sec. 47 or that no regulations have been made in that behalf:

a) The Board shall not be bound to comply with any requisition to supply electricity to a licensee unless the licensee within fourteen days after the service on him by the Board of a notice in writing in that behalf, tenders to the Board security in such amount as is equivalent to the average charges for two months' supply of electricity during the preceding financial year to the licensee (hereinafter referred to as the average charges), and where an amount in excess of the average charges is demanded by the Board as security, the Board shall determine the same after giving an opportunity of hearing to the licensee;

b) The Board shall be entitled to discontinue such supply if the licensee has not already given security, or if any security given by him has become invalid or insufficient, and such licensee fails to furnish security or to make up the security to a sufficient amount, as the case may be, within seven days after the service upon him of notice from the Board requiring him so to do."

"*4.6.2.5 Till FY 2005-06, UPPCL was the sole supplier of power to the*

Company. However, from FY 2006 - 07, UPPCL refused to supply additional power in accordance with the rising demand of the Company and therefore, the Company was forced to buy power through Open Access. Accordingly, the Company stopped transferring Security Deposit received from its consumers from April 2006 onwards.

"4.6.2.6 Accordingly, the aforesaid security deposit amount of Rs. 11.28 Crores, passed on to UPPCL, is not available with the Company for meeting its working capital requirement and therefore, the Commission in its revised true-up for FY 2007 – 08 has considered the impact of the amount not available with the Company.

"4.6.2.7 Interest on working capital is trued-up as below:

Table 4-4: INTEREST ON WORKING CAPITAL FOR FY 2007 -08 (Rs. Crores)

	As per Tariff Order dt. 14.10.10	Revised Petition	Revised True-up
One Month's O&M Expenses	0.87	0.88	0.87
One-twelfth of the sum of the book value of materials in stores at the end of each month of such financial year.			
Receivables equivalent to 60 days average billing on consumers	27.67	27.74	27.67
Gross Total	34.85	34.93	34.85
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003			
Opening Balance	14.86	14.86	14.86
Received during the year	12.05	12.05	12.05
Closing Balance	26.91	26.91	26.91

Less: Security Deposit with UPPCL	0.00	11.28	11.28
Net Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	20.88	9 .60	9 .60
Net Working Capital	13.96	25.33	25.24
Rate of Interest for Working Capital	12.68%	12.68%	12.68%
Interest on Total Working	1 .77	3 .21	3 .20

2.2.183 He submitted that it is the mandate of the extant regulatory regime, that the licensee is authorised to recover security deposit from any person who is desirous of availing supply of electricity from that particular licensee. In this regard, the relevant provisions of the Act, and the regulations of this Commission promulgated therein, are quoted herein below for convenient perusal:

"*Section 47. (Power to require security): --- (1) Subject to the provisions of this section, a distribution licensee may require any person, who requires a supply of electricity in pursuance of section 43, to give him reasonable security, as may be determined by regulations, for the payment to him of all monies which may become due to him –*

(a) in respect of the electricity supplied to such persons; or

(b) where any electric line or electrical plant or electric meter is to be provided for supplying electricity to person, in respect of the provision of such line or plant or meter, and if that person fails to give such security, the distribution licensee may, if he thinks fit, refuse to give the supply of electricity or to provide the line or plant or meter for the period during which the failure continues."

2.2.184 It is necessary at this stage to clarify that there is a difference between "Security" as provided for in Section 47-A of the Electricity Supply Act, 1948 and the "security deposit" provided for in Section 47 of the Electricity Act, 2003. In terms of Section 47-A of the Electricity Supply Act, 1948, the licensee operating in the business of distribution of electricity in any state of region, was required to purchase power from the State Electricity

Boards as the generation of electricity was governed by the said Boards. Accordingly, in order to secure the interest of the Boards, Section 47-A provided for the provision of "Security amount" which was to act as payment security mechanism for the power supplied by the Board to the said Licensee. The Petitioner, having been formed in 1993, was operating its business of distribution in the State of UP by purchasing power from the Uttar Pradesh State Electricity Board ("UPSEB"). The Petitioner must have been required to provide "security" against the power being procured from UPSEB, which could be either in the form of a letter of credit, or a BG or in any other format required at the time.

2.2.185 However, Section 47 of the Act pertains to the Security deposit that is provided to the licensee by the persons who are desirous of becoming consumers of the said licensee. This security deposit is required to be deposited with the licensee for any fresh connection or load enhancement etc.

2.2.186 It is submitted that it is this amount that is available with the licensee, that has been received from the consumers as Security deposit, that is mandatorily required to be considered while computing the working capital, as prescribed by the Commission's own regulations. In this regard, the applicable regulations at the time are quoted below:

> "*<u>U.P. Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulation-2006</u>*
>
> *4.8.2. 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.*"

The same provision is present in each of this Commission's regulations pertaining to determination of distribution tariff that have been notified subsequently.

2.2.187 However, vide its true-up order dated 19.10.2012 for FY 2007-08, and in each tariff, order passed by the Commission thereafter, the Commission has erroneously, and to the prejudice of the consumers, deducted the amount of Rs. 11.28 Crore, that was payable by NPCL as "security" to UPSEB in terms of Section 47-A of the Electricity Supply Act, 1948, while quoting that to be the deduction under Section 47(1)(b) of the Act. The amount of 11.28 crores is wrongly depicted to be the "security deposit amount" when it is actually the amount paid/ or payable by NPCL as "security", as payment security mechanism, to UPSEB for power procurement. It is submitted that because of this erroneous computation, the Petitioner has wrongly benefitted from such deduction.

2.2.188 In fact, it is for this reason that this Commission has neither asked UPPCL to verify this amount with them nor have they ever deducted this amount from UPPCL's tariff. It is noteworthy to state that the tariff for the base year, i.e., 2007-08 has been determined in accordance with the 2006 Distribution Tariff Regulations of this Commission that have been enacted in terms of the Act of 2003 and, accordingly, the Electricity Supply Act, 1948, specifically Section 47A, does not find any applicability or relevance.

2.2.189 Further, he submitted that such an illegal disallowance by the Commission has been continuing up until FY 2018-19 and has rendered the Impugned Order liable to be reviewed. It is also submitted that if there is any dispute between NPCL and UPPCL with respect to the amount of "security" that has been paid under section 47-A of the Electricity Supply Act, 1948, the same is a bilateral dispute in respect of payment security mechanism for power dispute. The existence of such a dispute cannot be a reason or basis for this Commission to deduct that amount in place of the "consumer deposit amount" that is recoverable under Section 47(1)(b) of the Act and consequently deductible in terms of the Hon'ble Commission's own regulations.

2.2.190 Further, he submitted that revised calculations for interest on working capital be carried out after FY 2006-07 till FY 2019-20 and reduction of Rs. 11.28 Cr be disallowed in each year. The corresponding impact on decreased regulatory asset & carrying cost be also computed in each year's tariff, which needs to be passed on to the consumers.

2.2.191 Based on the reply of the Petitioner, he added that the Petitioner is again misleading the Commission as the Hon'ble APTEL has not decided any issue, but had simply given liberty to the Petitioner to place its submissions before the Commission, vide its order dated 15.12.2011. However, the issue raised by the Objector is that the Commission has erroneously equated the Section 47-A of the Electricity Supply Act, 1948 with Section 47(1)(b) of the Electricity Act, 2003, which has led to erroneous treatment of Rs. 11.28 Crores.

2.2.192 He also submitted that PVVNL, vide its Reply dated 16.06.2021 in Petition No. 1687 of 2021 has stated that Rs. 11.28 Crore is held with PVVNL as Security for Electricity Supply under section 47-A of Electricity (Supply) Act, 1948 and not as a Consumer Security Deposit under Section 47(1)(b) of the Electricity Act, 2003. PVVNL has also admitted that it shall go ahead and return the said amount to the Petitioner after it pays PVVNL the outstanding amount of Rs. 210 Crores.

2.2.193 It is clear that the Petitioner has mislead the Commission by submitting false statements on affidavit and tricked the Commission into passing the aforementioned order dated 19.10.2012.

2.2.194 Hence, it is clear that the amount of Rs. 11.28 Crores is not a part of security deposit of consumers, deposited in terms of Section 47 of the Electricity Act, 2003.

2.2.195 In terms of the Commission's regulations, the amount of security deposit collected from consumers is actually supposed to be deducted while computing the interest on working capital. However, the regulations do not say who should be in possession of this amount. In the instant case, PVVNL has clarified that it has the said amount.

2.2.196 Accordingly, the treatment given to the 11.28 crores ought to be rectified by the Commission, from the date when it was first incorrectly accounted for.

2.2.197 Based on the reply of Petitioner with respect to Wrong Computation of Average Security Deposit with the Petitioner, he added that the available funds are in the account of the Petitioner for each month and aberration of last week of March 2020 cannot be used by the Petitioner for its illegal gains. The month wise computation is possible and should be done to derive figures on averages. The Commission ought to follow the same methodology for refund as is followed for collection of the security deposit.

B. Petitioner's Response

2.2.198 With reference to Erroneous non-consideration of amounts of Rs.19.64Cr, the Petitioner submitted that the contents of the same are false and incorrect and denied in its entirety, it is submitted that the Petitioner Company has paid Rs. 19.64 Cr to Uttar Pradesh Power Corporation Limited [hereinafter referred to as 'UPPCL'] which has been claimed in the ARRs from time to time. In addition to the above, the Company has also made on account payment of Rs. 10 Cr to UPPCL in pursuance to the directions of the Commission and the

Hon'ble Allahabad High Court, which has not been claimed in the ARRs since the said matter is pending adjudication before the Hon'ble Supreme Court. It is submitted that the necessary impact in respect of the abovementioned two payments will be given by the Petitioner Company in its ARR petition, upon receipt of the order of the Hon'ble Supreme Court.

2.2.199 With reference to the objection regarding Wrong Computation of Average Security Deposit, it is submitted that the average security deposit for FY 2019-20 is Rs. 257.96 Cr only as shown in Table-27 and Table-28 of "Appendix-III Text of True-up FY 2019-20". The same has been computed strictly in accordance with the provisions of UPERC MYT Regulation 2014. The Objector is attempting to mislead the Commission by mixing the normative computation with actual monthly balances of the Security deposit submitted for other purposes. The Objectors has erroneously considered the month-wise closing balance of Security Deposit and conveniently ignored Opening Balance, Additions during the year, deletion (i.e., repayment) during the year and closing balances to vaguely arrive at average security deposit of Rs. 285.81 Cr. Thus, the Objector is only creating sensation by twisting, manipulating and misrepresenting the data to mislead the Commission and waste its precious time.

2.2.200 With reference to electricity duty added in revenue for computation of bad & doubtful debt and working capital, it is submitted that the Company has already provided the detailed computation of Bad and Doubtful debts with reconciliation with audited accounts in its reply to query no. 40 of Hon'ble Commission letter bearing no. UPERC/SECY/D(Tariff)/2020-21-1844 dated 22.02.2021.

2.2.201 The same has been provided hereinbelow for ready reference of the Commission:

Table: -5 Reconciliation of Bad Debts

Sl. No.	Description	Amount (Rs. Cr.)	Remark
1	Bad Debts written off	8.56	Please refer to Note-33 of Audited Accounts
2	Provision for Doubtful Debts	8.20	Please refer to Note-33 of Audited Accounts
	Subtotal	**16.76**	
2	Less: Electricity Duty component not considered in ARR	0.95	
3	**Net Bad & Doubtful Debts**	**15.81**	Please refer Form-51 in MYT Formats

Table: -5 Reconciliation of Bad Debts			
Sl. No.	**Description**	**Amount (Rs. Cr.)**	**Remark**
Total may not tally due to rounding offs			

From the above table, it is evident that the Electricity Duty has been deducted from the amount of Bad & Doubtful Debts and reduced amount of Bad & Doubtful Debts have been considered in the ARR. Thus, it is evident that the Objector is malafidely raising frivolous and baseless objections to mislead the Commission and waste its precious time.

2.2.202 Further, it is humbly submitted that the Electricity Duty is billed by the Company along with the other charges for electricity to the consumers, therefore, the same is integral part of the Receivables and the Commission in the past has allowed the same as part of the Receivables latest being for True-up of ARR for FY 2017-18 vide Tariff Order dated 3rd Sep'19. Therefore, it is humbly prayed before the Commission to consider the Electricity Duty as part of Receivable for determination of Interest on Working Capital for True-up of ARR for FY 2019-20.

2.2.203 With reference to Wrongful consideration of Security Deposit of Rs.11.28 Crores while computing interest on working capital it is submitted that the contents of the same are false and incorrect and hence denied. It is submitted that the doors of such public-spirited litigations were opened to provide a remedy against glaring injustices and such frivolous objections as in the present matter, has been vehemently disregarded by the Hon'ble Courts. It is submitted that the Objector has raised baseless allegations without any substantial evidence and the present Objection is aimed only to waste the precious time of the Commission. The objections raised by the Objector every now and then is in desperation to find fault even on the settled issues as is the case in the captioned objection.

2.2.204 Further submitted that the objections raised by the Objector in the corresponding paragraphs have already been settled by the Hon'ble APTEL / Commission. It is submitted that pursuant to the Order dated 15.12.2011 passed by the Hon'ble APTEL, the Commission decided the matter vide its Tariff Order dated 19.10.2012, and the relevant paras thereof are reproduced below for ready reference:

"4.6.2 INTEREST ON WORKING CAPITAL:

4.6.2.1 In the revised true-up petition for FY 2007 - 08, the Petitioner has requested for consideration of the security deposit passed onto UPPCL amounting to Rs. 11.28 Cr.

The Commission's Analysis

4.6.2.2 The Distribution Tariff Regulations 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 Regulation 4.8 (2) (b) provides for rate of interest on working capital borrowings are bank rate specified by RBI + appropriate margin decided by Commission.

4.6.2.3 The Appellate held the following view in the matter:

"…We, therefore, give liberty to appellant to place its submission before the State Commission at the time of true-up for the FY 2009 - 10 for consideration. We do not find any reason to interfere with the impugned order on this issue in the present appeal."

4.6.2.4 NPCL in its supplementary submission has substantiated that it was required to transfer the entire amount of security deposit received from consumers to UPPCL against the supply of electricity amounting to Rs. 11.28 Crores as per Section 47-A of the Electricity (Supply) Act, 1948 reproduced below:

………………….

4.6.2.5 Till FY 2005-06, UPPCL was the sole supplier of power to the Company. However, from F Y 2006 - 07, UPPCL refused to supply additional power in accordance with the rising demand of the Company and therefore, the Company was forced to buy power through Open Access. Accordingly, the Company stopped transferring Security Deposit received from its consumers from April 2006 onwards.

<u>4.6.2.6 Accordingly, the aforesaid security deposit amount of Rs. 11.28 Crores, passed on to UPPCL, is not available with the Company for meeting its working capital requirement and therefore, the Commission in its revised true-up for FY 2007 - 08 has considered the impact of the amount not available with the Company.</u>

………………………"

2.2.205 Accordingly, the objections raised by the Objector is devoid of any merit and the captioned Objection is liable to be dismissed.

C. Commission's View

2.2.206 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner.

2.2.207 Further, the Petitioner`s Balance Sheet also reflects the following in notes to accounts 43 f:

> *"As per erstwhile agreement with UPPCL dated 15 December 1993, the Company has transferred refundable consumers' security deposits to UPPCL for the period 1 August 1998 to 31 March 2006 amounting to Rs. 1,128 Lakh as security against supply of 45 MVA power. UPPCL has since terminated the aforesaid agreement and withdrawn 45 MVA power supply with effect from 12 February 2014. Accordingly, the Company is seeking refund of the aforesaid security deposit from UPPCL."*

2.2.208 The figure of Rs.11.28 Crs is part of audited accounts as consumer security deposit, the same treatment has been done as done in the past years, wherein the security deposit amount is reduced by Rs. 11.28 Crs.

EVASION OF ELECTRICITY DUTY

A. Comments / Suggestions of the Public

2.2.209 Shri Rama Shanker Awasthi submitted that the Electricity Duty is computable on a monthly basis of the electricity supplied by the distribution licensee to each of its consumers. Further he submitted that he has become aware of certain evidences of malpractices and illegalities about evasion of electricity duty that are being perpetrated by the Petitioner. Further, he submitted a compilation of a few of the many instances where there has been no levy of the Electricity Duty in its invoices by the Petitioner:

Sr. No	Name of Consumer	Consumer Number	Category	Billing Period
1	Kaley C/o Goverdhan	2000024751	LMV-5	January, 2021
2	Kaley C/o Goverdhan	2000024751	LMV-5	January, 2021
3	Ramswaroop	2000028655	LMV-5	January, 2021
4	Hargu Lal C/o Kallu	2000024601	LMV-5	January, 2021
5	Bahuty C/o Prakash	2000024498	LMV-5	January, 2021
6	Malkhan Singh C/o Ramlal	2000025086	LMV-5	January, 2021

7	Kanyalal C/o Pyarelal Sharma	2000024869	LMV-5	January, 2021
8	Raghuraj Singh C/o Champat Choree	2000025156	LMV-5	January, 2021
9	Dharam Pal Singh C/o Ramlal Lal	2000032960	LMV-5	January, 2021
10	Harsaran Dass	2000024675	LMV-5	January, 2021
11	Khem Chand C/o Kajam	2000025160	LMV-5	January, 2021
12	Rajkumar Sharma C/o Mahesh Chand	2000025070	LMV-5	January, 2021
13	Mehar Singh C/o Rishal Singh	2000025119	LMV-5	January, 2021
14	Bhagwat Singh C/o Lackichand	2000024530	LMV-5	January, 2021
15	Baljeet C/o Nanak	2000028516	LMV-5	January, 2021
16	Sidharth C/o Sudhir	2000025231	LMV-5	January, 2021
17	Charni C/o Dal Singh	2000024648	LMV-5	January, 2021
18	Mantoori Pradhan C/o Fakira	2000028559	LMV-5	January, 2021
19	Ajai Pal Singh C/o Buddh Singh	2000038011	LMV-5	January, 2021
20	Mange Mange	2000027257	LMV-5	January, 2021
21	Bhawar Singh C/o Runga Singh	2000025093	LMV-5	January, 2021
22	Raja Ram C/o Chanda	2000024339	LMV-5	January, 2021
23	Chander Bhan Sharma, C/o Ramchandra	2000024864	LMV-5	November,2020
24	Phool Chand Sharma C/o Pandit Chandan Lal	2000024916	LMV-5	November,2020
25	Manraj Tej Pal C/o Radhey Chetram	2000024590	LMV-5	November,2020
26	Vijay Singh, C/o Hans Raj	2000024969	LMV-5	November,2020
27	Sunder Singh	2000024866	LMV-5	November,2020
28	Kirodi Singh, C/o Hukam Singh	2000024652	LMV-5	November,2020
29	Sahash Pal Singh, C/o Haranand	2000024990	LMV-5	November,2020
30	Uday Bhan Singh, C/o Balbir Singh	2000024872	LMV-5	November,2020

2.2.210 Further, he submitted that the aforementioned details are being provided by the him for now and if the Commission directs, he shall submit copies of the bills mentioned hereinabove.

2.2.211 Further, he submitted that the Petitioner is generating fake bills to artificially reduce its distribution losses. He requested that the matter of above-mentioned consumers be investigated for security deposit, pending arrears and electricity duty before the passing of the tariff order and the impact of the same be given by the Commission vide the Tariff Order.

B. Petitioner's Response

2.2.212 The Petitioner submitted that the objections regarding the matter are completely wrong and denied. The Petitioner reiterated that the Objector has raised baseless and frivolous allegations against the Petitioner and its officials and it is apposite to mention that the Objector has in a candid manner levelled frivolous allegations against the Petitioner and its officials without any substantive evidence in support. The Petitioner vehemently denied that the Petitioner is generating fake bills to artificially reduce distribution losses. Further, the Petitioner submitted that the Objector, by unscrupulous means has collected the documents and thereafter created a completely false narrative against the Petitioner. Therefore, the Petitioner prayed before the Commission to take suitable action to refrain the Objector from raising such superficial and false allegations.

2.2.213 Further, the Petitioner submitted that all the consumers mentioned by the Objector belong to LMV-5 category i.e., Agricultural Tube wells which are exempt from levy of Electricity Duty. The relevant provisions of the U P Electricity Duty Act 1952 viz. sub-section 5 (d) of Section 3 are provided hereinbelow for ready reference:

"3. Levy of Electricity duty

(5) No electricity duty shall be levied on-

(a) energy consumed by the Central Government or sold to the Central Government for consumption by that Government; or

(b) [* * *]*

(c) energy consumed in the construction, maintenance or operation of any railway by the Central Government or sold to that Government for consumption in the construction, maintenance or operation of any railway;

(d) by a cultivator in agricultural operations carried on in or near his fields such as the pumping of water for irrigation, crushing, milling or treating of the produce of those fields or chaff-cutting.

[(e) energy consumed in light upon supplies made under the Janta Service Connection Scheme to Harijans, landless labourers, farmers, (whose holding is one acre or less), active and ex-servicemen and war widows and other weaker sections in districts as may be notified by the State Government in this behalf.]"

2.2.214 Therefore, the Petitioner submitted that there is no question of levying electricity duty on electricity consumption for agricultural purposes i.e., LMV-5 consumer category and consequently evasion thereof as maliciously alleged by the Objector. It is submitted that the Objection is thus liable to be dismissed in entirety for raising such frivolous, baseless and irrelevant issues in a malicious manner. Further, the Petitioner submitted that no purpose or interest of consumer at large is being fulfilled by raising such irrelevant and wrong grounds and on the other hand such frivolous Objections are a wastage of the precious time of the Commission.

C. Commission's View

2.2.215 The Commission has taken note of the objections/suggestions made by the stakeholder in this regard and also noted response by the Petitioner. Further, the Electricity Duty levy concerns GoUP and any disputes can be raised by the concerned consumers in appropriate forum.

ELECTRICITY DUTY (ED) ADDED IN REVENUE FOR COMPUTATION OF BAD AND DOUBTFUL DEBT AND WORKING CAPITAL

A. Comments / Suggestions of the Public

2.2.216 Further, he submitted that the Petitioner has wrongly claimed Electricity Duty as a part of revenue while computing bad and doubtful debt and Working Capital, which is in complete contravention of the extant and applicable law and this Commission's own regulations. In this regard, he submits that it is relevant to delve into the findings of the Commission as well as the Hon'ble APTEL.

2.2.217 He further submitted that the Hon'ble APTEL, vide its order dated 15.12.2011 in appeal no. 04 of 2011 of NPCL, which was filed challenging against UPERC's Order dated 14.10.2010, wherein the Commission did not consider the Electricity Duty as part of bad

Debt thereby disallowing it from being claimed as part of the Revenue. The Hon'ble APTEL, vide its Order disallowed the appeal of NPCL on this issue. The relevant para of the Order has been reproduced below:

> *"16.5 We find that the State Commission has allowed the required percentage of bad debts on the receivables from the consumers and has indicated the detailed calculations. The electricity duty is not a part of the ARR/Tariff and is being collected by the appellant directly on behalf of the State Commission and paid directly to the State Commission. Therefore, we feel that the State Commission has correctly allowed the bad debts.….*
>
> *23.(xi) Bad debts: This issue is decided against the appellant as far as the claims for the FYs 2007-08 and 2008-09 are concerned. Regarding 2009-10, the appellant is directed to file its claim with the State Commission in the true up."*

2.2.218 He further submitted that the errors and anomalies on part of the Commission and the errors apparent on the face of the record gain more prominence in the face of the fact that the Commission vide its Order dated 04.12.2020 disallowed ED in Bad Debt in FY 18-19.

> *"3.22.12 The Commission has observed that the total amount for provision for bad debts shown in the books of accounts is Rs 13.96 Crore. The Petitioner has also excluded the amount of bad debts with respect to electricity duty, i.e., Rs. 0.67 Cr while claiming the abovementioned amount of Rs 13.29 Crore towards provision for bad debts."*

2.2.219 This is contrary to the established regulatory approach, as well as in clear violation of the Hon'ble APTEL's explicit order. It is incumbent upon this Commission to comply with the clear and explicit orders of the Hon'ble APTEL, as well as its own regulations, and deduct ED from Revenue while accounting for Bad and Doubtful Debt and Interest on Working Capital.

2.2.220 Based on the reply of the Petitioner with regards to Electricity Duty (ED) added in revenue for computation of bad and doubtful debt and working capital, he added that the Petitioner is misleading the Commission.

2.2.221 He submitted that, the Hon'ble APTEL, vide its order dated 15.12.2011 in Appeal no. 04 of 2011 of the Petitioner, which was filed challenging against UPERC's Order dated 14.10.2010, wherein the Commission did not consider the Electricity Duty as part of bad Debt thereby disallowing it from being claimed as part of the Revenue. The Hon'ble APTEL, vide its Order disallowed the appeal of the Petitioner on this issue. It categorically held that:

> *"16.5 We find that the State Commission has allowed the required percentage of bad debts on the receivables from the consumers and has indicated the detailed calculations. The electricity duty is not a part of the ARR/Tariff and is being collected by the appellant directly on behalf of the State Commission and paid directly to the State Commission. Therefore, we feel that the State Commission has correctly allowed the bad debts.*
>
> *….*
>
> *23.(xi) Bad debts: This issue is decided against the appellant as far as the claims for the FYs 2007-08 and 2008-09 are concerned. Regarding 2009-10, the appellant is directed to file its claim with the State Commission in the true up."*

2.2.222 Subsequently, the Commission vide its Order dated 04.12.2020 disallowed ED in Bad Debt in FY 18-19. Therefore, the Petitioner is merely trying to mislead the Commission by making claims that are contrary to the Commission's own regulations.

B. Petitioner's Response

2.2.223 With respect to objection regarding the Electricity Duty that been added in revenue for computation of bad and doubtful debt and Working Capital, the Petitioner submitted that it has already provided the detailed computation of Bad and Doubtful debts with reconciliation with audited accounts in its reply to query no. 40 of Hon'ble Commission letter bearing no. UPERC/SECY/D(Tariff)/2020-21-1844 dated 22.02.2021. The same has been provided hereinbelow for ready reference of the Commission:

Reconciliation of Bad Debts			
Sl. No.	**Description**	**Amount (Rs. Cr.)**	**Remark**
1	Bad Debts written off	8.56	Please refer to Note-33 of Audited Accounts

2	Provision for Doubtful Debts	8.20	Please refer to Note-33 of Audited Accounts
	Subtotal	**16.76**	
2	Less: Electricity Duty component not considered in ARR	0.95	
3	**Net Bad & Doubtful Debts**	**15.81**	Please refer Form-51 in MYT Formats
Total may not tally due to rounding offs			

2.2.224 From the above table, it is evident that the Electricity Duty has been deducted from the amount of Bad & Doubtful Debts and reduced amount of Bad & Doubtful Debts have been considered in the ARR. Thus, it is evident that the Objector is malafidely raising frivolous and baseless objections to mislead the Commission and waste its precious time.

2.2.225 Further, it is humbly submitted that the Electricity Duty is billed by the Company along with the other charges for electricity to the consumers, therefore, the same is integral part of the Receivables and the Commission in the past has allowed the same as part of the Receivables latest being for True-up of ARR for FY 2017-18 vide Tariff Order dated 3rd Sep'19. Therefore, it is humbly prayed before the Commission to consider the Electricity Duty as part of Receivable for determination of Interest on Working Capital for True-up of ARR for FY 2019-20.

A. Commission's View

2.2.226 Electricity Duty is not considered in revenue for computation of Bad & Doubtful debt. Further, the Commission does not consider electricity duty as part of receivables while computation of Working capital as has been done in the previous Tariff Order for FY 2020-21.

ILLEGAL BILLING FOR RURAL AREAS AS PER URBAN SCHEDULE

A. Comments / Suggestions of the Public

2.2.227 Shri Rama Shanker Awasthi submitted that the supply to the consumers in any given area is to be charged under the rural schedule or the urban schedule, is to be determined on the basis of the classification of the feeder that supplies power to that area. If the supply is from a rural feeder, then the supply is to be charged as Rural, and if the supply is through an urban feeder, the same shall be charged on urban schedule. As per the State

Government directive, the urban feeders are to be provided with power supply for 24 hrs. barring breakdowns.

2.2.228 He submitted that the pursuant to the orders of the Principal Secretary (Energy) vide its letter no. 2555/24-P-3-2019, a committee was constituted which comprised of CE (PFA), RESSPO, UPPCL, Lucknow and Deputy Director, Electrical Safety, Ghaziabad. This committee was constituted to verify the average daily power supply hours in rural areas that come under the Petitioner. After conducting the scrutiny, the committee submitted its observations. Amidst these observations, the committee also cross checked and recorded the status of 13 rural feeders, 3 industrial feeders and 4 urban feeders, that were supplying power to the 4-no. 33/11 kV sub-stations which were selected at random by this committee. Further, he submitted that he is relying on the said report for the purposes of ascertaining whether a particular feeder is urban or rural.

2.2.229 Further, he submitted that the Petitioner in the following invoices, has been billing many rural areas as per urban rates, despite the fact that these areas are recorded to be fed through rural feeders. In this regard, the following table contains a list of all connections, where the supply is through rural feeder, as per the committee's report, but the rates are being charged as per urban schedule. This is completely illegal as this is not only a case of violation of tariff orders of the Commission, but is actually cheating and criminal misappropriation of public funds by the Petitioner. Further, he mentioned that in many villages while consumers are provided supply as per urban schedule (18-22 hrs.) and Rural schedule (8-10 hrs.) but all have to pay the same tariff. It is informed verbally by some consumers that employees of the Petitioner take bribe to change the feeder which is routed through Village Contact Person (VCP) of the area who work as conduit to senior officials. He also submitted that in a village, one Babit Sharma is said to take Rs 20000/- to Rs. 50000 to change the feeder supply, however, if villager approaches officers, it is never done.

S No.	**Consumer No.**	**Name**	**Area**	**As per Munshi Report [Rural(R)/ Urban (U)]**	**Category**	**Fixed Charges**
1.	200014887	Anil Kumar Khanna S/o Gobind Ram Khanna	Nalgarha	R	LMV-1	216.99

2.	2000147476	Santosh S/o Vishnu	Nalgarha	R	LMV-1	55.89
3.	…….	Vinod Kumar Mahapatra S/o Hari Mahapatra	Nalgarha	R	LMV-1	216.99
4.	2000109680	Panwati Devi D/o Narendra Singh	Kulesra	R	LMV-1	216.99
5.	2000096045	Rahul Sharma C/o Prem Chandra Sharma	Lakhnawali	R	LMV-1	224.22
6.	2000079977	Usha C/o Rum Pal Sharma	Haldauni	R	LMV-1	216.99
7.	2000073156	Hari Ram C/o Harpal Singh	Habibpur	R	LMV-1	542.47
8.	200006602	Ajay Kumar Verma C/o Jai Chand Verma	Suthyana	R	LMV-1	282.08
9.	2000131976	Jagram Singh S/o Kherati Lal	Nalgarha	R	LMV-1	216.99
10.	2000089796	Rajendra C/o Fathey Singh	Nalgarha	R	LMV-1	216.99
11.	2000108133	Mangla C/o Buddha	Malakpur	R	LMV-1	216.99
12.	2000078416	Pradeep C/o Babu	Malakpur	R	LMV-1	209.75
13.	2000144404	Abid Khan S/o Chand Khan	Suthyana	R	LMV-1	245.92
14.	2000016003	Bhagmali C/o Rattan Singh	Suthyana	R	LMV-1	238.68
15.	2000061411	Santa C/o Rajpal Singh	Suthyana	R	LMV-1	231.45
16.	2000144369	Sudesh W/o Harikishan	Suthyana	R	LMV-1	238.68
17.	2000148760	Lallu S/o Hari Singh	Habibpur	R	LMV-1	224.22
18.	2000075434	Suman C/o Gajaye Singh	Habibpur	R	LMV-1	195.29
19.	2000016150	Ashok Kumar C/o Ram Rikh	Malakpur	R	LMV-1	108.49
20.	2000013204	Jaswant Singh C/o Bali Singh	Malakpur	R	LMV-1	216.99
21.	2000097371	Vipol Kumar C/o Rakesh Babu	Haldauni	R	LMV-1	209.75
22.	2000001454	Virpal Singh Parjapat C/o	Haldauni	R	LMV-1	231.45

		Ramsrop Parjapat				
23.	2000066995	Ram Avtar Yadav C/o Ram Soch Yadav	Haldauni	R	LMV-1	202.52
24.	2000101367	Sunita Devi C/o Dinesh Kumar	Haldauni	R	LMV-1	216.99
25.	2000115873	Mintu Devi W/o Sudhakar Tiwari	Jalpura	R	LMV-1	253.15
26.	2000113487	Ramlal Sharma S/o Parsuram Sharma	Jalpura	R	LMV-1	209.75
27.	2000085632	Geeta C/o Harish Chand	Jalpura	R	LMV-1	238.68
28.	2000123541	Javid Khan S/o Sattar Khan	Jalpura	R	LMV-1	231.45
29.	2000015456	Lekh Singh C/o Tejpal	Lakhnawali	R	LMV-1	209.75
30.	2000147431	Vedprakash S/o Mukesh Kumar	Lakhnawali	R	LMV-1	1374.25
31.	2000058136	Kusum Tyagi C/o Dayanand Tyagi	Kulesra	R	LMV-1	238.68
32.	2000054163	Akash Sharma C/o Bhoomal Sharma	Haldauni	R	LMV-1	202.52
33.	2000034684	Shiv Ji Jha Jha C/o Mahendra Jha	Kulesra	R	LMV-1	253.15
34.	2000028225	Padam Singh C/o Ranbir Singh	Malakpur	R	LMV-1	216.99
35.	2000015076	Paramanand Sharma C/o Shyami	Lakhnawali	R	LMV-1	216.99
36.	2000015036	Ravi Shankar C/o Ram Kishan Sharma	Malakpur	R	LMV-1	216.99
37.	2000014157	Sripal C/o Chiriya	Habibpur	R	LMV-1	202.52
38.	2000006350	Krishnanagar	Suthiyana	R	LMV-1	216.99
39.	2000007786	Likhiram C/o Gangaram	Jalpura	R	LMV-1	253.15
40.	2000000081	Sanjay Kumar C/o Bidhu	Jalpura	R	LMV-1	231.45
41.	2000147963	Deepak Sharma S/o Brahmpal Sharma	Lakhnawali	R	LMV-1	238.68

42.	2000126214	Juli Singh W/o Naveen Kumar Singh	Lakhnawali	R	LMV-1	195.29
43.	2000053180	Leelay Singh C/o Bhulay Singh	Kulesra	R	LMV-1	216.99
44.	2000082041	Mala Devi C/o Krishana Pal Singh	Kulesra	R	LMV-1	209.75
45.	200017641	Anita W/o Raghuvender Singh	Kulesra	R	LMV-1	159.12
46.	2000038672	Prakash Chand Saini C/o Nathi Singh Saini	Kulesra	R	LMV-1	202.52
47.	2000043038	Sunil Kumar C/o Jhuttar Singh	Habibpur	R	LMV-1	231.45
48.	2000041514	Bhagmal Singh C/o Durga R. Singh	Habibpur	R	LMV-1	420.41
49.	2000098195	Devi Ram C/o Paimi	Habibpur	R	LMV-1	224.22
50.	2000115883	Ashok Kumar S/o Rati Ram	Nalgarha	R	LMV-1	216.99
51.	2000043554	Darshan Singh C/o Sadhu Singh	Nalgarha	R	LMV-1	325.48

2.2.230 Further, he submitted the consumers residing in areas such as Lakhnawali, Suthyana, Kulesra, Malakpur, Habibpur etc are being charged energy charges as per the tariff rates for urban regions. However, each of these areas are fed by the feeders of the same name, that have been classified as rural. It is not understood that how can the feeder be rural but the consumers are being billed as per urban schedule.

2.2.231 Further, he submitted that this is a clear case of cheating and misappropriation. It appears that these feeders are rural and not urban because urban feeders are mandatorily required to supply power for 24 hrs. These feeders are falling significantly short on that count, as has been observed vide the Report submitted by the committee. However, the consumers in the areas to which these feeders supply power are being charged for their supply as per urban schedule.

2.2.232 Further he submitted that the Petitioner has not provided the month-wise details of the sales and revenue. In the absence of the said details, the petitioner appears to have been intentionally reporting falsified and concocted sales data and it is very difficult to determine the actual sales. He submitted that the Petitioner ought to be directed to submit the month wise data of its sales and revenue for FY 2019-20, in the absence of which the tariff cannot be determined. Further, he submitted that in view of these discrepancies having been highlighted, it is incumbent upon the Commission to initiate an investigation into the affairs of the Petitioner in terms of Section 128 of the Act. Further, if even one instance is discovered to be true, the same ought to be considered as a violation of the regulations as well as the orders/ directions of the Commission and proceedings ought to be initiated against the Petitioner under Section 142 of the Act.

2.2.233 Based on the reply of the Petitioner, he added that the Petitioner has accepted that supply is through dedicated village feeders where load shedding done due to theft. However, as per UPPCL's report, supply of 15-18 hrs is maintained as per directive of State Government.

2.2.234 However, the logic of doing billing as per urban tariff because villages are near urban sector and industry sectors is snatching rights of poor consumers. It is submitted that the Report submitted by the UPPCL's appointed committee clearly states that these villages are being fed by rural feeders. Therefore, in such a scenario, the Petitioner has failed to provide any justification for billing these consumers on urban rates. The invoices in support of the billing of these areas as per urban rates, instead of rural rates, have already been placed before the Commission.

2.2.235 The Commission is requested to direct the Petitioner to maintain electricity supply as per 24 hrs henceforth and refund the excess amount it has recovered from consumers till the date of Order.

2.2.236 The Commission, vide its emails dated 14.06.2021 and 24.06.2021, which are its 4th and 5th deficiency notes, repeatedly asked the Petitioner to provide the bills in order to scrutinize the same. However, in response, the Petitioner, vide its email dated 06.07.2021, has stated that there are a total of 18,500 consumers under the Rural Schedule Rate category, whose total number of bills shall be around 2.2 lacs and printing out so many bills is going to take a lot of time and cost. Therefore, the Petitioner has denied to provide the bills, as sought by the Commission, citing COVID-19 and shortage of manpower as the reasons, and has instead sought to submit 10 bills in this rate category from each month of FY 2019-20 (total 120 bills) through courier. The Objector submits that instead of printed, the Petitioner can provide in soft copy.

2.2.237 It is submitted that the software SAP-ERP, used by the Discoms, including the Petitioner, records all of this information and it can be drawn out of the same quite easily. It is submitted that it is evidenced from the Petitioner own submissions, at para 3.1.5 of the True up Petition, that it does not require manual intervention for procurement of any data related to billing, as the same is configured in SAP. If no human intervention is required for billing, how can the Petitioner claim that lack of manpower is not allowing it to provide the bills for scrutiny. It is clear that the Petitioner is trying to evade the scrutiny by the Commission and hide the problems in its billing.

2.2.238 He submitted the Petitioner has still not responded to the discrepancies highlighted by the Objector, as far as levy of excess tariff, artificial building up of arrears, and levy of urban tariff on rural consumers is concerned. The Petitioner's sole response is to provide certain handpicked bills to show that nothing is wrong in its billing. The Petitioner's response attempts to suggest that since some of its sample bills are correct, therefore there is nothing wrong in any of its bills. However, this logic is wholly incorrect. The Objector has submitted proof of the illegalities in NPCL's billing. Unless all of NPCL's bills are scrutinized and NPCL is asked to justify why these bills contain these discrepancies, it would not be possible to ascertain the extent of the illegalities. In view of the above, the Hon'ble Commission is also requested to initiate an investigation into the affairs of NPCL in terms of Section 128 of the Act.

B. Petitioner's Response

2.2.239 The Petitioner submitted that the objection regarding the matter is wrong and incorrect are denied in toto. The Petitioner submitted that the villages mentioned by the objector are being facilitated through dedicated 11 kV feeders and are surrounded by Urban Sectors and Industrial / institutional Sector being supplied as per Urban Schedule. Accordingly, the billing is done under urban schedule.

2.2.240 Further, the Petitioner submitted that these villages, being surrounded by urban activities, are pretty unorganized and heavily populated. Further, the Petitioner submitted that in these villages, commercial & mini-industrial activities like fabrication, RO Plant etc. have increased under the disguise of domestic connection and are invariably resorting to theft of electricity through illegal tapping from the LT mains resulting into huge energy losses. Although loss control drives are conducted on regular basis and many a times, the culprits are booked under Section 126 or Section135 of the Electricity Act 2003, however, due to very slow progress of theft cases in Special Court and/ or unavailability of Anti-Theft Police Station in the Petitioner's licensed area, the miscreants hardly get punished and hence, the deterrent is minimal. Therefore, the Petitioner has no recourse but is compelled to implement rotational load shedding to contain the AT&C losses in these villages.

2.2.241 Further, the Petitioner submitted that the Objector has laid allegations of fraud and bribery upon the Company and its officials without understanding the gravity of such allegations. Further, he submitted that such remarks as being used by the Objector has the capacity of ruining the reputation of the Petitioner and its officials and the same should not be allowed by the Commission and accordingly the present Objection is liable to be dismissed.

C. Commission's View

2.2.242 With respect to no. of hours of supply, the Petitioner has informed that the following:

> *"All the consumers are billed as per rural or urban schedule based on the feeder to which they are connected. Further for the aforesaid purpose, every feeder is classified into Rural or Urban Feeder based on the following -*
>
> *Rural Schedule: Average power supply of 16 - 18 hours per day.*
>
> *Urban Schedule: Other than the Rural Schedule*
>
> *Accordingly, all the feeders have been segregated between rural schedule and urban schedule and accordingly, marked in the billing software SAP-ERP for billing purposes."*

2.2.243 Further, any matter related to billing disputes can be raised by the concerned consumers in appropriate forum.

CAPITAL EXPENDITURE

A. Comments / Suggestions of the Public

2.2.244 Shri Rama Shanker Awasthi submitted that the objector has analyzed the cost of capital assets as provided by the Petitioner in its submissions and also reproduced in the Order dated 04.12.2020 and observed that cost of most of items have been inflated to multiple times in compared to market rates.

2.2.245 He submitted that the Petitioner has intentionally provided wrong and incomplete information about the cost of KP-1 and KP-4 asset capitalisation to avoid levy of penalty by the Commission. He cautioned Commission repeatedly about the malpractices adopted by the Petitioner in its financial accounting for non-competitive rates to inflate cost and gold plating of specifications. The Commission is relying upon the information provided in the balance sheet by the Petitioner which is claimed to be extracted from ERP of SAP. However, it is pertinent to mention that ERP per se is not the criteria for correct information unless the correct data as per standards is fed into the system. In the following submissions, the objector will bring forth the facts about the claims of wrong information provided by the Petitioner in its true up petition for FY 2018-19, whereby it has misled the Commission to pass the erroneous Impugned Order. It appears from the records provided that the Petitioner does not care for cost benefit analysis of projects and inflate the cost of KP-1 & KP-4 assets. The Commission decided to levy penalty of 25% of project cost which is more beneficial to the Petitioner.

2.2.246 He further submits the observations based on which above comments are made.

a) On the basis of records provided in the true up petition and the site visit observed that construction cost for KP-1 and KP-4 offices is highly inflated for non-competitive rates and with the usage of material specifications which are normally used in 5-star hotels & certainly not for any utility office.

b) He submits the analysis of various costs incurred on KP-1 and KP-4 that requires the inquiry by the Commission for justification of disallowance of 100% cost. It is to be mentioned that his analysis indicates that the Petitioner has capitalised cost of these assets at a rate higher by approx. 25-50% than actual market rates and therefore it carries no financial impact on the Petitioner for disallowance of capitalisation at 25% of cost by the Commission in its Order dated 04.12.2020.

c) It is submitted that on the contrary, the decision of Commission to levy a penalty, is a lucrative proposition to the Petitioner and they can approach the Commission, every year till 31st August 2023, when their license shall be expired, with capitalization of project which are constructed illegally without any requirement and inflated cost by 30-40% for approval. The disallowance by the Commission at 25% of the stated cost for capitalization will actually benefit financially the malafide intentions of the Petitioner. It is to be mentioned that GNIDA is JV partner, holding equity @27% approx. of the Petitioner and the disallowances by the Commission in this manner actual erode worth of equity of GNIDA in the Petitioner. It is a direct loss to Government of Uttar Pradesh.

2.2.247 Further, he submitted the Analysis of Cost of KP-4 Commercial Office on the basis of records submitted by the Petitioner before Commission has analyzed the KP-4 and KP-1 offices on item-wise basis and the analysis of KP-4 is submitted as below:

Sl. No.	Item	Total Cost	Qty	Computed Cost / Qty	Average Market Rates	Inflated %
1	Elevator at KP-4	8.77 Cr.	4 No.	219 Lac	35-40 Lac	More than 500%
2	Civil Construction KP-4	29.62 Cr.	37367 Sqft	7,927	1500-1800	More than 500%
3	Generators at KP-4	1.04 Cr	2 No.	50.02 Lac	20-30 Lac	More than 250%
4	Air-condition (Toilets also have AC) at KP-4	7.19 Cr	37367 Sqft	1924 per sqft	200-250 per sqft	More than 9 times
5	Façade at KP-4	Cost not shown but exists				NPCL should provide cost

2.2.248 Further, he submitted that on the basis of tariff orders passed by the Commission he has analyzed the KP-1 project on item-wise basis and the analysis of KP-1 is submitted as below:

2.2.249 He submitted that for civil construction of 13275 sqft, per employee average space is 250 sqft which is very high for any standards as informed by architects and interior designers for such large-scale offices. The actual situation can be known only after getting floor plan.

2.2.250 It is also to be mentioned that only for 53 employees, how the Petitioner can be allowed to incur expenses of Rs 34.73 Cr which is approximately Rs. 65.53 Lac per employee. It was a better option that the Petitioner would have opened its office and customer care at commercial towers situated at Alpha sector of Greater Noida where office space is available on very cheap rates and abundant spaces are available. These commercial towers are accessible from the Noida metro line and having much larger parking spaces

2.2.251 It has been informed by some GNIDA official and people in the local area that a huge building at H block of Alpha-2 of GNIDA along with large space for parking was in possession of the Petitioner to run its Head Office for more than 15 years on rent. It is informed that the rent was very nominal. Thus, it is surprising that why the Petitioner vacated this building which otherwise could have been used for office needs.

2.2.252 It is to be stated in the commercial senses that even the interest @10% per annum of Rs

34.73 Cr. i.e., stated cost of KP-1 building is Rs 3.47 Cr per annum i.e., approx. Rs 29 Lac per month which is much above the rent of GNIDA.

2.2.253 The objector contacted many property dealers of the area and found the prime space in best of commercial towers in heart of city accessible by Metro services with huge parking space is available at Rs 50 per sqft without furnishing and at Rs 70-100 per sqft with all modern furnishing. It is pertinent to mention that most of banks are operating on such models itself. Accordingly, for a space of 13,627 sqft, the Petitioner was required to pay only Rs. 1.63 Cr per annum which is approx. 4.7% of the project cost. For this purpose, the Commission has allowed Operations & Maintenance allowances.

2.2.254 It is to be mentioned that total cost incidence on consumers is very high in building of such high-cost project by the Petitioner in the form of interest and RoE. Further, the Petitioner is claiming higher O&M towards the capex on KP-4 & KP-1 with such inflated billing and gold plating. It clearly establishes the allegation of the objector that the Petitioner is illegally inflating capital cost to avail higher ROE, O&M, interest and Tax. Since, the Commission has allowed all illegal capital expenditure of the Petitioner over last 15 years in violation of its own Distribution Tariff Regulations, the Petitioner had gained confidence to enhance such illegality.

2.2.255 It has increased ACoS of the Petitioner by more than Rs. 1.00 per unit and thus avenue to further claim expenses with illegal excess billing in O&M. It also establishes the fact that entire capital expenditure of the Petitioner on KP-1 & KP-4 building should be disallowed and they should bear these expenses from their own RoE. the Petitioner must be allowed office on rent only. It is clearly diversion of A&G expenses to Capital Expenses.

Sl. No.	Item	Total Cost	Qty	Computed Cost / Qty	Average Market Rates	Inflated %
1	Elevator at KP-4	8.77 Cr.	4 No.	219 Lac	35-40 Lac	More than 500%
2	Civil Construction KP-1	18.09 Cr	13275 Sqft	13627 per sqft	1500-1800	More than 8 times
3	Generators at KP-4	1.04 Cr	2 No.	50.02 Lac	20-30 Lac	More than 250%
4	Air-condition (Toilets also have AC) at KP-1	2.78 Cr	13275 Sqft	2091 per sqft	200-250 per sqft	More than 9

						times
5	Façade at KP-4	2.71 Cr	Area not provided, need investigation			

2.2.256 It is submitted that the Commission has already disallowed 25% of the capital expenditure on account of the malpractices of the Petitioner. However, the same has had little to no effect on the Petitioner as the Petitioner had already inflated the capital expenditure up to 400-500%. the Petitioner had also claimed and was allowed to recover additional benefits like O&M, ROE, interest on loan, depreciation, etc.

2.2.257 Further, even though the lands allotted by GNIDA to the Petitioner, namely KP-1 and KP-5 were meant for sub-stations, but the Petitioner has constructed commercial offices on those lands. Doing so, is in clear violation of the lease deeds. It is submitted that tomorrow, if GNIDA were to demolish the said commercial offices and buildings on account of the same not having been approved and having been built in violation of the lease deeds, then who would be liable to bear the cost of the same. Therefore, by doing so, the Petitioner has violated lease deed's terms & conditions as signed with GNIDA and it has not obtained approval of building plan and completion certificate from GNIDA and these buildings can be demolished by GNIDA. In view of the above, the approval of capital expenditure by the Commission should be reviewed and disallowed at 100% of its value. That the Petitioner has breached the terms & conditions of fair & transparent transactions in its business and it has breached trust of the consumers. If found the excessive billing or unfair transactions, the Commission is also requested to initiate proceedings for cancellation of license of the Petitioner.

2.2.258 Based on the reply of the Petitioner with regards to inflated cost of Capital Assets of KP-1 And KP-4, he added that no specific reply given in the issue by the Petitioner in response to the Objector's queries. The Commission ought to take note of the discrepancies and inflation in costs, as highlighted by the Objector, and scrutinize and consequently disallow the costs.

2.2.259 Further, with respect to wrong consideration of Investment that was done to Avail Transmission Capacity At 400 KV Greater Noida and 132 KV Surajpur Substation as Capital Expenditure, he submitted that he has researched the capital investment by the Petitioner in the transmission assets from the FAR and relevant documents submitted by the Petitioner in various other petitions and observed that the Petitioner has invested Rs.38.00 Cr in transmission system of UPPTCL as contribution to avail transmission capacity as follows:

Sl.No.	Cost Head	Remarks
1	400kV Greater Noida Rs. 2800 Lac in FY 2007-08	From submissions of NPCL in the matter of RC Green and Gharbara, it has been informed on page no 117 vide letter no. NPCL/OA/UPPTCL/166 dated 06.12.2012 that a total of **Rs 28 Cr is paid by NPCL to UPPCL for installation of 315 MVA transformer but Objector** has no written communication). NPCL must submit actual spending and when they have capitalized it. *Asset no. 13000062, Civil Works for 1 No. 315 MVA IC-III Bay & Construction, Gross Block Rs. 2,42,56,355/- and overall claimed depreciation – Rs.56,22,257.23 from year 2010 is mentioned in* *FAR. It is surprised how 400kV asset can be allowed to be capitalized*
2	132kV Surajpur in FY 2007-08 amount Rs 1000 Lac	(For augmentation of transformer capacities from 2x 20 MVA in 1993 to 100 MVA i.e., 70 MVA). The said amount is capitalized by the NPCL in its FAR. From UPPTCL offices, it is informed that augmentation work has happened from 1996 onwards in different steps against payment by NPCL but Objector has no written communication)

2.2.260 He further submitted that at 400kV Greater Noida and at 132kV Surajpur, the Petitioner had reserved the capacity to meet its power transmission capacity requirements. As the Petitioner had paid this amount, it deserves to receive the amount through ARR. However, as the asset are capitalised by the UPPTCL, the Petitioner cannot capitalize this asset. The said expenses of Rs. 38 Cr are actually Petitioner Consumer’s contribution that are to be met through the System Loading Charges recovered from consumers of the Petitioner over the years. In the year the Petitioner had paid this amount to UPPCL/ UPPTCL, in the same year the Petitioner can be allowed as one-time expenses.

2.2.261 The Petitioner ought to have decapitalized Rs 38 Cr for 400kV substation asset and 132kV assets in the year paid to UPPCL/ UPPTCL and add to the miscellaneous expenses in the same year when this amount was paid to UPPTCL as it is incidental to purchase of power and evacuate the same to the Petitioner periphery. The Petitioner can not avail depreciation, RoE, O&M and taxes towards this investment. It is prudent that when asset is not owned and maintained by the Petitioner it can not avail associated benefits such as O&M, ROE, depreciation etc. because the same are being availed by UPPTCL in respect of these assets.

2.2.262 Further, with respect to wrongful consideration of Rs. 25.99 as Capex instead of expenditure, he submitted that the amount of Rs. 25.99 Crores as incurred by the Petitioner towards the construction of 5 Nos. 33kV bays at UPPTCL sub-station at Sector 148 Noida (as per Table 22, para 8.2 of the True-up Petition) has been made under deposit head of UPPTCL and not as capital expenditure of the Petitioner. The Petitioner is eligible to get reimbursed for the entire amount of Rs. 25.99 Cr as onetime expense in the ARR. However, the Petitioner is not eligible to get any benefit of capitalisation of this asset which is a property of UPPTCL. For this asset, UPPTCL will claim entire depreciation and O&M and interest on working capital.

2.2.263 He also submitted that since this only a one-time expenditure for the Petitioner, therefore the same can only be considered in the Petitioner ARR. The Petitioner cannot get ROE, O&M, depreciation or any other benefits on this asset. It is, therefore, submitted that the expense of Rs. 25.99 Cr as stated in Annexure 10 of the Deficiency note should be acknowledged as one-time expense for availing capacity for power distribution, subject to getting confirmation from UPPTCL for receipt of this amount. The Petitioner cannot capitalize any salary also against this asset. Notably, when the Commission enquired details with respect to the said amounts vide its Deficiency Note, the Petitioner failed to provide any details. It is submitted that the Commission ought to disallow all such amounts that have been wrongfully considered by the Petitioner to inflate its capital expenditure and thereby avail additional O&M expenses.

2.2.264 Further, with respect to wrongful consideration of Rs. 20.48 Crores as Capex instead of expenditure, he submitted that the Petitioner has considered an amount of Rs. 20.48 crores that it paid to UPPTCL to construct the 220 kV LILO at RC Green substation connecting with the 400 kV Substation at Pali in its Capital expenditure. In this regard, it is submitted that in review Petition No. 1512/2019 order dated 4.06.2020, the Commission has opined that such assets have become part of UPPTCL balance sheet and GFA as consumer contribution/deposit works. Therefore, the Petitioner cannot be allowed to claim CWIP and GFA. The same has been quoted from the order for easy reference:

23. From the submissions of the Petitioner (NPCL) and UPPTCL, the Commission observes that that the asset has become the part of UPPTCL balance sheet and GFA as consumer contribution / deposit works. However, UPPTCL, does not get capitalization and depreciation in its ARR but gets only O&M on the same and which is recovered same from the consumers in their Tariff. Whereas, NPCL neither owns the asset nor maintains it.
24. In view of the above observations, the written and verbal submission from the Petitioner and respondents, the Commission Orders that since the asset forms part of UPPTCL balance sheet as consumer contribution / deposit works asset and is being maintained by it, the same cannot be allowed as CWIP and GFA of NPCL.

2.2.265 Further, he submitted that it is not clear who is liable to bear the cost of these assets whether the Petitioner is liable to receive the costs of these assets from GNIDA, similar to RC Green, or UPPTCL receive this money from the Petitioner as deposit works. Accordingly, if UPPTCL has received this amount from the Petitioner under deposit works, then the Petitioner is not entitled to claim the same as capital expenditure. It can only claim it as a one-time expenditure and claim it in the ARR. However, if the Petitioner is liable to receive the same from GNIDA, then this amount needs to be deducted from the ARR of the Petitioner.

2.2.266 Based on the reply of the Petitioner with regards to wrong consideration of investment that was done to avail Transmission Capacity At 400 KV Greater Noida and 132 KV Surajpur Substation as Capital Expenditure and wrongful consideration of Rs. 25.99 crores towards the construction of 5 Nos. 33kV bays at UPPTCL sub-station at Sector 148 Noida, he added that the Petitioner has not responded to Objector’s query. Further, the Objector yet again submits that all issues that impact the determination of tariff for the relevant financial year, can be raised and are required to be considered.

2.2.267 He submitted that upon the queries with respect to the 132 kV assets having been raised by the Commission vide its Third Deficiency Note dated 10.06.2021, the Petitioner, vide its response dated 09.07.2021 has mistakenly tried to take refuge of old orders of 2005 of the Commission, in order to justify this expenditure. However, this issue is that in respect of the 400 KV Greater Noida and 132 KV Surajpur Substation, the assets are capitalised by the UPPTCL, therefore, the Petitioner cannot capitalise this asset. In respect of the Rs. 38 Crore amount, it is stated that the Petitioner ought to have decapitalised Rs 38 Cr for 400kV substation asset and 132kV assets in the year paid to UPPCL/ UPPTCL and add to the miscellaneous expenses in the same year when this amount was paid to UPPTCL.

2.2.268 With respect to Rs. 25.99 Crore expenditure, as incurred by the Petitioner towards the construction of 5 Nos. 33kV bays at UPPTCL sub-station at Sector 148 Noida, he submitted that since this is only a one-time expenditure for the Petitioner, therefore the same can only be considered in the Petitioner's ARR. Further, the Petitioner cannot get ROE, O&M, depreciation or any other benefits on this asset.

2.2.269 He requested the Commission to recompute the expenditure as "Capital Expenditure" from the year it was earlier allowed and pass on the amount of expense to the Petitioner as one-time expenses.

2.2.270 Based on the reply of the Petitioner with respect to disallowance of Rs. 20.48 Crores in respect of the 220kV LILO at RC Green Sub-station connecting with the 400 kV sub-station at Pali, in compliance of its own Orders, he added that the amount of Rs. 20.48 crore amount paid to UPPTCL to construct the 220 kV LILO at RC Green substation connecting with the 400 kV Substation at Pali, the Objector's query still remains unanswered, i.e., who is liable to bear the cost of these assets?

2.2.271 He submitted that the Commission vide its order dated 03.09.2019 in Petition No. 1382 of 2018, had, in view of its own directions in the Petition No. 987/ 2014 - order dated 31.10.2018 and Petition No. 1020/ 2015 - order dated 31.10.2018, opined that this amount ought to be disallowed from closing CWIP of the Petitioner. Further, since the work was still on-going at the time, the Petitioner was directed to apprise the Commission about the same during the True-up of FY 2018-19.

2.2.272 Thereafter, vide its order dated 04.06.2020 in Petition No. 1512 of 2019, which was review petition filed by the Petitioner against the aforementioned order, the Commission once again gave finality to the issue by directing the Petitioner to claim refund of amount deposited with GNIDA towards the 220 kV LILO and 2 nos. 220 kV Bays. This was because if the Petitioner is also allowed to claim the same, then that would lead to double recovery from the consumers for these assets, which cannot be permissible.

2.2.273 He submitted that the Petitioner vide its submission dated 09.07.2021, has again referred to old orders of the Commission in order to justify this expenditure and to claim the same. Further its sole response is that it has filed an appeal being Appeal no. 336 of 2018 regarding the possession of this sub-station, against UPPCL, which is pending before Hon'ble APTEL.

2.2.274 Since there is neither any stay, nor any injunction granted against the orders of the Commission, therefore, the Commission is bound to give effect to its own orders. In view of the above that now it is the responsibility of the Commission to comply with its own orders, as enumerated hereinabove, and disallow the amounts towards the 220kV LILO at RC Green Sub-station connecting with the 400 kV sub-station at Pali.

B. Petitioner's Response

2.2.275 With reference to the objection regarding Inflated Cost of Capital Assets of KP-1 and KP-4, the Petitioner submitted that the issue raised by the Objector is not the subject matter of the instant petition. The Objector has raised almost similar issues in the earlier petition for FY 2020-21 also which were dealt with by the Commission vide its Order dated 04.12.20202 and aggrieved by the same, the Company has filed an Appeal no. 27 of 2021 before the Hon'ble APTEL which is sub-judice. It is reiterated that such baseless, frivolous, malicious and mischievous allegations are being raised by the Objector against the Company, its officials and this Commission for reasons best known to him. Such attitude against the Company is nothing else but vindictiveness for the reasons best known to him.

2.2.276 Further, the Petitioner submitted that the Commission is aware that the Company is part of a well-managed and highly respected RP-SG group and thus, has well-defined systems, policies, procedures and controls - both internal and external. It is pertinent to mention here that the Greater Noida Industrial Development Authority (GNIDA) has three Directors on the Board of the Company including the Chairman of its Board and the Company operates under the supervision of its Board of Directors. The Board of the Company has always appointed well-known Audit Firms to regularly carryout internal audits as well as statutory audits of the Company. In addition to the above, the books of accounts are also audited by well-known Cost Auditor the appointment of which is duly approved by the Central Government.

2.2.277 The Objector has been regularly twisting and manipulating the facts and data with regard to the purported exorbitant cost of transformers, cables etc. in a desperate attempt to malign the goodwill and reputation of the Petitioner.

2.2.278 Further, with reference to objection regarding, Wrong Consideration of Investment That Was Done to Avail Transmission Capacity At 400 KV Greater Noida and 132 KV Surajpur Substation as Capital Expenditure and Wrongful Consideration of Rs. 25.99 and Rs. 20.48 Crores as Capex instead of expenditure, it is submitted that the issue raised by the Objector is not the subject matter of the instant petition. It is submitted that the Objector has been attending Public Hearings on the ARR of the Company for last many years and if he was aggrieved then he was free to raise the same at an earlier stage. The Objector cannot be allowed to raise issues relating to previous years belatedly at his free will to mislead and create confusion and malign the clean image of the Company and its officials.

2.2.279 It is pertinent to mention that the Company invested the amount on augmentation of the capacity for the benefit of the consumers so that they can receive 24X7 reliable power supply, the demand of which has been rising @ CAGR of more than 10% every year. Also, such expenditure was incurred as per the demand raised by UPPCL/ UPPTCL. The aforesaid expenditure was also necessary to enable the Company to meet its Universal Service Obligation under Sections 42 & 43 of the Electricity Act 2003.

2.2.280 Accordingly, the Commission after considering all the submissions by the Petitioner Company and the then prevailing circumstances had duly approved the aforesaid expenditure solely keeping in view the interest of the consumers so that they can receive reliable power supply as per their demand.

2.2.281 It is pertinent to note that providing reliable power supply by the Petitioner Company at the same tariff (without the Govt Subsidy/ Grant/ concessional finance under various National / State schemes), has helped Greater Noida City to attract substantial industrial / commercial investments including from overseas countries which in turn has led to rapid development and growth of the Greater Noida City. The reasonable cost and availability of reliable power in the Greater Noida area has been a major attraction for sizeable investments.

C. Commission's View

2.2.282 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner and dealt the issue in the relevant Chapters.

2.2.283 All the assets related to 132 kV & above, vehicles, un-utilized land and 25% of assets related to KP-1 & KP4 have been disallowed based on the details of the assets provided by the Petitioner.

2.2.284 With respect to wrongful consideration of Rs. 25.99 crores as Capex instead of expenditure, the same was enquired from the Petitioner and NPCL admitted that by mistake it has represented the value Rs. 25.99 Crores as incurred by the Petitioner towards the construction of 5 Nos. 33kV bays at UPPTCL sub-station at Sector 148 Noida, and revised it to 19.12 Crores. The same was disallowed by the Commission in the previous Tariff Order of FY 2019-20 from CWIP. The Commission has disallowed the same in current Tariff Order from the capex of FY 2019-20 along with Rs. 20.48 Cr paid to

UPPTCL.

FIXED ASSET REGISTER (FAR)

A. Comments / Suggestions of the Public

2.2.285 Shri Rama Shanker Awasthi submitted that the FAR for FY 2019-20 provided by the Petitioner as Annexure 8 in its Reply dated 02.04.2021, submitted in response to the Commission's Deficiency Note dated 22.02.2021 is completely illegible and has been deliberately filed as a PDF instead of an excel sheet. He submitted that this was done to ensure that any analysis of the data placed on record by the Petitioner becomes more and more cumbersome and difficult for anyone attempting to do so. He submitted that the Petitioner in the past, has been cautioned by the Commission regarding submission of the data in a legible format which is easily accessible to its consumers. If the consumers, who have the statutory right to submit their comments to the Tariff filings of the Discoms, are unable to comprehend and analyze the tariff filings, then how can they submit their comments in the first place. Therefore, he submitted that the Commission must direct the Petitioner to submit its FAR in excel format and allow more time to the Petitioner to place its objections on record.

2.2.286 Further, he submitted that the Petitioner has intentionally deleted or not provided the capitalization dates of the various assets in the FAR. This suspicion arises because as a matter of practice, the Asset register does not get changed or altered but keeps growing in volume, which is why, the said register also has the Date of retirement of the asset. However, until last year, the FAR placed on record by the Petitioner contained the dates of capitalization of the assets therein. The Petitioner has chosen not to provide the same details this year. This is in order to ensure that no one can ascertain the retirement dates of the Assets provided therein. If there is no date of retirement, it is not possible to ascertain how old an asset is, hence, even depreciation cannot be calculated. It is clear that this is a well thought plan of NPCL in order to obfuscate the process of tariff determination. Therefore, he submitted that the FAR placed on record is clearly incomplete.

B. Petitioner's Response

2.2.287 The Petitioner submitted that the objections regarding the FAR are denied as being incorrect. The Petitioner submitted that the it has been filing tariff petitions in accordance with applicable UPERC (Terms & Conditions for Determination of Distribution Tariff) Regulations 2006, UPERC MYT Regulations 2014 and UPERC (MYT for Distribution and

Transmission) Regulations, 2019 with all requisite details, which were further clarified and explained as desired by the Commission through various deficiency notes issued from time to time. Further, as directed by the Commission, the complete information including detailed Fixed Asset Register was uploaded on the website of the Petitioner in searchable and downloadable formats, therefore, the allegations of the Objector are incorrect and misleading.

2.2.288 Further, the Petitioner submitted that time and again, it has been submitting the Fixed Asset Register in the same format and the Objector has never raised such objections earlier. It is thus evident that the Objector has raised frivolous objections which has no relevance in determination of the ARR in as much as that the amount of depreciation calculated by the Commission does not take into account the date of capitalization of asset.

2.2.289 Further, the Petitioner submitted that the State Distribution Companies like PVVNL, covering a large area in the State of Uttar Pradesh, informed the Commission in its reply that they are yet to prepare and complete their Fixed Asset Register in respect of Fixed Assets running into thousands of crores leave aside the date of capitalisation. It is apposite to mention that the Objector has not raised any objection to the stand of such companies and on the other hand has raised such baseless allegations/ objections against the Petitioner which may not be relevant for the purpose of determination of ARR. Further, the Petitioner submitted that it is evident from the conduct of the Objector that the said objections have been raised with ulterior motives and in gross biasness to the Petitioner and its officials.

C. Commission's View

2.2.290 The Commission has taken note of the objections/suggestions made by the stakeholder in this regard and also noted response by the Petitioner. Further the Commission directs the Petitioner to incorporate the date of capitalisation and decommissioning in the FAR from next year.

OPERATIONS & MAINTENANCE EXPENSES

A. Comments / Suggestions of the Public

2.2.291 Shri Rama Shanker Awasthi with respect to calculation mistakes in Closing GFA for FY 2018-19 & Opening GFA for FY 2019-20 submitted that the Commission, in its previous tariff order dated 04.12.2020, has erroneously considered (in Paragraph 3.7.10 of the said

Order), while computing the O&M expenses on a normative basis, the opening GFA as Rs. 1445.60 Crores in Table 3.44, which is the amount prior to deductions of capex. It is submitted that the actual opening GFA that was supposed to be considered by the Commission was Rs. 1244.72 crores after deduction of capex, as per Table 3.64 of the Order dated 04.12.2020. As such, the Commission has erroneously allowed O&M expenses on an additional amount of Rs. 200.88 Crores (1445.60-1244.72). Therefore, the excess O&M expenses need to be accounted for and adjusted in the subsequent tariff order. Thereafter, during the year, there was an addition of Rs. 97.57 Crores and 4.30 crores. On account of the same, the Closing GFA for the said FY 2018-19 was Rs. 1337.99 Crores (Table 3.64 of Order dated 04.12.2020).

2.2.292 He further submits that in addition to the above, the Commission also needs to account for the following while computing the closing GFA for FY 2018-19:

a) It is further stated that that the Commission, in its order dated 04.12.2020, failed to disallow the capex accrued during the year in respect of KP-I and KP-IV assets which amounts to 0.74 Crores and Rs. 1.88 Crores, respectively, totalling to Rs. 2.62 Crores. The same needs to be considered and disallowed while computing the closing GFA for FY 2019- 20.

b) The Commission has, vide its different orders, decisively concluded that the Petitioner cannot be allowed to possess transmission assets and land meant for the same. Notably, the order dated 04.12.2020 of the Commission, whereby it has disallowed the capital expenditure in respect of RC Green and Gharbara substations, has disallowed the same without considering the cost of land of the said sub-stations, even though the cost of the boundary wall has been considered. Further, the Objector is submitting below a summary of the details of the transmission assets:

Sl. No.	Substation	Statement
1	220kV RC Green Substation FY 2011-12 amount Rs. 9688 Lac	Rs 2021 lac capitalized in FY 12-13, Rs 1431 lac in FY 14-15). It includes cost of land and 220kV bays. The land capitalized at Rs. 14.99 Cr, UPPTCL confirmed the receiving of Rs. 73.79 Cr till Nov’2013. There had been further upgradation of capacity of this substation cost of same is not included. The cost of 220kV lines is also not included.

4	220kV Gharbara FY 2013-14 Amount Rs.5612 Lac	The substation is not energized till date and hence it cannot be capitalized at all. It includes cost of land and 220kV bays. Letter from NPCL states payment of Rs. 24.15 Cr and land cost is capitalized at Rs. 8.20 Cr. The NPCL invested the amount in completion of works left over by GNIDA for which separate cost is not available in the petition of NPCL. Further the 220kV line cost of Rs. 7.52 Cr.
5	Leasehold land 16807 sqmt for 220kV substation at BZP FY 2014-15 amountRs 1092 Lac	(Objector has got photograph and seen boundary wall is also done. Additionally, there is adjacent plot of approximately 2500-3000 sqmtr for 33/11kV substation which is also not constructed). The Commission has disallowed this land in Order dated 04.12.2020
4	Leasehold land for 220kV Substation at KP- 5 FY 2014-15 Amount Rs 2372 Lac	Capitalized on 27.03.2014. Total area 37281.17 Sqmtr.
5	Boundary wall of 220kV land at KP- 5 FY 17-18 Rs. 457 Lac	As provided by NPCL in FAR
6	Boundary wall of BZP 220kV Substation FY 17-18 Rs. 192 Lac	NPCL has not provided it, hence, estimated on the basis of cost of boundary wall of 220kV KP-5 in the same ratio. NPCL can provide the actual value
	Rs. 194.13 Lakhs	**Total amount**

c) The Objector is surprised why the Petitioner has hidden all this information from the Commission. Due to this malafied intentions, the Commission got information only on Rs 89.19 Cr instead of approximately Rs. 194.13 Cr.

d) The Principal Secretary, Energy, GoUP in his letter no 464 dated 18.07.2018 addressed to Managing Director, UPPTCL has confirmed that amount towards RC Green will be paid back to GNIDA after ownership is decided in its favour. As per the letter of the Chairman, GNIDA to Managing Director, UPPTCL bearing reference no. Pro/OSD (Pro)/2015/121 dated 30.03.2015 the total amount is Rs. 153 Cr. The Commission has, vide the Impugned Order disallowed around Rs. 70 Cr towards 220kV RC Green and Gharbara. This is extremely strange as the Petitioner is entitled to seek a refund of around 153 crores in respect of these assets, as has been admitted by GNIDA vide the aforementioned communication. However, considering that the Commission has disallowed only around Rs. 70 Crores, this will allow the Petitioner to be benefitted by a quantum of around Rs. 80 Crores, which it is not entitled to. The Commission ought to have disallowed the entire amount that has been admitted by GNIDA to be the costs of these assets in the previous years and the same needs to be disallowed while considering the closing GFA for FY 2019-20.

2.2.293 Further, he submitted that the closing GFA for the FY 2018-19, was Rs. 1337.99 Crores (3.64 of Order dated 04.12.2020), whereas the Petitioner has wrongly considered the opening GFA for FY 2019-20 to be Rs. 1479.40 Crores. He further requests the Commission to account for the calculation mistakes highlighted herein above and compute the Opening GFA for FY 2019-20 in accordance with the same.

2.2.294 Further, with respect to Wrongly Claiming O&M on Switching Station, he submitted that in response to the Query No. 10 of the TVS Note of the Commission, the Petitioner has, vide its Second Reply considered each switching station to be a sub-station as well. In this regard, it is stated that a Switching Station is nothing but a way to transfer the supply from one feeder to another feeder using switchgear or RMU. The Petitioner cannot be allowed to construct Switching Station with so much high cost as it is part of substation. Without 33/11kV transformers and 11kv breakers, such a system is only switchgears. In case the Petitioner has not completed a 33/11kV substation by placing power transformers or 11kV switchgear connecting 11kV feeders evacuating power, then the project cannot be said to be completed. Such a project is an incomplete capital asset and need to be deal accordingly.

2.2.295 Based on the reply of the Petitioner with regards to wrongly Claiming O&M on Switching Station, he added that the Petitioner has failed to comprehend and respond to the specific issue raised by the Objector. The Objector’s issue is that that a Switching Station is nothing but a way to transfer the supply from one feeder to another feeder using switchgear or RMU. The Petitioner cannot be allowed to construct Switching Station with so much high cost as it is part of substation. Without 33/11kV transformers and 11kv breakers, such a system is only switchgears. He also submitted that in case NPCL has not completed a 33/11kV substation by placing power transformers or 11kV switchgear connecting 11kV feeders evacuating power, then the project cannot be said to be completed. Such a project is an incomplete capital asset and need to be dealt with accordingly.

2.2.296 Further, with respect to One time Lease Rent not considered as O&M, he submitted that in terms of Lease Deed executed between the Petitioner and GNIDA for the land parcels, the following provision is applicable:

> *"A-4. LEASE RENT*
>
> *In addition to the premium of plot, lease rent shall be chargeable from the date of execution of lease deed @ 2.5% of the total premium per annum and shall be payable annually in advance. In case of default in payment of lease rent, a defaulted interest rate 16% shall be charged on the defaulted amount for the defaulted period. The annual lease rent may be enhanced on expiry of every 10 years.*
>
> *The allottee shall have an option to pay a lump sum amount equivalent to 11 times of the annual lease rent i.e.,27.5% of total premium before the due date for execution of lease deed as a ONE- TIME LEASE RENT.*
>
> *NOTE: - If the allottee chooses the option to pay annual lease rent at the time of execution of lease deed, he/they can subsequently exercise his option to pay one time lease rent indicated above."*

2.2.297 He further submitted that in addition to the capitalisation of land parcels without registration of lease deed, the Petitioner has also been erroneously allowed to capitalize the Lease Rental paid at 27.5% on the land parcels. It is submitted that the total leasehold land value of the Petitioner is approximately around Rs 200 Cr, which means that an amount of approximately Rs. 55 Crores has been illegally capitalised over the years as lease rent. This is erroneous and de hors the applicable regulatory regime as the said lease rental is not towards the value of land but it's the part of O&M expenses by the GNIDA. He requests the Commission to disallow the lease rent in respect of the land parcels, that the Petitioner has been erroneously allowed to capitalize and decapitalize the same from the respective years when such erroneous capitalisation has been permitted, from the FAR. It is also submitted that O&M is actually determined on the basis of the capital expenditure. Therefore, if lease rent, which in itself is O&M expenditure, is allowed to be capitalised, then effectively the Petitioner has been allowed to recover O&M expenditure after computing the same on the basis of the capital expenditure that itself includes that O&M expenditure.

2.2.298 Based on the reply of the Petitioner with regards to One-time Lease Rent not considered as O&M, he added that as we got the reply form the Petitioner, they said capitalization of the annual Lease rent, which belongs/pertains to or in nature of Annual maintenance charges, to be realized by respective authority on yearly basis over the tenure of Lease in relation to the identified asset, has been done in line with IND AS 116 (w.e.f 01.04.2019) however petitioner has not raised the objection on capitalization of premium amount under the head "Right to use of Asset".

2.2.299 He submitted that the Lease rent which is in nature of Annual Maintenance charges should not be capitalized with the cost of Identified Asset and it should be treated as "Prepaid Expenses" and amortized the same with in the time period for which payment has been made and can't be amortized over the tenure of Lease This is uniform practice, and the Petitioner also follow the same practice if they had not opted an option of payment of one-time lease rent. Therefore such "Prepaid Expenses" are not eligible for Return on Equity, Depreciation, O&M etc.

2.2.300 Further, with respect to O&M Expenses claim without sub-station, he submitted that, there is no 33/11kV Substation exists at plot at Site 4 in front of Honda Cars. It is not available on record that when there is no 33/11kV substation and there is no power transformer, he further questions that did the Petitioner inform the Commission and decapitalize the said assets from their FAR. Further, he requests the Commission to verify if any O&M expenditures are still being claimed and allowed to the Petitioner in respect of any alleged assets which are claimed to be on this land parcel.

2.2.301 Based on the reply of the Petitioner with regards to O&M Expenses claim without sub-station, he added that no response is provided by the Petitioner. The Petitioner has not even claimed that there is in fact a subs-station at this particular Site 4, in respect of which it is claiming Sub-station. If the equipment and the transformer were moved from this site, this only strengthens the claim of the Objector that there is in fact no sub-station at this Site, which is contrary to the claims of O&M being made by the petitioner. If the Commission so desires and directs, the Objector shall try and provide photographic evidence of the same.

2.2.302 Further, with respect to wrongly claimed O&M without COD, he submitted that in addition to the above, there can be no O&M expenditures in respect of the assets which have not been declared to have achieved commissioning. This is the standard imposed by the regulations of the Commission and also an established regulatory accounting principle. It is further submitted that the Petitioner is not entitled to claim any O&M expenditure in respect of the transmission assets which have been disallowed by the orders of this Commission, i.e., Gharbara, KP-5, BZP, and the power plant land.

2.2.303 Based on the reply of the Petitioner with regards to wrongly claimed O&M without COD, he added that when a project is not declared commissioned and put to use for consumers purposes, the capitalisation and consequent benefits cannot be provided under the UPERC MYT Regulations. The Commission is requested to disallow all lands that have been capitalized but have still not been put to use and no assets have been commissioned on the same.

2.2.304 Further, with respect to O&M claimed by NPCL as well as UPPTCL on the same assets, he submitted that the Petitioner is also not entitled to claim O&M expenditure with respect to 400kV Greater Noida and 132 KV Surajpur as the same are not the Petitioner assets. The Petitioner contribution towards these assets is to be considered as their consumer contribution and not capital expenditure. Since the costs of 400kV Greater Noida and 132 KV Surajpur are recovered as system loading charges and these assets actually belong to UPPTCL, their O&M expenditure is also being recovered by UPPTCL. Accordingly, no O&M expenditure is allowable to the Petitioner in respect of the same. Further, since these assets are actually transmission assets, therefore is no basis for the Petitioner to recover O&M expenditure in relation to these assets.

2.2.305 It is submitted that similarly no O&M can be allowed to the Petitioner in respect of the 220 kV LILO at RC Green substation connecting with the 400 kV Substation at Pali. In this regard, it is submitted that in review Petition No. 1512/2019 order dated June 4, 2020, the Commission has opined that such assets have become part of UPPTCL balance sheet and GFA as consumer contribution/deposit works. Therefore, the Petitioner cannot be allowed to claim CWIP and GFA.

2.2.306 It is submitted that similarly no O&M can be allowed to the Petitioner in respect of the 5 nos. 33kV bays as the same has become part of UPPTCL's assets. The Petitioner is only allowed to claim the expenditure in respect of the same at a one-time expense. However, the same are being erected as the deposit works of UPPTCL and it is UPPTCL shall solely have the right to capitalize the said assets and claim O&M in respect of the same.

2.2.307 Based on the reply of the Petitioner with regards to O&M claimed by NPCL as well as UPPTCL on the same assets, he added that the Petitioner has not answered the Objector's query. It has offered no justification about the fact that when the Commission has categorically disallowed these assets from the Petitioner's accounts and has held them to be a part of UPPTCL's owned assets, how can the Petitioner continue to claim O&M on these assets.

2.2.308 The norms are linked to Capital Expenditure and therefore the assets created by UPPTCL need to be decapitalised by the Petitioner. He requested the Commission is requested to recompute O&M of the Petitioner from the date these were allowed to the Petitioner against assets created by UPPTCL.

2.2.309 Further, with respect to disallowing wrongly Claimed GST, he submitted that vide its order dated 04.12.2020, the Commission has disallowed the claim for GST for the FY 2018-19. This has been done in light of the established principle of law, that has come about to be settled by way of the various orders passed by the Ld. CERC. It is also submitted that despite such categorical disallowance, the Petitioner continues to claim the impact of GST. In respect of FY 2019-20, it has considered an amount of Rs. 4.01 Crores and requested for the same to be allowed. As such, it is incumbent upon this Commission to disallow Rs. 4.01 Crore impact of GST for the FY 2019-20 and apply its own legal and regulatory principles in a consistent manner.

2.2.310 Based on the reply of the Petitioner with regards to wrongly Claimed GST to be disallowed, he added that neither has the Petitioner provided any justification for its claims of GST on O&M nor has it obtained any stay against the Commission's order dated 04.12.2020. In such a scenario, the Petitioner is bound by the order dated 04.12.2020 and the Commission has to follow the same settled principle of accounting as it has done in its previous orders.

2.2.311 Based on the reply of Petitioner with respect to excessive operational and maintenance expense allowed, he added that neither there is any stay nor any injunction that has been granted against the order dated 04.12.2020, therefore, there is no basis for Petitioner's submissions. In any case, the Petitioner has not objected to the submissions made by the Objector. Therefore, he submitted that the Commission ought to correct its mistakes and compute the O&M expenses on the correct closing GFA for the FY 2018-19, which should be Rs. 1244.72 Crores.

2.2.312 Based on the reply of Petitioner with respect to wrong calculation by the Commission in KP-1 & KP-4 disallowance, he added that neither there is any stay nor any injunction that has been granted against the order dated 04.12.2020 by the Hon'ble APTEL. He also submitted that the Commission had already directed that the expenditure incurred during the year shall have to be deducted while computing the Closing GFA. However, the same has erroneously not been done. As such, the Commission can make corrections effective from the date of capital expenditure as there is no injunction by the Hon'ble Tribunal.

2.2.313 Based on the reply of The Petitioner with respect to information on 220 kV assets he added that neither there is any stay nor any injunction that has been granted against the order dated 04.12.2020. Therefore, the Commission has the right to correct and rectify its mistakes that it has otherwise been misled to commit, because of non-disclosure of complete information on part of Petitioner. He submitted that it is clear that the Petitioner did not provide the complete information. Being mindful of the same, the Commission requested for the relevant information vide its Third Deficiency Note dated 10.06.2021, in respect of the 220 kV Assets. The Petitioner has made its submissions in respect of the same vide its Reply dated 09.07.2021. It is incumbent upon the Commission to now account for the correct corresponding amount in respect of 220 kV assets, and disallow the same after considering the complete cost of the set of assets.

B. Petitioner's Response

2.2.314 With reference to the objection regarding Calculation Mistakes - Closing GFA for FY 2018-19 and Opening GFA of FY 2019-20, the Petitioner submitted that the Commission vide its order dated 04.12.2020 approved the Company's Petition no. 1541/2019 for True-up of FY 2018-19 and ARR for FY 2020-21, wherein it carried unjustified disallowances which are not as per the prevailing Regulations and past practices. Aggrieved by the aforesaid order, the Petitioner filed an appeal bearing no. 98 of 2021 before the Hon'ble APTEL on 25.01.20201 against the above order Pending the adjudication of the aforesaid appeal and other appeals relating to the impugned methodology adopted by the Commission for calculation of Closing GFA of FY 2018-19, the Closing GFA of FY 2018-19 and Opening GFA of FY 2019-20 has been computed as per the methodology followed by the Commission in its tariff order dated 03.09.2019 with GFA bases as per the Company's submissions for Truing up of ARR for FY 2018-19. Further, the Objector has failed to understand that the GFA of Rs. 1445.60 Cr as mentioned in Table includes the Assets handed over by GNIDA for maintenance and thus the Objector has misleadingly alleged that the Commission has not considered the correct opening balances of GFA.

2.2.315 With reference to the objection regarding Wrongly Claiming O&M on Switching Station, it is stated that as submitted in the ARR petition as well as reply to query 10 of the TVS meeting, It is submitted that the Petitioner has been servicing the peak demand of around

450 MW with only 28 Nos. 33 kV feeders emanating from 132 kV Surajpur Substation & 220 kV RC Green Substation for catering to the demand of more than 200 nos. 33kV consumers and around 50 Nos. 33/11 kV Substations spread across the Company's licensed area of 335 Sq Kms. From the above, it can be observed that on an average, each 33 kV feeder serves a peak loading of around 16 MW. It results into overloading of 33 kV feeders in case of breakdown in one or more 33 kV feeder. Further, due to fault in consumers' installation the 33 kV feeder trips, it results into outage to many other consumers connected to the same 33 kV feeder. Also, the length of many 33 kV feeders is around 25 - 30 kms. resulting into longer restoration time in the event of breakdowns. In order to overcome the aforesaid problem, the Petitioner started constructing switching stations with two incoming 33 kV feeds and 4 or more nos. outgoing 33 kV feeders through 33 kV Double Bus Bar GIS to facilitate power supply to such 33 kV consumers and other 33/11 kV substation for the purpose of reliable power supply and to reduce the length of the 33 kV feeders and also increase the supply reliability. It is submitted that this also ensures smooth switching of supply during emergency along with better voltage profile for the consumers of the area. Due to the above, the Company is able to achieve N-1 distribution network redundancy in some of the industrial and residential sectors. Thus, as is evident from the aforesaid, the switching stations have been planned to tackle the problem of scarcity of 33 kV Feeders and not 11 kV feeders. The Objector by providing the numbers of 11 kV feeders instead of 33 kV feeders has tried to mislead the Commission.

2.2.316 With reference to the objection regarding One time Lease Rent not considered as O&M, it is submitted that all Land in Noida and Greater Noida are allotted on leasehold basis only. Therefore, all allottees of land are required to pay lease rent which may be on annual basis or on-time lease at the inception of lease period. It is pertinent to mention that GNIDA and Noida offers substantial discount in one-time lease rent (approx. 27% of the land value for 90 yrs. lease) payable at the inception of the lease as compared to annual lease rent (approx. 2% of the land value, converts into 180% of the land value over 90 yrs.) apart from immunity from annual increment. Therefore, to reduce the burden of cost on the consumers, the Company avails the option of one-time payment of lease rent. Further, the cost of leasehold lands is capitalized and accounted for in the Audited Annual Accounts in accordance with the Accounting Standard viz. "Ind AS-116: Lease" which prescribes for capitalization of all costs made under lease agreement irrespective of the fact the same is paid over the period of lease or one-time at the commencement of lease period. It is submitted that thus, the approach followed by the Petitioner Company is strictly in accordance with provisions of Companies Act 2013.

2.2.317 With reference to the objection regarding O&M without Sub-station, it is submitted that claim of O&M Expenses without the Substation is completely baseless, false and devoid of facts. One old 5 MVA transformer and other associated equipment / tools etc. were shifted to other location for reuse. Also, such equipment / tools not usable, have been discarded and retired in FY 2018-19 and FY 2019-20.

2.2.318 With reference to the objection regarding Wrongly claimed O&M without COD, it is submitted that the norms for O & M Expenses have been determined considering the GFA comprising of all assets including lands etc. from which CWIP of projects not commissioned is reduced. Therefore, the objection / allegation of the Objector is false and baseless. As regards land, which is also part of the GFA, the same is capitalized on registration thereof because the possession is handed over to the Company for using the same immediately thereafter.

2.2.319 With reference to the objection regarding O&M claimed by NPCL as well as UPPTCL on the same assets, it is submitted that the Regulation 25 of MYT Regulations, 2014 lays down methodology for determination of each of the components of O & M Expenses viz. Employee Costs, Repair and Maintenance Expenses and Administration and General Expense on normative basis only. It is also submitted that at the time of determination of norms for O&M Expenses, the above-mentioned assets were very much part of the overall GFA which is being compared with the O & M Expenses for respective years. Thus, the normative O & M Expenses were determined based on overall O & M Expenses in relation to GFA in aggregate. Thus, the Objector is again attempting to mislead and confuse the Commission by comparing the actual expenses that too on selective basis vis-à-vis normative expenses allowed by the Commission on aggregate basis. The Objector based on his own wisdom and surmises is misleading the Commission by mixing the actual and normative O & M expenses.

2.2.320 With reference to the objection regarding wrongly claimed GST to be disallowed, it is submitted that the Company has already submitted complete information and detailed justification of GST in FY 2019-20 to the Commission in its reply to the query 19 of Hon’ble Commission’s letter no. UPERC/SECY/D(Tariff)/2020-21-1844 dated 22.02.2021. It is also pertinent to mention that aggrieved by the tariff Order dated 4.12.2020, the Company has filed an Appeal no. 27 of 2021 before the Hon’ble APTEL which is sub-judice.

C. Commission's View

2.2.321 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner.

The GFA considered for computation of R&M Expense consists of Licensee assets, assets created by Consumer contribution, Grants and GNIDA Assets. However, the assets created by Consumer contribution, Grants and GNIDA Assets are not considered as part of approved GFA for Debt, Equity, Depreciation. Further, the Commission has disallowed any un-utilised land capitalized in the FAR.

Further, the Commission approves lower of the audited or normative O&M expenses. The Commission has dealt the above matter in the relevant Chapters.

A&G EXPENSES

A. Comments / Suggestions of the Public

2.2.322 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that the Petitioner is paying almost Rs. 6.5 Crore as salary to key management personnel. He further submitted that the Petitioner is putting burden on the consumers and it should be rejected.

2.2.323 Shri Rama Shanker Awasthi submitted that he has raised the issue in earlier hearings that the Petitioner is engaged in illegal bookings of expenses. The following are the submissions based on below mentioned table as provided by the Petitioner:

Sl. No.	Particulars	PY 2	PY 1	CY	Control Period		
		FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20
1	Other Professional Charges	0.88	1.06	1.55	4.23	6.75	7.12
2	Electricity Charges to Offices	0.04	0.06	0.08	0.04	-	-
3	Training & Development Charges	0.08	0.24	0.24	0.21	0.19	0.75
4	Legal Charges	0.67	1.02	1.88	1.18	1.42	1.48

2.2.324 With regards to professional charges, he submitted that, the Managing Director and Employees are not efficient and this can also be proven from the fact that the Other

Professional charges are increased from Rs 0.88 Cr in FY 2014-15 to Rs. 7.12 Cr i.e., more than 8 times in 6 years. The objector had requested in the previous year also but the Petitioner had not provided the details even after verbal orders by the Commission. Accordingly, the Objector request that data in following table need to be provided by the Petitioner so that detailed analysis can be provided:

Sl. No.	Name of Party	Services Obtained for……….	Date of Contract	Date of Contract Delivery	Amount Paid in FY 2018-19 Rs. Lac	Amount Paid in FY 2019-20 Rs. Lac	Affiliated Party/ Competitive selected party
1							
2							
3							
4							
N							

2.2.325 With regards to Electricity Charges to Offices, he submitted that the Petitioner should explain how this can be zero for 2 years i.e., FY 2018-19 and FY 2019-20. The Petitioner should provide month-wise details of unit consumption of its offices and corresponding electricity bills in following table:

Sl. No.	Month	Total Number of connections	Total Contracted Load in kW	Total Energy Sales Lac Unit	Total Amount of Bill Rs. Lac	Total Bill Paid Rs. Lac
1	April 2019					
2						
3						
12	March 2020					

2.2.326 With regards to Legal Charges, he submitted that, it is well aware in the Uttar Pradesh Power Sector that the Petitioner is always a litigant Company and take recourse to legal proceedings even for operational matters. It is against the principle of Natural Justice that after allowing expenses of CGRF, the Petitioner is also allowed Legal Expenses to litigate with consumers. While doing so, the consumer in litigation is actually burdened to pay fee of his own advocate and a proportion, through tariff, is also loaded on the consumer for advocate fee who is appearing against him. He requests the Commission to get segregated legal expenses on consumer cases. When the Petitioner is having legal department and their salary is allowed by the Commission, the Petitioner should either use their services in consumer cases or it should bear expenses from its own RoE. A consumer cannot be burdened first with poor services, then advocate fee to contest his case and then to pay part of fee to advocate who is appearing against him. Similarly, the Petitioner is having many cases at higher courts against the Orders of the Commission. It is again natural justice & deprive consumers of their rights for fair tariff. A consumer cannot be burdened to pay legal expenses on the same matter to be adjudicated at UPERC then its appeals at Hon'ble Tribunal or at Hon'ble High Court or Hon'ble Supreme Court. He further submits that the Petitioner should provide details of legal expenses in following tables:

Sl. No.	Law Firm / Advocate	Total Fee Paid
1		
2		
3		
4		
N		

2.2.327 Based on the reply of the Petitioner, he added that the Commission is requested to direct the Petitioner to provide information which is sought by the objector as the Petitioner has failed to answer the Objector's queries. He also submitted that the Petitioner is not absolved of its responsibility to answer the specific queries raised by the Objector and is required to answer the same. In the absence of the said information having been provided by the Petitioner, it is important that the Commission takes the Objector's comments into account and scrutinizes the A&G expenses before allowing the same.

B. Petitioner's Response

2.2.328 As regards to the objection of Shri Rama Shanker Awasthi, it is submitted that time and again the Petitioner Company has demonstrated that its O&M Expenses comprising of salaries, repair and maintenance expenses, administration and general expenses including legal and professional charges are most competitive not only with State Distribution Companies but also with other private leading Distribution Companies across the country.

2.2.329 As regards to the objection of Shri Rama Shanker Awasthi and Shri Avadhesh Kumar Verma, it is submitted that the remuneration of KMPs and other senior management officials is decided strictly as per the policy and provisions of the Companies Act 2013 with due approval of the Board and Shareholders of the Petitioner Company. It is also submitted that on various occasion the Petitioner has demonstrated that its O&M Expenses comprising of salaries, repair and maintenance expenses, administration and general expenses including legal and professional charges are most competitive not only with State Distribution Companies but also with other leading Private Distribution Companies across the country. Therefore, the contention of the Objector is totally baseless and is a result of his own assumptions as can be seen from the comparison of A&G Cost per unit of sale & total O&M Cost of per unit sale with all other Distribution Licensee operating in the State of Uttar Pradesh as well as in Delhi. The following Table depicts the computation of per unit A&G Expenses of the Petitioner Company and UP Distribution Companies:

Table: -1 Comparison of A&G Expense: NPCL Vs Other UP DISCOM for FY 2019-20

Particular	UOM	Ref.	NPCL	KeSCO	DVVNL	MVVNL	PVVNL	PuVVNL
			Actual	Actual	Actual	Actual	Actual	Actual
Sales	MU	A	2,081	3,301	19456	18,426	29,066	21,237
Net A&G Expense	Rs Cr	B	14	137	545	610	562	460
Net A&G Expense	Rs. /kWh on Sale	C=(B/A) *10	0.07	0.41	0.28	0.33	0.19	0.22
Higher by	%			*486%*	*300%*	*371%*	*171%*	*214%*

*Note: All data collected from Discom's True-up Petition

2.2.330 The Petitioner further submitted It is evident from the above table that while comparing the Company's A&G Expense per unit of Sale with KESCO, the O&M Expenses of the

Petitioner Company is lower by 486% than that of KESCO which is a distribution Company of almost a similar size that of the Petitioner Company. The A&G Expenses per unit of sale of the Petitioner Company is lower by 300%, 371%, 171% and 214% when compared with other UP Distribution Companies i.e., DVVNL, MVVNL, PVVNL & PuVVNL respectively. The following Table depicts computation of the per unit O&M Expenses of the Company and UP Discoms:

Table: -2 Comparison of O&M Expense: NPCL Vs Other UP DISCOM for FY 2019-20

Particular	UOM	Ref.	NPCL	KeSCO	DVVNL	MVVNL	PVVNL	PuVVNL
			Actual	Actual	Actual	Actual	Actual	Actual
Sales	MU	A	2,081	3,301	19,456	18,426	29,066	21,237
Net O&M Expense	Rs Cr	B	111	345	1,394	1,348	1,658	1,639
Net O&M Expense	Rs. /kWh on Sale	C=(B/A) *10	0.53	1.05	0.72	0.73	0.57	0.77
Higher By	*%*			*98%*	*36%*	*38%*	*8%*	*45%*

**Note: All data collected from Discom's True-up Petition*

2.2.331 Further, the Petitioner submitted that it is evident from the above Table, the O & M Expenses per unit of sale of the Petitioner is lower by 98%. Further, the O&M Expenses per unit of the Petitioner Company is lower by 36%, 38%, 8% and 45% when compared with other UP Discom i.e., DVVNL, MVVNL, PVVNL & PuVVNL respectively. The following Table depicts computation of per unit O&M Expenses of the Company and that of Delhi Distribution Companies:

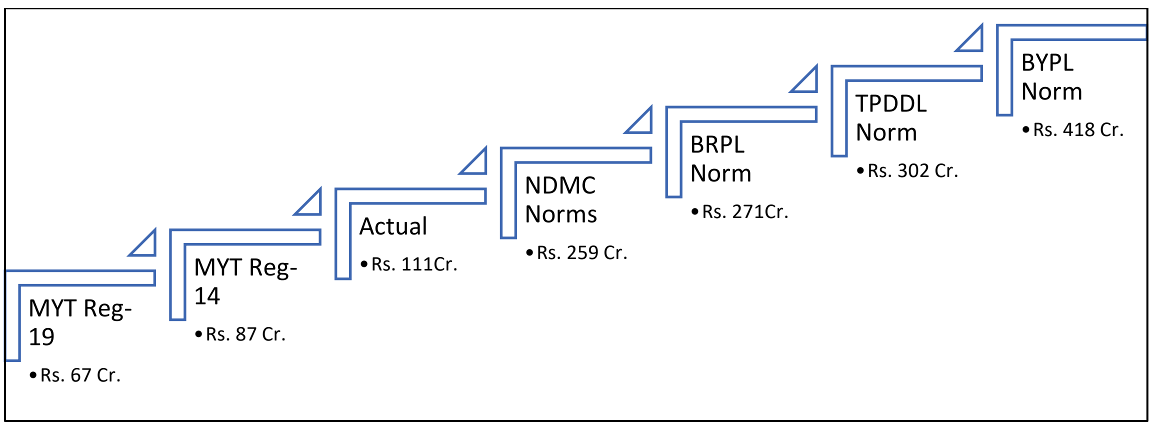
Table: -3 Comparison of O&M Expense: NPCL Vs Delhi DISCOM for FY 2019-20

Particular	UOM	Ref.	NPCL	BRPL	BYPL	TPDDL	NDMC	Overall Delhi
			Actual	Normative	Normative	Normative	Normative	Normative
Sales	MU	A	2,081	12,550	6,658	9,086	1,272	29,566
Net O&M Expense	Rs Cr	B	111	1,071	739	767	364	2,941
Net O&M Expense	Rs. /kWh on Sale	C=(B/A) *10	0.53	0.85	1.11	0.84	2.86	0.99
Higher by	*%*			*60%*	*109%*	*58%*	*440%*	*88%*

*Note: All data collected from Discom's True-up Petition

2.2.332 It is evident from the above Table, that the per unit O&M Expenses of the Petitioner is lower by almost 88% on an average in comparison to the Delhi Distribution Company. It is pertinent to mention herein that the Company is operating in the Delhi NCR region, hence, it will be more appropriate and prudent to compared the Cost of Expenditure towards Employee, R&M and A&G With reference to Para nos. 1 and 2 on office infra, services, land etc. with that of the Delhi Distribution Companies.

2.2.333 Further, the Petitioner submitted that the following table comprises of O&M Costs for FY 2019-20 computed in accordance with the normative parameters allowed for TPDDL, BRPL, BYPL and NDMC as per DERC Distribution Tariff Regulations 2019 vis-à-vis the O & M Expenses allowed to the Petitioner Company as per MYT Regulations 2019, MYT Regulations 2014 and Actual O&M Expenses: -



2.2.334 From the above, it is evident that that even normative expenses of Delhi Distribution Companies are more than 2.5 times of actual expenses and almost 4 times of O & M Expenses allowed under MYT Regulations 2019 leave aside their actual expenses. The Petitioner Company has been repeatedly requesting the Commission to set O & M Norms for the Company on realistic basis so that it can provide the best of class services to its consumers and also do not suffer very high disallowances going out of its Return on Equity.

2.2.335 Despite the above, it is also pertinent to mention here that the Commission has been approving the O&M Expenses on normative basis in accordance with the MYT Regulations 2019 / MYT Regulations 2014 only ignoring the actual expenses of the Company and therefore, the Objection of burdening the consumers is completely misplaced and meritless.

C. Commission's View

2.2.336 The Commission has taken note of the objections/suggestions made by the stakeholder in this regard and also noted response by the Petitioner. Further, the Commission approves the lower of O&M expenses as per the norms or as per audited accounts.

NON-TARIFF INCOME

A. Comments / Suggestions of the Public

2.2.337 Shri Rama Shanker Awasthi submitted that the Petitioner has wrongly considered an amount of Rs. 6.50 Crores as Non-Tariff Income as opposed to the actual amount of Rs. 17.79 Crores, as shown in its Balance Sheet. Since the Petitioner is allowed to recover income tax on actual basis through its tariff, therefore, income from any sources needs to be considered a part of the ARR.

2.2.338 He further submitted a comparative table of the amounts considered as Non-Tariff Income by the Commission vis-à-vis amounts claimed to be Non-Tariff Income by the Petitioner, in terms of their Balance Sheet, over the years is provided herein below:

Non-Tariff Income (Figures taken from Balance sheet)

Particular	Balance Sheet (in lakhs)	ARR (Actual) (in lakhs)
Interest on Deposit with Banks - Gross	564.00	-
On Non-current Investment	11.00	13
Dividend	2.00	-
Delayed Payment Surcharge	496.00	496
Liquidated Damage Recovery	54.00	-
Super Vision	121.00	-
Miscellaneous Income	120.00	426
Gain on Short Term Investment	57.00	-
Processing Charges	34.00	-
Disconnection & Reconnection Fees	96.00	-
Meter Testing Charges	1.00	-
Other (interest- on IT Refund)	223.00	-
	1,779.00	935
Less: Cost of Borrowing for DPS		285
Total	**1,779.00**	**650.00**

2.2.339 Based on the reply of the Petitioner, he added that the Commission has to rely on balance sheet which is audited document. The objector has given details on various head for non-tariff income of Rs. 17.79 Cr.

B. Petitioner's Response

2.2.340 The Petitioner submitted that with regard to the Objection that the Company is allowed to recover income tax on actual basis through tariff, it is clarified that in accordance with MYT Regulations, the Commission has been approving income tax on actual basis maximum upto the same computed on normative RoE duly supported by actual payments thus, the contention of the Objector is false, baseless and misleading. The Company has already provided the details of non-tariff income as per audited accounts and its reconciliation with petition vide its reply to query 41 of the Hon'ble Commission letters bearing no. UPERC/Secy/D(Tariff)/2021-22-1844 dated 22.02.2021and the same is provided below for ready reference of the Commission:

Table: -4 Reconciliation of Non-Tariff Income

Sl. No.	Description	Amount (Rs. Cr.)		Remark
1	Delayed payment charges	**4.96**	4.96	Please refer to Note-27 of Audited Accounts
2	Processing charges	0.34	1.41	Please refer to Note-27 of Audited Accounts
3	Disconnection and reconnection fees	0.96		Please refer to Note-27 of Audited Accounts
	Cheque Return Charges	0.11		Reclassified from Other Misc. Income, please refer Note-28 of Audited Accounts
5	Interest on investment & Dividend	**0.13**	0.13	Please refer to Note-28 of Audited Accounts
4	Meter testing charges	**0.01**	2.85	Please refer to Note-27 of Audited Accounts
6	Liquidated Damages	0.54		Please refer to Note-28 of Audited Accounts
	Supervision Charges	1.21		Please refer to Note-28 of Audited Accounts
7	Other Miscellaneous income	1.09		Please refer to Note-28 of Audited Accounts
8	**Non-Tariff Income**	**9.36**	**9.36**	
9	Less: Cost of Financing for DPS	2.85	2.85	
10	**Non-Tariff Income (Net)**	**6.51**	**6.51**	

Total may not tally due to rounding offs

2.2.341 Further, with reference to Delayed Payment Surcharge it is submitted that the Commission has been allowing the Cost of Borrowing for DPS while approving provisional ARR for FY 2019-20 vide its Tariff Order dated 3rd September, 2020, the relevant extract of the order is reproduced below for ready reference: -

"5.24 NON-TARIFF INCOME

5.24.1 The Petitioner has submitted the projected Non-Tariff Income for FY 2019-20 as summarized in Table below after reducing the cost of borrowing of deferred payment beyond normative period of 60 days for the purpose of APR.

Table 1 Non-Tariff Income for FY 2019-20 projected by the Petitioner (Rs. Cr)

Particulars	*Reference*	*Approved in TO dtd 30/11/19*	*Petition*
Non-Tariff Income including DPS	*A*	*6.08*	*8.72*
Less: Cost of Borrowing for DPS	*B*	*3.18*	*3.99*
Net Non-Tariff Income	***c=a-b***	***2.90***	***4.73***

Commission's Analysis

5.24.2 The Commission has observed that the projected total non-Tariff income by the Petitioner for FY 2019-20 is higher than that approved by the Commission in Tariff Order dated November 30, 2017 for FY 2019-20. This is particularly because the revised amount of Delayed Payment Surcharge and other miscellaneous receipts are higher than that of the approved values.

5.24.3 In Order to appropriately compensate for the cost incurred for financing the deferred payment beyond the normative period, the Commission in Tariff Order dated June 18, 2015 had reduced the amount of Non-Tariff Income by the financing costs of DPS. Therefore, the financing cost of DPS is computed by the Petitioner by grossing up the DPS conservatively based on the highest applicable surcharge rate, which is 1.5% per month. In this regard, the Commission via mail the Petitioner inquired the following:

Quote

The Commission in Tariff Order dated October 19, 2012 in the matter of revised ARR for FY 2009-10 on Page no. 67 has quoted the APTEL judgement as shown below:

".... (iii) Thus, for the period of delay beyond the normative period, the Distribution company has to be compensated with the cost of such additional financing."

As shown in the extract above, the Discom has to be compensated with the cost of additional financing, if any has made by it. So, for the compliance of the same, kindly demonstrate the financing of Rs 4.42 Cr, as claimed for FY 2017-18.

Unquote

5.24.4 In reply to the above, the Petitioner via mail has submitted as shown below:

Quote

….in order to strike a balance between the interest of the consumers and that of the Licensees, the Commission has been approving such financing cost on normative basis being computed by grossing up actual DPS for the year on highest applicable surcharge rate, i.e., 1.5% per month and applying the rate of interest considered for working capital loan, i.e., weighted average SBI PLR. The above cost is being approved on normative basis irrespective of actual expenses in this regard which is much higher. In view of this, the calculation of financing cost of DPS is being considered on normative basis irrespective of the actual interest / return on equity incurred thereon by the Licensee. The Commission in all subsequent Tariff Orders has followed the same methodology and approved the financing cost of DPS on normative basis only.

Unquote

5.24.5 The financing cost of DPS 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 2% per month, however, the Petitioner has taken surcharge rate as 1.5% per month. Further, the financing cost is arrived at on the grossed-up amount and interest rate of 13.80%, as approved for working *capital requirement. The computation of the financing cost for DPS is provided below:*

TABLE 2: Cost of Borrowing for DPS approved by the Commission for FY 2019-20 (Rs. Cr)

Particulars	Reference	Approved vide T.O. 30/11/17	Petition	Approved
Delayed Payment Surcharge Received	a	4.07	5.25	5.25
DPS grossed up at 1.50%/ 2% per month	b	18%	18%	24%
Amount after grossing up of DPS	c=(a/b)	22.63	29.17	21.87
Applicable Interest Rate for Working Capital Finance (at Weighted average SBI - PLR)	d	14.05%	13.68%	13.80%
Cost of Borrowing for DPS	**e=cxd**	**3.18**	**3.99**	**3.02**

5.24.6 Hence, the Commission approves Non-Tariff Income net of financing cost for DPS for truing-up for FY 2017-18, as shown in the Table below:

Table 3: Non- Tariff Income for FY 2019-20 approved by the Commission (Rs Cr)

Particulars	Reference	Approved vide T.O. 30/11/17	Petition	Approved
Non-Tariff Income including DPS	a	6.08	8.72	8.72
Less: Cost of Borrowing for DPS	b	3.18	3.99	3.02
Net Non-Tariff Income	**c=a-b**	**2.90**	**4.73**	**5.70**

……….”

Since, the Hon’ble Commission has already approved the Cost of Borrowing of DPS in its approval of provisional ARR for FY 2019-20, the Hon’ble Commission is *requested to kindly true-up the same and allow adjustment thereof from Non-Tariff Income as claimed by the Company.*

Further, it is pertinent to mention that, as per Section 28 of MYT Regulations 2014, the Hon'ble Commission approves interest on working capital on normative basis considering receivables equivalent to 60 days as stated below.

"28 Interest on Working Capital

The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:

a) O&M expenses for one month.

b) Two months equivalent of expected revenue.

c) Maintenance spares @ 40% of R&M expenses for two months.

Less:

Security deposits from consumers, if any.

Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank Advance Rate (SBAR) as of the date on which petition for determination of tariff is accepted by the Commission.

Provided further that interest shall be allowed on consumer security deposits as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments / addendums & the new regulations made after repeal of the same."

2.2.342 Thus, from the above, it is evident that whilst the Commission allows interest on Working Capital for debtors upto 60 days only and not for dues older than 60 days. Also, Banks provide funding upto 75% of such debtors that too upto 60/90 days and hence, such deferred receivables are largely funded by the Company through internal sources/ equity. Thus, to adequately compensate the Petitioner Company, the Commission has been approving the financing cost of such deferred receivables at the rate equivalent to weighted average SBI-PLR from last many Tariff Orders on normative basis only.

2.2.343 The Hon'ble Commission in its Tariff Order dated 04.12.2020 has duly acknowledged the above methodology. Further, the definition of "non-tariff income" under clause 3.1.18 of the MYT Regulations 2014 reproduced herein-below: -

"3.1.8. Non-Tariff Income means income relating to the licensed business other than from tariff (wheeling and retail supply), and excluding/deducting any income from other business, cross-subsidy surcharge, additional surcharge and expenditure incurred to earn such income"

2.2.344 Evidently, the cost incurred (cost of surplus internal sources / equity invested) by the Company for the purpose of funding receivables beyond the normative period of 60 days on which such delayed payment surcharge is being earned shall be allowed.

2.2.345 Thus, the Commission is requested to kindly allow the borrowing cost of financing Delayed Payment Surcharge as per its own earlier Orders and methodology.

2.2.346 With respect to Treasury Income, it is also submitted that other income as shown above excludes Income from treasury operations of Rs. 6.21 Cr as these Income is generated upon the funds accrued through internal resources which remained surplus even after fulfilling its obligations towards the capital expenditure or other operational purposes. Since this income has been generated out of the utilisation of internal funds of the Company, the same has not been considered as part of ARR. It is pertinent to mention that such income from treasury activity is income earned from internal accruals / shareholders' funds and are not part of regulatory business of the Company. Therefore, income earned has not been considered as part of the Non-Tariff Income.

2.2.347 With respect to Income Tax Refund, it is submitted that the Commission has been allowing income tax (and not interest thereon) on the basis of Regulation 32 of the MYT Regulations 2014 or actual whichever is lower. During Income Tax assessment, the Income Tax Department keep on raising demands on various grounds for which the Company has to file appeal to CIT(Appeals) and various other forums but before taking the Appellate recourse as per the provisions of IT Act 1961, the Company has to first make payment of the demand and then claim refund (along with interest) if it is able to successfully win the matter. Accordingly, the interest on Income Tax Refund amounting to Rs. 2.23 Cr during FY 2019-20 has been earned on the refund of some past long-pending matters at various forums of CIT(A), ITAT & High Courts. Since, the demand was paid under protest and never claimed in the ARR, accordingly, the interest received on refund of the aforesaid amount has not been included in the Non-Tariff Income. Therefore, the Commission is humbly requested to consider the Non-tariff Income as claimed by the Company for truing up of ARR for FY 2019-20.

C. Commission's View

2.2.348 The Commission considers the Non-Tariff income as per audited balance sheet provided by the Petitioner.

BAD AND DOUBTFUL DEBT

A. Comments / Suggestions of the Public

2.2.349 Shri Rama Shanker Awasthi submitted that the treatment of Bad and Doubtful Debt has to be done in accordance with regulations of this Commission. The same have been quoted below for convenient perusal:

> ***"U.P. Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulation-2006***
>
> *4.4 Bad and Doubtful Debts:*
>
> *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. In case there is any recovery of bad debts already written off, the recovered bad debt will be treated as other income."*

Similar provision has been provided for in Regulation 29 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014.

2.2.350 He further submitted that the term provisional, in and of itself, means something that is temporary and not final. Even in the regulatory regime governing the determination of tariff in terms of the Commission's own regulations, any provisional allowance for any expense quoted by a licensee by the Commission means that it is merely a temporary allowance and shall only be finalised once the actuals of that expense are scrutinized and permitted by the Commission. The same is true for the principle of provisional Bad and Doubtful debt. Any provisional allowance in respect of Bad and Doubtful debt has to be necessarily subject to a true-up in terms of the actual bad and doubtful debts that are actually written off, as is mandated by the aforementioned regulations of the Commission. Further, the provisional allowance within a defined percentage also means that the Commission will allow the Bad and Doubtful debt only up to a limited percentage, as approved in the true-up, despite the fact that the actual written off Bad and Doubtful Debt can be higher. The Objector submits that the actual bad debt as per the balance sheet of the Petitioner is as follows:

PROVISION FOR BAD AND DOUBTFULL DEBT		
Particulars	**Balance Sheet**	**ARR (Actual)**
Receivable from customers as at the beginning of the year	77.43	77.43
Revenue billed for the year	1,698.87	1,786.89
Collection for the year	1,775.92	1,775.92
Gross receivable from customers as at the end of the year	0.38	88.40
% Of Provision	0.48%	0.88%
Provision for Bad & Doubtful debts	8.20	15.81
Bad Debts Written off	8.56	
*Note: In this Electricity Duty of Rs.88.02 crore is included is included.		

2.2.351 It can be observed that as against the claim of Rs. 15.81 Crores of the Petitioner towards provisioning for bad and doubtful debt, the actual bad & doubtful debt in as per the balance sheet is only Rs. 8.56Cr, and only that amount can be allowed by the Commission.

2.2.352 Based on the reply of the Petitioner, he added that the Petitioner has accepted that it has been allowing its arrears against non-paying consumers to accumulate over 2-3 years and piling all those arrears onto bad debts and thereby seeking excessive allowance of bad debts. This is an unacceptable practice. He submitted that if a consumer is not paying the bills, the Petitioner is well within its rights to disconnect the electricity and/ or proceed against that consumer in accordance with the provisions of the Electricity Act, 2003. However, the inaction against such consumers thereby allowing arrears to inflate for 2-3 years and then piling on this burden on to the consumers by getting that amount disallowed as bad debt is incorrect and dehors the regulatory mandate. The Commission has taken note of such conduct of the Petitioner and has, vide its Third Deficiency Note dated 10.06.2021, query No. 9, asked the Petitioner to submit its policy for Bad Debt.

2.2.353 In reply, the Petitioner has submitted its partial response dated 24.06.2021, whereby the Petitioner has stated that it is providing the Bad-Debt policy dated 18.07.2018 which was also submitted during previous years. However, the Petitioner has failed to provide the Board Resolutions whereby bad debts have been written off, for the FY 2019-20.As such, the Petitioner's claims for bad debt ought to be restricted as per the regulations after deducting all the amounts which the Petitioner has allowed to be accumulated as bad debt on account of non-disconnection.

B. Petitioner's Response

2.2.354 The Petitioner submitted that the expenses for Provision for Bad and doubtful debts provided for by the Company is provided in Table hereinbelow:

Table: -6 Provision for Bad & Doubtful Debts (FY 2019-20)

Rs. Cr.

Sl. No.	Description	Approved	Actual
1	Opening Receivable	255.16	77.43
2	Revenue billed for the year	1692.83	1786.89
3	Collection for the year	1692.83	1775.92
4	Closing Receivable	229.72	88.40
5	**Provision for Bad & Doubtful debts**	**25.44**	**15.81**
6	Provision as % of Revenue billed	1.50%	0.88%

2.2.355 It is submitted that the aforesaid bad debts have been determined in accordance with the policy of the licensee for provision and write-off of receivable which has been duly approved in the Board of Directors of the Company and later by the Commission in its various tariff orders from time to time. Further, the dues from consumers which are long outstanding but could not be disconnected because of political or some other reasons are being provided for in the audited books of accounts. These debtors are older than two - three years and recovery thereof has become costlier and uneconomical. Further, prolonged litigation process for the purpose of recovery culminates into very high legal costs and colossal waste of precious time of the officials of the Company which otherwise could be used for productive purposes. Thus, after reviewing each and every debtor on case-to-case basis, these debtors are also provided for based on their chances of recovery, cost-benefit etc. As the Commission would kindly appreciate that electricity distribution business is not only the most challenging segment among generation, transmission and distribution, but also exposed to maximum business risks, because on one hand the purchase of electricity is from few sources and that too through Letter of Credit (L/C) or Bank Guarantee (B/G), on the other hand the sales thereof is on credit to the thousands of customer in various segments from industry to rural and unmetered consumers.

Therefore, while converting "electricity" into cash, it is the distribution Company which bears the maximum brunt in terms of bad debts and problem of recovery further gets compounded in the prevailing socio-political and economic environment, law and order situation and power deficit scenario.

2.2.356 It is further submitted that in view of the above, any recovery around 97-98% of sales should undoubtedly be considered as efficient collection and, therefore, the remaining 2-3% should be provided as bad and doubtful debts. The provision for Bad Debts considered by the Company is still lower. It is submitted that the Commission, in its Tariff Order dated 03.09.2019 has allowed provision for bad debt @ 1.50%. Thus, amount of Rs.15.81 Cr provided as bad debts in FY 2019-20 is well within the norms of 2% specified in Regulation 29 of the MYT Regulations, 2014 and the Commission has also followed the same while approving the bad debts for FY 2019-20. Thus, it is humbly prayed to kindly approve the bad debts of Rs. 15.81 Cr which is only 0.88% of the revenue for True-up of ARR for FY 2019-20. Keeping the above in view, the Commission is requested to kindly allow provision for bad debts of Rs. 15.81 Cr as provided for by the Company in full which is within the bad debts approved at Rs. 25.44 Cr vide Tariff Order dated 03.09.2019. It is clarified here that as per the Hon'ble APTEL's judgment, the number of bad debts with respect to electricity duty i.e., Rs. 0.95 Cr has been excluded while claiming the above-mentioned amount towards provision for bad debts.

C. Commission's View

2.2.357 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner. Further, the Commission has dealt the matter in the relevant Chapter.

INCOME TAX

A. Comments / Suggestions of the Public

2.2.358 Shri Rama Shanker Awasthi submitted that during the true-up for the FY 2017-18, the Commission has vided its order dated 03.09.2019 in Petition No. 1382 of 2018, held as follows:

3.19.21 The grossing up impact of Tax liability for preceding years prior to FY 2017-18 approved by the Commission is computed as follows:

Table 3-57: Grossing up impact for years prior to FY 2017-18 approved by the Commission

Particulars	Formula	Amount (Rs Crs)
Tax liability for preceding years prior to FY 2017-18	A	79.74
Income tax Rate	B	34.61%
Grossing up impact of Tax liability for preceding years	C= A×B/(1-B)	42.20

2.2.359 Similarly, in the case of refund of Income Tax, same procedure needs to be adopted by the Commission, while considering the adjustment of the refund of Income Tax for FY 2010-11. It is submitted that the Commission had, vide its TVS Note, specifically query No. 17, asked the Petitioner to place on record the relevant documents including the order and the year- wise details of income tax refund along with interest and supported by the relevant orders. It is submitted that in response to the Commission's query, the Petitioner has submitted vide its Second Reply that the Income Tax Department vide its Assessment Order dated 21.03.2014 had raised a demand of Rs. 17.77 Cr. Out of the said amount, the Petitioner had paid Rs. 12.29 Crores towards income tax for FY 2010-11. However, subsequently, the Commission had allowed only Rs. 8.29 Crores. Notably, the Petitioner did not provide any of the year-wise details sought by the Commission. Accordingly, the Objector has been constrained to consider the entire amount of Rs. 12.29 Crores for the purposes of computing the grossing up impact on account of Income Tax refund.

Particulars	Formula	Amount
Tax refund of FY 2010-11	A	12.29 Crores
Income Tax rate	B	34.61%
Grossing-up impact in Tax refund for FY 2010-11	C= (A X B)/ (1-B)	6.5 Crores.
Net Adjustment	A + C	18.79 Crores

2.2.360 Further, he submitted that this treatment is merited because the Petitioner has been allowed by the Commission to avail Interest on long term loan, Return on equity, and other benefits on this amount, as per the regulations. So, the amount, while being disallowed, needs to account for all these benefits that have been provided to the Petitioner by the Commission.

2.2.361 Based on the reply of the Petitioner, he added that Commission had, vide its TVS Note, specifically query No. 17, asked the Petitioner to place on record the relevant documents including the order and the year-wise details of income tax refund along with interest and supported by the relevant orders.

2.2.362 The Petitioner, in response, has submitted vide its Second Reply that the Income Tax Department vide its Assessment Order dated 21.03.2014 had raised a demand of Rs. 17.77 Cr. Out of the said amount, the Petitioner had paid Rs. 12.29 Crores towards income tax for FY 2010-11. However, subsequently, the Commission had allowed only Rs. 8.29 Crores.

2.2.363 Notably, the Petitioner did not provide any of the year-wise details sought by the Commission. Accordingly, the Objector has been constrained to consider the entire amount of Rs. 12.29 Crores for the purposes of computing the grossing up impact on account of Income Tax refund.

B. Petitioner's Response

2.2.364 The Petitioner submitted that the Petitioner Company has already provided detailed justification of Income Tax refund received by it in its reply to query 17 raised during technical validation session on 09.04.2021, through its email dated 22.04.2021. Nevertheless, the same is provided below for ready reference of the Commission:

> *"As submitted in ARR Petition for earlier years, the Income Tax Department vide its Assessment Order dated 21st Mar'14 (soft copy in PDF enclosed as Annexure–15) had raised a demand of Rs. 17.77 Cr (Rs. 12.29 Cr net of Tax paid already) towards income tax for FY 2010-11 which included taxes demand on account of disallowance of Transmission Charges by the Assessing Officer for non-deduction of TDS thereon. The Company paid the said demand under protest and appealed against the contention of Income Tax Department for deduction of TDS on Transmission Charges before the CIT (Appeal) who vide its order dated 31st Mar'16 decided the appeal in favour of the Company. However, the Income Tax Department challenged order of CIT (appeal) before ITAT, which was decided in favour of the Company by ITAT vide its order dated 10th Apr'19. Consequently, the*

Income Tax Department finally refunded part of the tax paid by the Company pertaining to the aforesaid demand for non-deduction of TDS on transmission charges vide its order dated 27th Jun'19 enclosed as Annexure-16 (Soft copy in PDF) along with interest thereon.

As against the aforesaid demand of Rs. 17.77 Cr. the Hon'ble Commission had allowed only Rs. 8.29 Cr. being Advance/Self-Assessment/Demand tax paid in ARR for FY 2010-11 and the amount paid under protest, though deposited was never claimed or allowed by the Hon'ble Commission in the ARR petitions. Thus, after final adjudication of the matter by Hon'ble ITAT, the interest on Income Tax Refund amounting to Rs. 2.21 Cr during FY 2019-20 was paid to the Company.

Thus, the aforesaid interest has been earned on the refund of tax demand paid under protest in past in long-pending matters which was never claimed in the ARR, hence, the interest received on refund of the aforesaid amount has not been included in the Non-Tariff Income.

Therefore, the Hon'ble Commission is humbly requested to consider the Non-tariff Income as submitted by the Company for truing up of ARR for FY 2019-20."

C. Commission's View

2.2.365 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner. Further, the Commission has dealt the matter in the relevant Chapter.

EFFICIENCY GAINS

A. Comments / Suggestions of the Public

2.2.366 Shri Rama Shanker Awasthi submitted that the Commission has allowed efficiency gains on loan swapping to the Petitioner in multiple years, however, detailed computation for the same has not been provided in the true up orders. It is to be mentioned that actual gains have to be computed after deducting expenses on consulting, processing charges & any other charge which is paid towards closure of existing loans, etc. He requests the Commission to re-compute the efficiency gains that have been allowed to the Petitioner from the FY 2007-08 after deducting expenses on consulting, processing charges & any other charge which is paid towards closure of existing loans, etc. and any additional amounts that have been allowed to the Petitioner be adjusted and its impact be given in the FY 2019-20.

2.2.367 Based on the reply of the Petitioner, he added that the efficiency gains from 2007-08 should be recomputed and impact must be given in Orders for FY 19-20.

2.2.368 In any case, the Commission should compute the Efficiency gains for the current FY after considering the expenditures as applicable in respect of premature closure charges, if any, in current loan amount, professional charges and fee, documentation charges, bank charges, for conversion to the new term loan.

2.2.369 Further, the Commission needs to account for the fact that whenever there is a term loan and the repayment of the term loan commences, initially the interest component is much higher as compared to the principal amount. Over a period of time when there is gradual repayment of the loan, the interest component reduces and the principal component increases. Keeping this in mind, whenever there is conversion of the term loan from one bank to another, there is a scenario where the loanee comes to the other bank, who charges lower interest, after repaying a significant amount of the interest at a higher rate to the first bank, and then again starts repaying the loan in a manner where the interest component is higher than the principal, which only reduces overtime, as explained earlier.

2.2.370 Therefore, mere reduction of rate in a loan does not by itself allow for the complete impact of the conversion of term loan from one bank to the other. The Commission needs to keep this factor in mind while computing efficiency gains.

B. Petitioner's Response

2.2.371 The Petitioner submitted that it has provided a detailed explanation / justification regarding efficiency gain in Chapter 15 of Appendix III Text of True up of its Petition no. 1684 of 2021 submitted before the Commission on 01.02.2021 (Copy of the relevant pages is annexed and marked as Annexure -1). and in its reply to the query 37 of Commission's letter no. UPERC/SECY/D(Tariff)/2020-21-1844 dated 22.02.2021 (Copy of the relevant pages is annexed and marked as Annexure -2).

C. Commission's View

2.2.372 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner. Further, the Commission has dealt the matter in the relevant Chapter. The Commission has disallowed the same, as there are no actual loans. The same view was taken while Truing up of FY 2018-19 in the previous year Tariff Order of FY 2020-21.

LEASE HOLD LAND

A. Comments / Suggestions of the Public

2.2.373 Shri Rama Shanker Awasthi submitted that GNIDA has allotted all the lands to the Petitioner with the specific purpose of constructing electric sub-station, except the land at S.No. 5 (Jaun Samana, Ecotech 16), which has been allotted for construction of power plant. Similarly lands at S.No.6,7 and 15 are all lands that have been allotted for construction of electric substations. Pertinently, the Commission has already disallowed the Petitioner from owning any transmission assets. Therefore, Petitioner would be well advised to return/ surrender these assets to GNIDA and recover whatever money it had paid to GNIDA in respect of the same. It is because these assets cannot be sold in open market or to any other entity except a distribution licensee.

2.2.374 He submitted that the Commission has already disallowed the Petitioner proposal of developing a solar power plant at the S.No. 5 (Jaun samana, Ecotech-16) land. However, the Petitioner has, again submitted that it proposes to re-approach the Commission with the proposal of constructing a solar power plant. It is submitted that only 2 years are left for the expiry of the Petitioner distribution license. And therefore, it does not appear that the Petitioner would be willing to initiate a commercial engagement only to leave it midway. Moreover, a solar power plant is not constructed on a land within the city as the same is counterproductive and not commercially viable. For such a purpose, such land is procured in distant areas which is otherwise not very fruitful.

2.2.375 He submitted that in respect of all the other lands, except for S. Nos. 5,6,7, 15, all of these lands were provided to the Petitioner for constructing electric substations. However, the Petitioner has never provided or placed on record any technical feasibility report that suggested the requirement of a substation in the area. Without any such technical feasibility report, the Commission shall not permit the construction of an electric substation. It appears that the Petitioner has been submitting concocted and made-up proposals before the Commission only with the objective of retaining these lands in their books. This has allowed the Petitioner to illegally avail O&M, RoE, interest on loan and depreciation on these empty lands and unjustly enriching them but no benefit is accruing to the consumers of the Petitioner from these empty lands. Accordingly, the Commission is requested to stop allowing O&M, RoE, interest on roan, depreciation etc. on these lands. The Petitioner ought to be further directed to either return these lands to GNIDA or sell them, which is likely to bring more benefit to the consumers of the Petitioner.

2.2.376 He further submits that the Objector is in the process of accumulating further data and reserves its right to file additional submissions in order to raise other issues in response to the Petitioner claims and the scrutiny that ought to be carried out by the Commission, at the appropriate time. It is submitted that this Commission ought to direct the Petitioner to furnish the relevant data that is missing, as has been highlighted herein, and give another opportunity to the Objector, upon furnishing of such information, to analyze the same and submit its comments, for the benefit of this Commission. Until such exercise is complete, it is incumbent upon this Commission to not pass a tariff order.

2.2.377 In the absence of cogent and precise supporting evidence by the Petitioner, and a thorough and satisfactory justification of such claims, it is not possible for this Commission to adjudicate upon the Petitioner's claims. Thus, it appears that this Commission is left with no alternative but to reject the Petitioner's prayers. If the Petitioner's unsubstantiated claims are allowed with this level of prudence check, not only would it gravely prejudice the consumers for no fault of theirs, but also open the flood gates for frivolous and casual tariff petitions, by setting a questionable precedent, ultimately harming the end consumer.

2.2.378 Based on the reply of the Petitioner, he added that the Commission has, vide its query no. 5 raised vide its email dated 30.06.2021, has asked for the justification regarding the intended use of KP-V land and the land for 33/11 kV substation. The Petitioner has responded to the same vide its submissions dated 06.07.2021, wherein it has given an unsubstantiated story about the intended use of the land for customer care Centre and has also accepted that it has provisioned for Rs. 540 Crore in its ARR for 2021-22 (30% of the total estimated cost of Rs. 18 Cr.).

2.2.379 The Petitioner has never provided or placed on record any technical feasibility report that suggested the requirement of a substation in the area. Without any such technical feasibility report, the Commission shall not permit the construction of an electric substation. He further submitted that there is no prudence of these expenditures, as the Petitioner has never submitted any documents to justify the prudence of these expenditures, because of which the Commission has never had the occasion to carry out a scrutiny of the prudence of such proposed expenditures. In light of the fact that the Petitioner's license is going to expire in 1993, the Commission ought not to permit any further expenditures without conducting a thorough cost benefit analysis for utilization of any lands lying vacant and unused, that the Petitioner is now trying to justify the use for.

2.2.380 He further submitted that the Petitioner has been submitting concocted and made-up proposals before the Commission only with the objective of retaining these lands in their books. This has allowed the Petitioner to illegally avail O&M, RoE, interest on loan and depreciation on these empty lands and unjustly enriching them but no benefit is accruing to the consumers of the Petitioner from these empty lands.

2.2.381 There is no stay by the Hon'ble Tribunal and therefore direction need to be given to the Petitioner to not construct any project on the lands , till the project is approved by the Commission.

B. Petitioner's Response

2.2.382 The Petitioner submitted that it has already provided a detailed justification for proposed utilization of land in its reply to Commission letter no. UPERC/SECY/D(Tariff)/2020-21-1844 dated 22.02.2021 and "Annexure-11" of "Appendix-VI Compliance of Directives" of its Petition no. 1684 of 2021 dated 01.02.2021.

2.2.383 The same has been provided below for ready reference of the Commission:

"The Greater Noida Industrial Development Authority (GNIDA) has earmarked land parcels for Electric Substations & associated facilities in its Master Plan. Based on the roll out of the development in a particular area, the Company is advised to seek allotment of land for construction of Electrical Sub-station etc. At times, the Company is also advised to secure allotment of earmarked lands for Electric Substation etc. in advance in order that these are not allotted for other purposes under pressure due to scarcity of land in the given areas.

It is pertinent to mention that with the fast development of the Greater Noida area, it is prudent to seek allotment of land well in advance so that Electric Substation and other associated facilities can be created without any hindrances as per the requirement. It is generally seen that with the fast pace of development of the city, the land parcels become scarce and costly also.

For example, with the fast pace of development in the Greater Noida West Area, the land required for Electric Substation was not available and after lot of efforts & persuasion, the Company was asked to accept allotment in the Green Belt and / or in an area not appropriate / suitable for Electric Sub-station. Accordingly, the Company has been seeking allotment of lands from GNIDA from time to time, take possession and construct the boundary wall to protect from encroachments, which are quite rampant in the area."

2.2.384 The details of the lands available are given below:

Details of the lands available			
Sl. No.	**Capitalized on**	**Location**	**Area (Sq. Mtr.)**
1	25-Mar-08	BZP	2,488
2	25-Mar-08	ETA1	2,424
3	25-Mar-08	PHI - II/III	837
4	25-Mar-08	PI – I	1,500
5	29-Dec-13	JAUN SAMANA, ECOTECH-16	109,000
6	27-Mar-14	Knowledge Park 5, ESS – 1	37,281
7	6-Feb-15	BZP AREA	16,807
8	22-Jan-16	OMICRON - 1 A	3,617
9	14-Feb-19	ECOTECH-11	3,000
10	14-Feb-19	SECTOR-10	2,400
11	22-Jan-20	Ecotech-III (Phase-1)	2,400
12	22-Jan-20	Ecotech-III (Phase-2)	2,400
13	22-Jan-20	Ecotech-1, Extension-1	3,000
14	22-Jan-20	SECTOR-16B	1,500
15	22-Jan-20	Techzone (IT City)	10,004
16	22-Jan-20	Techzone-2	3,000

Eight number of lands (Sl. no. 9 to 16) were allotted to the Petitioner Company during FY 2018-19 (2 nos.) and 2019-20 (6 nos.). It is humbly submitted that the Commission is aware that due to COVID-19, there was a severe hit on the load growth which otherwise has been around 10% CAGR and therefore, the construction of 33/11 kV Sub-stations on some of the lands has been deferred. The Company plans to construct Electric Substation on lands with Sl. No. 9, 12 and 13 during FY 2021-22. As regards to utilization of the land at Sl. No. 6 & 7, Construction of 220/132 kV sub-station has been deferred in view of the Order dt 31.10.2018 in petition no. 987 of 2014 (220/132/33 kV RC Green Substation matter) and Order dated 31.10.2018 in petition no. 1020 of 2015 (Connectivity of 220/33 kV Gharbara Substation Matter) of the Commission. Further necessary action would be taken once the matter is decided by the Hon'ble APTEL.

2.2.385 It is submitted that pursuant to the order of the Commission, to convert of Single Point Multi-Story Societies in to Multi Point individual connections, the Company would be required to deal with individual consumers running into lakhs. Therefore, it has become necessary to construct a Consumer Care Centre closure to Greater Noida West. Accordingly, the Company has decided to construct a Consumer Care Centre on part of the land at KP-V (i.e., Sl. No. 6) for which a detailed scheme will be submitted to the Commission for prior approval in terms of the provisions UPERC MYT Regulations 2019. In addition, the Company will also undertake construction of 33 kV sub-stations, stores, staff quarters etc. on the above lands as per its requirement.

2.2.386 It is submitted that the Land at Sl. No. 5 is for power plant, Distribution Substation, Stores, staff quarters etc. The Company had earlier submitted to the Commission a proposal for setting up an 8 MW Solar Power Plant on the above land vide petition no. 1293 of 2018, however, the same was not approved and the Petitioner Company was asked to procure solar power from SECI. However, despite repeated follow-ups, SECI did not allot any power to the Company. In order to fulfil the increasing RPO obligations as well to promote Green Energy, the Company has re-initiated discussions with Solar Power Project Developers on competitive bidding Basis. Upon finalization of the above, the Company would submit the same for approval of the Commission.

2.2.387 It is pertinent to mention that the total cost per square meter including registration charges etc. of the above lands (from sl. no. 1 to 7 procured prior to FY 2015) is Rs. 1,600 – Rs. 6,500 per sq. meter whereas the prevailing rates are more than Rs. 11,500/- per sq. meter. Similarly, the total cost per square meter including registration charges etc. of the lands (from sl. no. 8 to 16 procured recently) is around Rs. 12,000 per sq. meter whereas the prevailing rates are going up to Rs. 16,800 per sq. meter.

2.2.388 With regard to the objection of the Objector that the 2 years are left for the expiry of the Company's Distribution License, it is submitted that the above land are property of Company and will be utilized for the use of consumer services of Greater Noida area only. Nevertheless, the matter regarding term of license of the Company is sub-judice.

2.2.389 Further, it is submitted that the same warrants no reply and anything contrary to the record is denied. It is submitted that as per the replies furnished hereinabove it is evident that the Petitioner Company has duly submitted all the requisite document as and when required by the Commission. It is submitted that the genesis of such public hearings lies in the public interest and public interest lies in vindicating the rights of those who lack the wherewithal to reach the Court to remedy injustice. It has been held by the Hon'ble Supreme Court on various occasions that the judiciary is meant to invest time in more deserving claims rather than being burdened with untenable and frivolous claims. The present captioned Objection filed by the Objector has raised baseless and unsubstantiated claims only as a fishing and roving enquiry. It is evident that the Objector has candidly and without due consideration of the documents submitted before the

Commission, has filed the baseless Objections. It is submitted that the captioned Objections are liable to be dismissed in light of the aforesaid submissions, for safeguarding the essence of public hearing, precious time of the Commission as well as of the Company to enable it to continue to focus on providing best quality services to its consumers.

C. Commission's View

2.2.390 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner and dealt the issue in the relevant Chapter. The treatment of Lease land is done as per Regulations. The MYT Regulations, 2019 provide a separate depreciation rate for lease land. However, in MYT Regulations, 2014, there is no such provisions and hence no depreciation was allowed on any kind of land. But as the lease is 90 years, as seen from the lease deeds submitted by the Petitioner, hence the same has to be depreciated over the years as per Regulatory principles. However, the Commission has taken a strict view in the treatment of such lands lying unused which has been discussed in the relevant Chapter.

LICENSE EXPIRATION

A. Comments / Suggestions of the Public

2.2.391 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that the Commission should not approve any unnecessary expenses of NPCL and shall direct Chief Secretary Energy to verify its fixed asset or competitive bidding to be conducted or PVVNL shall take over its area of supply as the License of NPCL is getting expired on August 30, 2032.

B. Petitioner's Response

2.2.392 As regards to the objection of Shri Avadhesh Kumar Verma, the Petitioner submitted that it is within the knowledge of the Commission that aggrieved by its Orders dated 26.11.2020 and 04.12.2020, the Petitioner Company has filed Appeals before the Hon'ble Appellate Tribunal for Electricity and the same are sub-judice.

C. Commission's View

2.2.393 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner.

CSR

A. Comments/ Suggestions of the Public

2.2.394 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that the Petitioner shall provide the break-up of expenses of Rs. 26 Cr done under CSR activity and where that has been spend.

B. Petitioner's Response

2.2.395 The Petitioner submitted that the CSR expenses are incurred out of the profits and does not have any impact on the tariff of the consumers. The Petitioner also stated that it has contributed Rs. 25 Cr. to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund ("PM CARES Fund") during FY 2019-20 in its earnest efforts to join the Nation in its fight against the deadly Covid-19 pandemic. The Petitioner further submitted that the comment / objection raised have no relevance tariff proceedings.

C. Commission's View

2.2.396 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner. However, the CSR expenditure is not considered as a part of the ARR.

EXPENSEIVE CARS

A. Comments/ Suggestions of the Public

2.2.397 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that the Petitioner in FY 2021-22 has bought cars worth Rs. 2.25 Crore, the Commission should reject such expenses.

B. Petitioner's Response

2.2.398 The Petitioner submitted that the purchase of vehicles, the same are essential for efficiently providing services to the consumers in the licensed area which is spread over 335 Sq. Kms. The vehicles are purchased after detailed evaluation of the requirements and as per the policy of the Petitioner. The Petitioner also submitted that such requirement comprises of replacement of old and inefficient vehicles as well as new requirement to service the fast-increasing load as well as consumer base of the Company in the most economical and efficient manner.

2.2.399 The Petitioner further submitted that, it provides vehicles to its officers/ staff for loss control drives, field duties (including visiting Substations, transporting heavy materials), shift-based duties in call center, control room etc. and inter office movement to provide 24X7 reliable power supply in its licensed area and many other office related assignments including attending meetings/ court proceedings/ inspection of materials / vendor-verifications etc. in NCR and nearby States. The provision of vehicles not only ensures efficient and prompt services in economical manner but also necessary to ensure safety of its employees being working even in the night time. The Petitioner further submitted that no power distribution utility can work without vehicles which are as basic & necessary as furniture, office equipment such as computers, printers etc.

C. *Commission's View*

2.2.400 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner and dealt the issue in the relevant chapters of this Order.

RATE OF INTEREST

A. *Comments/ Suggestions of the Public*

2.2.401 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that the Petitioner is claiming 10.5% rate of Interest on normative loan whereas PVVNL is availing loan at 8.5% rate of interest this should be investigated and bad debt should also be rejected. Further, it is also to be checked the professional fee of Rs. 8 Cr.

B. *Petitioner's Response*

2.2.402 As regards to the objection of Shri Avadhesh Kumar Verma, the Petitioner submitted that it has provided the details in True-Up of FY 2019-20.

C. *Commission's View*

2.2.403 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner and dealt the issue in the relevant chapters of this Order.

GOUP INVESTIGATION

A. *Comments/ Suggestions of the Public*

2.2.404 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that Power Minister GoUP has order investigation of various parameters of the Petitioner and same is pending with GoUP.

B. *Petitioner's Response*

2.2.405 As regards to the objection of Shri Avadhesh Kumar Verma, the Petitioner in its response submitted that this comment is not related to Tariff proceedings.

C. *Commission's View*

2.2.406 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner.

MISCELLANEOUS

A. *Comments/ Suggestions of the Public*

2.2.407 Shri Avadhesh Kumar Verma, Chairman, M/s U.P. Rajya Vidyut Upbhokta Parishad submitted that the Petitioner should address the stakeholders comment in proper and legitimate way. As it has been seen many time that NPCL reply to the comments of Stakeholder is baseless and illogical way. The Commission should take it seriously.

2.2.408 Further, the Petitioner has submitted the representations from the stakeholders namely Laghu Udyog Bharti, Indian Industries Association (IIA), Greatr Noida Chapter as well as through Udog Bandhu and District Magistrate for waiver of fixed charges for LMV-2, LMV-6, HV-1 and HV-2 categories billed during the Lockdown period.

2.2.409 Shri Rama Shankar Awasthi has submitted in his rejoinder (he was provided with the replies filed by the Licensee to his objections) that the Petitioner has not replied satisfactorily to the objections.

B. *Petitioner's Response*

2.2.410 As regards to the objection of Shri Avadhesh Kumar Verma, the Petitioner in its response submitted that this comment is not related to Tariff proceedings.

C. *Commission's View*

2.2.411 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard and also noted response by the Petitioner. Further, the Petition is directed to file the replies to all the objections in a proper manner in future.

3 INDEPENDENT AUDIT FOR FY 2019-20

3.1.1 As regards the demand of the stakeholders for a Comptroller & Auditor General (CAG) Audit or any third-party audit, the Commission in its Tariff Order for FY 2014-15 had 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. 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 deficiencies, if any, can be identified and removed. In accordance with this Commission vide Appointment Letter No UPERC/Secy/D(T)/2021-176 dated 04/06/2021 appointed an independent auditor M/s. G.K. Surekha & Co. Chartered Accountants (hereinafter referred to as 'auditor').

3.1.2 Thereafter, a presentation on Financial Accounts of NPCL for FY 2019-20 was made before the Commission on August 06, 2021.

3.1.3 The Auditor submitted its final Audit Report on Financial Accounts of NPCL for FY 2019-20 to the Commission on August 09, 2021, which covers the following aspects:

1. Audit of Energy Sales
2. Audit of Power Purchase
3. Audit of Capex
4. Audit of Operation & Maintenance
5. Audit of Financial Accounts with special emphasis on ARR.

3.1.4 Major observations by the Auditor in the Report are as discussed below:

1. No. of Consumer Variance

During the course of audit, the Auditor analyzed that the variances for Category wise number of customers with Projections of F.Y 2019-20 and with Actual of F.Y. 2018-19 which are as follows. It is observed that Tariff order do not contain any approved number customers.

Sl.	Consumer Category	Actual No. of Consumers For F.Y 2019-20	Projected No. of Consumers for F.Y 2019-20	% Variance Projected v/s Actual 19-20 (+/-)	Actual No. of Consumers For F.Y 2018-19	% Variance Acutal 18-19 v/s Actual 19-20
1	LMV-1: Domestic Light, Fan & Power	87,479	82,666	5.82%	81,390	7.48%
2	LMV-2: Non Domestic Light & Fan & Power	3,066	3,457	-11.31%	2,922	4.93%
3	LMV-3: Public Lamps	295	214	37.85%	206	43.20%
4	LMV-4: Institutions	470	829	-43.31%	675	-30.37%
5	LMV-5: Private Tube Wells	1,221	1,113	9.70%	1,191	2.52%
6	LMV 6: Small and Medium Power	3,157	3,158	-0.03%	2,933	7.64%
7	LMV-7: Public Water Works	216	256	-15.63%	198	9.09%
8	LMV-8: STW and Pumped Canals	10	1	900.00%	10	0.00%
9	LMV-9: Temporary Supply	764	1,026	-25.54%	810	-5.68%
10	HV-1: Non-Industrial Bulk Power	202	232	-12.93%	178	13.48%
11	HV-2: Large and Heavy Power	802	713	12.48%	721	11.23%
	Total	**97,682**	**93,665**		**91,234**	

It is observed that Institutional Consumers are reduced in F.Y 2019-20 by 43.31% in comparison to projected figures and by 30.37% in comparison to Previous Year 2018-19. The reason for the same is not explained to Auditor. Further, since the no. of consumers grown in comparison to previous years, but in many areas the target of projections could not be achieved. As in case of Non Domestic Light & Fan & Power, Public water works, Non Industrial Bulk Power etc.

2. Connected Load Variance

The Auditor analyzed that the load variance for a comparison between projected connected load and actual connected load during the F.Y. 2019-20 and between actual connected load for F.Y 2019-20 and actual connected load for F.Y. 2018-19 as follows. It is observed that Tariff order do not contain any approved Connected load.

Sl.	Category	Actual F.Y. 2019-20 MW	Projected F.Y 2019-20 MW	Variance (Acutal v/s Projected) MW	Actual F.Y. 2018-19 MW	% Variance (Acutal 19-20 v/s Actual 18-19) MW
1	LMV-1: Domestic Light, Fan & Power	401.81	385.96	4.11%	355.18	13.13%
2	LMV-2: Non Domestic Light & Fan & Power	26.55	27.51	-3.51%	24.12	10.05%
3	LMV-3: Public Lamps	10.59	8.54	24.02%	10.41	1.74%
4	LMV-4: Institutions	6.66	6.46	3.08%	6.61	0.74%
5	LMV-5: Private Tube Wells	5.83	5.23	11.45%	5.65	3.17%
6	LMV 6: Small and Medium Power	72.22	106.23	-32.02%	66.82	8.08%
7	LMV-7: Public Water Works	7.80	12.48	-37.51%	7.36	5.96%
8	LMV-8: STW and Pumped Canals	0.12	0.14	-12.14%	0.00	100.00%
9	LMV-9: Temporary Supply	22.06	33.48	-34.11%	22.22	-0.72%
10	HV-1: Non Industrial Bulk Power	118.76	136.56	-13.04%	99.86	18.93%
11	HV-2: Large and Heavy Power	400.47	329.98	21.36%	336.38	19.05%
	Total	**1,072.87**	**1,052.57**	**1.93%**	**934.61**	**14.79%**

The growth is observed in the connected load in comparision to previous year by 14.79%, but the connected growth could not be aceived with projected figures. In case of LMV 6: Small and Medium Power, LMV-7: Public Water Works, LMV-8: STW and Pumped Canals, LMV-9: Temporary Supply, HV-1: Non-Industrial Bulk Power the actual growth is below projections by 32.02%, 37.51%, 12.14%, 34.11%, 13.04% respectively.

3. **Energy Sales Variance (MU)**

The Auditor analyzed that the Energy Sales (MU) variance for a comparison between projected Energy Sales (MU) and actual Energy Sales (MU) during the F.Y. 2019-20 and between actual Energy Sales (MU) for F.Y 2019-20 and actual Energy Sales (MU) for F.Y. 2018-19 as follows.

Sl.	Category	Actual Energy Sales FY 2019-20 MU	Projected Energy Sales F.Y 2019-20 MU	% Variance (Actual v/s Projected)	Actual Energy Sales FY 2018-19 MU	% Variance (Actual 19-20 v/s Actual 18-19)
1	LMV-1: Domestic Light, Fan & Power	586.39	510.43	14.88%	452.00	29.73%
2	LMV-2: Non-Domestic Light & Fan & Power	37.61	42.86	-12.25%	34.00	10.62%
3	LMV-3: Public Lamps	33.13	37.38	-11.36%	36.00	-7.96%
4	LMV-4: Institutions	14.91	24.16	-38.28%	14.00	6.53%
5	LMV-5: Private Tube Wells	21.73	26.69	-18.59%	26.00	-16.42%
6	LMV 6: Small and Medium Power	87.41	88.04	-0.71%	81.00	7.92%
7	LMV-7: Public Water Works	20.54	23.16	-11.34%	19.00	8.08%
8	LMV-8: STW and Pumped Canals	0.11	0.60	-80.84%	-	100.00%
9	LMV-9: Temporary Supply	45.69	60.44	-24.41%	49.00	-6.76%
10	HV-1: Non Industrial Bulk Power	242.80	259.79	-6.54%	218.00	11.38%
11	HV-2: Large and Heavy Power	990.32	1,035.31	-4.35%	921.00	7.53%
	Total	**2,080.65**	**2,108.87**	**-1.34%**	**1850.00**	**12.47%**

4. Revenue Variance (Rs. Crores)

The Auditor analyzed that the Revenue Variance for a comparison between approved Revenue and actual Revenue for F.Y. 2019-20 and between actual Revenue for F.Y 2019-20 and actual Revenue for F.Y. 2018-19 as follows.

Sl. N	Category	Actual 2019-20 Rs. Cr.	Approved 2019-20 Rs. Cr.	% Variance Actual V/s Approved	Actual 2018-19 Rs. Cr.	% Variance Actual 2019-20 V/s Actual 2018-19
1	LMV-1: Domestic Light, Fan & Power	370.99	328.85	12.81%	271.20	36.79%
2	LMV-2: Non Domestic Light & Fan & Power	40.50	45.93	-11.82%	36.47	11.06%
3	LMV-3: Public Lamps	28.63	32.25	-11.21%	29.05	-1.43%
4	LMV-4: Institutions	12.62	20.95	-39.76%	12.08	4.49%
5	LMV-5: Private Tube Wells	3.94	3.93	0.11%	4.05	-2.77%
6	LMV 6: Small and Medium Power	87.57	90.64	-3.39%	79.40	10.29%
7	LMV-7: Public Water Works	22.33	23.63	-5.50%	19.75	13.06%
8	LMV-8: STW and Pumped Canals	0.22	0.54	-58.91%	0.46	-51.82%
9	LMV-9: Temporary Supply	54.82	66.22	-17.21%	56.27	-2.57%
10	HV-1: Non Industrial Bulk Power	248.88	263.50	-5.55%	215.31	15.59%
11	HV-2: Large and Heavy Power	779.45	777.21	0.29%	683.34	14.06%
12	**Subtotal**	**1,649.96**	**1,653.67**	**-0.22%**	**1407.38**	17.24%
13	Regulatory Surcharge	48.91	39.16	24.90%	83.11	-41.15%
14	**Total**	**1,698.87**	**1,692.83**	**0.36%**	**1490.49**	13.98%

Although the overall Revenue in FY 2019-20 is increased in comparison to Revenue in FY 2018-19 by 13.98% but in case of LMV-3: Public Lamps, LMV-5: Private Tube

Wells and LMV-8: STW and Pumped Canals Revenue is reduced by 1.43%, 2.77% and 51.82% respectively. In F.Y 19-20 the NPCL could not achieved the projected figures of Revenue in most of category of customers as evident above.

5. **Average Realization Variance (Rs./kWh)**

The Auditor analyzed that the Average Realization Variance for a comparison between approved Average Realization and actual Average Realization for F.Y. 2019-20 and between actual Average Realization for F.Y 2019-20 and actual Average Realization for F.Y. 2018-19 as follows.

Sl. N	Category	Actual FY 2019-20	Approved FY 2019-20	% Variance	Actual FY 2018-19	% Variance
1	LMV-1: Domestic Light, Fan & Power	6.33	6.44	-1.80%	6.00	5.44%
2	LMV-2: Non Domestic Light & Fan & Power	10.77	10.72	0.49%	10.67	0.93%
3	LMV-3: Public Lamps	8.64	8.63	0.17%	8.15	6.03%
4	LMV-4: Institutions	8.46	8.67	-2.41%	8.58	-1.36%
5	LMV-5: Private Tube Wells	1.81	1.47	22.98%	1.57	15.42%
6	LMV 6: Small and Medium Power	10.02	10.30	-2.70%	9.80	2.23%
7	LMV-7: Public Water Works	10.87	10.20	6.58%	10.29	5.67%
8	LMV-8: STW and Pumped Canals	19.33	9.01	114.49%	9.88	95.66%
9	LMV-9: Temporary Supply	12.00	10.96	9.52%	11.48	4.52%
10	HV-1: Non Industrial Bulk Power	10.25	10.14	1.06%	9.89	3.64%
11	HV-2: Large and Heavy Power	7.87	7.51	4.84%	7.42	6.07%
	Total	**7.93**	**7.84**	**1.13%**	**7.61**	**4.20%**

6. **Power Purchase**

(i) **Long Term Power Purchase-** During F.Y. 2019-20 the NPCL has purchased Long Term Power **1373.20 MU (**1048.36 MU at NPCL Periphery after Transmission Losses) wholly from its Group NPCL M/s Dhariwal Infrastructure Limited. It is observed that the approved rates for the purchase of power from M/s Dhariwal Infrastructure Limited is Rs. 3.99 per kWh (approved vide tariff order dated 3rd September 2019). However the Vendor is raising the bill at the higher rates of Rs. 4.98 per kWh. As per explanation provided by the NPCL M/s Dhariwal Infrastructure Limited has filed the petition for the revision of rate. However the NPCL is paying to DIL at approved rates only. It is pertinent to note that in the books of accounts of NPCL such Long Term Power Purchased is booked at the higher rate. It is further observed that the NPCL has claimed Rs. 100.20 Crores as Arrears of change in law & Additional coal from FY 16-17 to 19-20 payable to M/s Dhariwal Infraustructure Limited, which is duly approved vide Orders dated 19th Mar, 2020, 6th May, 2020 and 29th May, 2020 in DIL's Petitions. The copy of such orders and DIL's Petitions were not made available for verification, but it is explained that the same is within the preview of UPERC.

(ii) **Medium Term-** During F.Y. 2019-20 the NPCL has purchased Medium Term Power **704.30 MU (653.05 MU** at NPCL Bus) wholly from SKS Power Generation (Chhattisgrah) Limited through M/s PTC India Limited. It is explained and made evident that Power Purchase Agreement dated 06.08.2018 with M/s PTC India Ltd., being sourced from generator M/s SKS Power Generation Chhattisgarh Ltd. (M/s SKS), for supply of 100 MW Contracted Capacity from 01.12.2018 to 31.03.2020. It is observed that during FY 2019-20 NPCL has booked the Transmission charges and reimbursement of electricity duty, taxes etc. amounting to Rs. 19.96 Cr payable to M/s SKS Power Generation (Chhattisgrah) Limited. As per explanation provided to Auditor that M/s SKS has filed a Petition before CERC for allowance of these claim which is pending to be decided. However the NPCL has accounted such higher claims raised by M/s SKS in power purchase cost for FY 2019-20.

(iii) **Power Purchase from Traders (Short-Term)-** It is observed that there is no specific approval available for Power procured from all the parties in Short Term segment. While going through the True-up Oder of F.Y. 2018-19 passed by UPERC on 4th December 2020, it is observed that UPERC has specifically disallowed excess and unapproved short-term power purchased and banked in FY 2018-19 and NPCL were directed to take prior approval of UPERC for short-term procurement (other than from exchanges) and for banking of power in future. It is observed that during FY 2019-20, the NPCL had purchased 356.84 MU out of which 205.14 MU were purchased from IEX. Balance of

151.7 MU were purchased from Traders other than through exchange out of which 151.70 MU were purchased in Contingency.

It is observed that the purchase rate is within the rate approved vide Tariff Order dated 03.09.19 for F.Y 2019-20 which is Rs. 5.32 per kWh. The Auditor verified the same with the detailed data presented by NPCL for our verification and found that the overall rate for short term power procurement during FY 2019-20 was Rs. 4.43 per kWh at NPCL-Bus i.e. including transmission charges & losses. While enquiring about the variance of Short Term Quantity purchased of 356.84 MU as against the Approved quantity of 228.21 MU, it is explained to Auditor that the short term energy is purchased to meet sudden increase in demand during plant outages, transmission constraints etc.

(iv) **Power Purchase from Renewable Energy-** It is observed that in F.Y. 2019 the NPCL has purchased the Renewal Energy from venders as follows:-

1. Solar Power (GNIDA)
2. Solar Power (Captive)
3. Solar Power (APPCPL)
4. Solar Power (Net Metering)
5. Wind Power (PTC)

There is no specific approval available for Power procured from all the parties in RE segment except for the power purchased from GNIDA, PTC (Solar & Wind). It is further explained that the purchase rate is within the rate approved vide Tariff Order dated 03.09.19 for F.Y 2019-20. It is observed that NPCL has claimed 2.07% and 1.13% as Inter State Transmission Loss for APPCPL (Non-Solar), MPPL (Non-Solar) respectively. In this regard NPCL explained that the waiver in inter-state transmission charges & losses are available in case of long-term power procurement from solar and wind sources only. Thus inter-state transmission charges and losses on the renewable power generated through **solar** and **wind** sources of energy only is exempt, while Inter-state transmission charges and losses is still applicable on non-solar energy generation through all other sources. Accordingly, the Company has not claimed any transmission charges or losses with respect to **Solar** and **Wind** power procured during FY 2019-20.

(v) **Banking of Power-** It is observed NPCL has Banked-in (Net) Power, the Energy cost of which is Rs. 74.71 Crore and added to the Cost of Purchase of Energy. Further NPCL has incurred Rs. 5.68 Crores of Transmission Charges (PGIL), Rs. 3.68 Crores of Transmission

Charges (UPPTCL) Totaling Rs. 9.36 Crores and added to cost of Purchase in the F.Y 2019-20 under Banking-In Facility arrangement. The same is verified by the Auditor with the audit financial statements of NPCL for the F.Y 2019-20.

As per explanation provided to Auditor no approval is required for Power Banking transactions. The said statement of NPCL were analyzed and further scrutinized by Auditor in light of True-up Oder of F.Y. 2018-19 passed by UPERC on 4th December 2020. The Auditor observed that UPERC has specifically disallowed excess and unapproved short-term power purchased and banked in FY 2018-19 and NPCL were directed to take prior approval of UPERC for short-term procurement (other than from exchanges) and for banking of power in future. Further, the UPERC has approved and allowed banking of power purchase for FY 2017-18 only, that too without transmission charges.

(vi) Total Power Purchase: The Auditor verified source wise (Long Term, Medium Term, Short Term, Banking etc) Power Purchase Quantum (MU) and cost (Rs. Crore and Rs.kWh) and analyzed the comparison of Power Purchase Quantum and Cost between approved vide Tariff Order dated 03rd September, 2019 and actual audited figures of F.Y. 2019-20 as follows:

	Item		Approved			Actual			Variance		
	Retail Sales (MU's)		2108.87			2080.65			-28.22		
	Losses		8.00%			8.23%			0.23%		
	Power Purchase (MU's)		2292.25			2267.28			-24.97		
S. No	**Source of Power Purchase**	**Purchase Party**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**
			a	**b=c/a**	**c**	**a**	**b=c/a**	**c**	**a**	**b=c/a**	**c**
1	Power Purchase from L.T	Dhariwal Infraustructure Limited	**1,177.68**	3.99	470.33	**1,048.36**	4.98	522.47	-129.32	-4.03	52.14
	Arrears for Addl. Coal & Change in Law				-			100.2	-		100.2
2	Power Purchase from M.T	PTC India Limited	746.64	3.6	268.52	653.05	3.94	257.11	-93.59	1.22	-11.41
3	Power Purchase from Traders (ST)	Arunachal Power	228.21	4.67	106.52	356.84	3.91	139.61	128.63	2.57	33.09

	Item		Approved			Actual			Variance		
	Retail Sales (MU's)		2108.87			2080.65			-28.22		
	Losses		8.00%			8.23%			0.23%		
	Power Purchase (MU's)		2292.25			2267.28			-24.97		
S. No	**Source of Power Purchase**	**Purchase Party**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**
			a	**b=c/a**	**c**	**a**	**b=c/a**	**c**	**a**	**b=c/a**	**c**
		Corporation (P) Ltd. (APPCPL)									
		Shree Cements Ltd									
		Kreate Energy Ltd									
		Arunachal Power Corporation (P) Ltd.(Hydro)									
		Power Purchase from Exchange									
4	Power Purchase from RE	Solar Power (GNIDA)	139.72	4.81	67.17	95.02	5.13	48.76	-44.7	4.12	-18.4
		Solar Power (Captive)									
		Solar Power (APPCPL)									
		Solar Power (Net Metering)									
		Wind Power (PTC)									
5	Banking Return	Non-Hydro (Return of Banked Power)	-	-	-	163.02	4.63	75.45	163.02	4.63	75.45
		Hydro (Return of	-	-	-						

	Item		Approved			Actual			Variance		
	Retail Sales (MU's)		2108.87			2080.65			-28.22		
	Losses		8.00%			8.23%			0.23%		
	Power Purchase (MU's)		2292.25			2267.28			-24.97		
S. No	**Source of Power Purchase**	**Purchase Party**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**	**MU**	**Rs. /kWh**	**Amount Rs. Cr.**
			a	**b=c/a**	**c**	**a**	**b=c/a**	**c**	**a**	**b=c/a**	**c**
		Banked Power)									
		Non-Hydro ((Banked for Drawal in FY 21)	-	-	-						
6	Sale of off-peak surplus power		-	-	-	-51.49	2.17	-11.18	-51.49	2.17	-11.18
7	DSM		-		-	2.46		11.89	2.46		11.89
	Total		**2,292.25**	**3.98**	**912.53**	**2,267.28**	**5.05**	**1,144.30**	**-24.97**		**231.77**

7. **Audit of Capex**
   i) **Capital Expenditure (Capex)-** It is observed that NPCL has incurred CAPEX by Rs. 13.96 Crore more than approved total Capex of Rs. 194.71 Crore i.e. exceeding by 7.17%. The main reason of additional CAPEX is capitalization of Leasehold Land
   ii) **Land (Leasehold and Freehold)-** During the course of audit it is observed that NPCL has total 58 Nos of Land (53 Leasehold and 5 Freehold) which are meant for various projects. As per explanation provided to Auditor and verified by Auditor, it is observed that the policy of the NPCL is to capitalize the Leasehold and Freehold Land as and when the same is purchased / acquired. It is further observed that there are 16 Leasehold hands which are lying vacant and on which no project has been implemented/started. The list of the same are as follows:

Sr No	Asset No.	Leasehold Land Description	Quantity	F.Y.	Amount Capitalised
1.	10000010	cost of land for electric sub/stn at eta-i, gr noi	2423.74	-	56,93,323
2.	10000012	cost of land for electric sub/stn at pi-i, gr 3noid	1500	-	24,09,420
3.	10000014	land for electric sub/stn at phi-ii/iii, gr no	837	-	20,86,671
4.	10000020	cost of land for electric sub/stn at bzp, gr noida	2487.5	-	50,21,994

Sr No	Asset No.	Leasehold Land Description	Quantity	F.Y.	Amount Capitalised
5.	10000040	land at plot no. power plant, ecotech-16 (jaun	109000	-	16,97,20,283
6.	10000041	land at plot no. ess-i, kp-5	37281.17	-	23,72,39,565
7.	10000042	220 kv s.stn - bzp area	16806.76	-	10,92,64,246
8.	10000048	land at plot no. ess, omicron - 1a	3616.74	-	4,44,56,631
9.	10000056	Plot No 33/11 KV ESS, Sector-10	2400	-	2,67,75,050
10.	10000057	Plot No 33/11 KV ESS, Sector Ecotech-11	3000	-	3,51,92,439
11.	10000058	Land for ESS, Sector Ecotech-1, Extension-1	3000	FY 2019-20	3,48,20,800
12.	10000059	Land for ESS, Sector 16B	1500	FY 2019-20	1,74,23,901
13.	10000060	Land for ESS, Sector Ecotech-III (Phase-1)	2400	FY 2019-20	2,78,62,030
14.	10000061	Land for ESS, Sector Ecotech-III (Phase-2)	2400	FY 2019-20	2,89,47,530
15.	10000062	Land for ESS, Sector Techzone (IT City)	10004	FY 2019-20	11,60,52,809
16.	10000063	Land for ESS, Sector Techzone 2 Greater Noida	3000	FY 2019-20	3,48,20,800

Out of the above 16 vacant lands, 6 vacant Lands (Sr. No 11 to 16 above) were procured in F.Y. 2019-20 for which total amount capitalized is Rs. 25,99,27,870/-. Further, 10 Lands (Sr. No 1 to 10 above) which are lying vacant till date, were acquired and capitalized before F.Y 2019-20. The total amount so capitalized prior to F.Y 2019-20 was Rs. 63,78,59,622/-.

Since, out of total no of 58 Lands, 16 Lands were found vacant, the Auditor perform extended audit procedure for the physical verification of remaining 42 Land for the end use of the same for the purpose of verification of capitalization of assets. The Auditor observed that in the said 42 Nos. of Lands following projects were implemented by NPCL:-

S N	Land No.	Land Category	Asset Description	Name of Project	Year of Commissioning of Project
1.	10000001	Leasehold	Leasehold Land (Alpha-I)	33/11 KV Substation & CGRF Office	Before FY 10-11
2.	10000002	Leasehold	Leasehold Land (Udhyog Kendra)	33/11 KV Substation	Before FY 10-11
3.	10000003	Leasehold	Land For Epip Sub/Stn	33/11 KV Substation	Before FY 10-11

S N	Land No.	Land Category	Asset Description	Name of Project	Year of Commissioning of Project
4.	10000004	Leasehold	Leasehold Land Delta Substation	33/11 KV Substation	Before FY 10-11
5.	10000005	Leasehold	Land For 33/11Kv Electric Sub/Stn At Builder Area	33/11 KV Substation & Call Centre	Before FY 10-11
6.	10000006	Leasehold	Land For 33/11Kv Electric Sub/Stn At Sector-37	33/11 KV Substation & Meter Testing Lab	Before FY 10-11
7.	10000007	Leasehold	Land For Knowledge Park-Ii G.Noida	33/11 KV Substation & LCC Office	Before FY 10-11
8.	10000008	Leasehold	Land For Knowledge Park-Iii G.Noida	33/11 KV Substation & Division Office	Before FY 10-11
9.	10000022	Leasehold	Land At Site B For 33/11Kv Sub/Stn	33/11 KV Substation	Before FY 10-11
10	10000023	Leasehold	Leasehold Land (Surajpur South Substation)	33/11 KV Substation & Store	Before FY 10-11
11	10000024	Leasehold	Leasehold Land (Girdharpur)	33/11 KV Substation	Before FY 10-11
12	10000025	Freehold	Land At Village Hatewa (Near Bilaspur) For 33/11	33/11 KV Substation	FY 11-12
13	10000026	Freehold	Land At Jalpura, Greater Noida For 33/11Kv	33/11 KV Substation	FY 11-12
14	10000027	Freehold	Land At Village Lakhnawali For 33/11 Kv Substation	33/11 KV Substation	FY 11-12
15	10000021	Leasehold	Land For Electric Sub/Stn At R C Green, Gr	220/132/33kV Substation	FY 12-13
16	10000028	Freehold	Land At Village Kheri (Sunpura) For 33/11 Kv Substation	33/11 KV Substation	FY 12-13
17	10000044	Freehold	33/11Kv Electric Sub/Stn At Kheri (Sunpura)	33/11 KV Substation	FY 12-13
18	10000011	Leasehold	Land For Electric Sub/Stn At Ecotech-II, G	33KV Switching/GIS Sub Station & Transformer Repair Workshop & office	FY 13-14
19	10000013	Leasehold	Land For Electric Sub/Stn At Chi-Iv, Gr No	33KV Switching/GIS Sub Station / Division Office	FY 13-14
20	10000017	Leasehold	Land For Electric Sub/Stn At Sigma-IV, Gr	33/11 KV Substation	FY 13-14
21	10000009	Leasehold	Land For Electric Sub/Stn At Xu-I, Gr Noid	33KV Switching/GIS Sub Station	FY 14-15
22	10000015	Leasehold	Land For Electric Sub/Stn At Gharbara, Gr	220/33 kV Sub Station	FY 14-15

S N	Land No.	Land Category	Asset Description	Name of Project	Year of Commissioning of Project
23	10000019	Leasehold	Land For Electric Sub/Stn At Pi-Ii (Birondi)	33KV Switching/GIS Sub Station	FY 14-15
24	10000035	Leasehold	Land At Plot No. Ess-2, Sector-Kp-V	33/11 KV Substation	FY 14-15
25	10000036	Leasehold	Land At Plot No. Ess-10, Sector-Kp-V	33KV Switching/GIS Sub Station	FY 14-15
26	10000018	Leasehold	Cost Of Land For Electric Sub/Stn At Zeta-I, Gr No	33/11 KV Substation	FY 15-16
27	10000029	Leasehold	Land At Industrial Area Surajpur Site-C Housing	33/11 KV Substation & Store	FY 15-16
28	10000037	Leasehold	Land At Plot No.-Ess, Ecotech-6	33KV Switching/GIS Sub Station	FY 15-16
29	10000043	Leasehold	33/11 K.V S.Stn Omicron-3	33/11 KV Substation	FY 15-16
30	10000050	Leasehold	Land At Plot No. Ess, Ecotech – 15	33/11 KV Substation	FY 15-16
31	10000051	Leasehold	Land At Plot No. Ess, Techzone – IV	33/11 KV Substation	FY 15-16
32	10000038	Leasehold	Land At Plot No. 37/A, Kp-I	11/0.433KV S/S and Customer Care Centre	FY 16-17
33	10000049	Leasehold	Land At Plot No. Ess, Sector - 16	33/11 KV GIS Sub Station	FY 16-17
34	10000039	Leasehold	Land At Plot No. Ess, Kp-Iv	11/0.433KV S/S, Control Centre and Office	FY 16-17
35	10000053	Leasehold	Land For Electric Sub/Stn At Kp-Iv	11/0.433KV S/S, Control Centre and Office	FY 16-17
36	10000054	Leasehold	Land For 33/11 Kv Elec Subtation Sector-2, G.Noida	33/11 KV Substation	FY 16-17
37	10000055	Leasehold	Land For 33/11 Kv Elec Subtation Sector-3, G.Noida	33/11 KV Substation	FY 16-17
38	10000045	Leasehold	Land For 33/11Kv Electric Sub/Stn At Delta-III	33KV Switching Station	FY 18-19
39	10000047	Leasehold	Land At Plot No. Ess, Sector-Xu-III	33/11 KV Substation	FY 19-20
40	10000052	Leasehold	Land At Plot No. Ess, Beta – II	33/11 KV GIS Sub Station	FY 19-20
41	10000034	Leasehold	Land At Plot No. Ess-6, Sector-Kp-V	33/11 KV Substation	FY 19-20
42	10000016	Leasehold	Land For Electric Sub/Stn At Omega-II, Gr	33KV Switching Station	FY 20-21

For physical verification of the above 42 Lands the Auditor took technical assistance from Google MAP and Google Earth. Through Google Map/Earth the Auditor could indentify only 22 Lands on which projects are implemented. Since the remaining 20 Nos. of Lands could not be captured through Google Map/Earth, the Auditor performed the extended audit procedure and physically verified the end usage of the same. Thus, the Auditor performed the physical verification of 13 Lands (out of remaining 20 Nos of Lands) and found that on all of the 13 Lands Projects are implemented and capitalized. However in below 3 cases Auditor observed as follows:-

1. The Auditor observed that Land No 10000016, Land For Electric Sub/Stn At Omega-II, Gr was purchased and Capitalized in F.Y 2009-10. However, 33KV Switching Station were commissioned on such Land in F.Y 2020-21, i.e. after the period under consideration for True-up. The cost of land capitalized by NPCL in F.Y 2009-10 was Rs. 35,29,670/- and total Depreciation Charged by NPCL on the Land till F.Y 2019-20 is Rs. 4,07,795/-. The same was not disclosed by NPCL in any of the reply yet.
2. The Auditor observed that Land No 10000021 Land For Electric Sub/Stn At R C Green, is having dispute as the possession of the same is not handed over to the NPCL. UPPTCL has constructed 220/132/33kV Substation on the land, but has not handed over the substation. The power received at the substation is being utilized by NPCL. The cost of land capitalized by NPCL was Rs. 14,99,35,920/- and total Depreciation Charged by NPCL on the Land till F.Y 2019-20 is Rs. 1,72,29,134/-. Further the cost of Project implemented on the land and Capitalized in F.Y 2012-13 could not be calculated, as the Project wise cost of Fixed Assets is not provided in Fixed Assets Register.
3. Auditor observed that on Land No 10000015 Land For Electric Sub / Stn at Gharbara, the substation is Commissioned by GNIDA and constructed by Jyoti Constructions. However the work could not be completed by Jyoti Construction and thus NPCL took over and performed the remaining work. However the regular power distribution could not be started and the land could not be effectively used. Plant (Substation) is not put to use till date. The matter is under consideration with UPERC on the basis that the station (220/33 KV) is of the capacity of more then 132 KV. The cost of land capitalized by NPCL

was Rs. 8,20,03,420/- and total Depreciation Charged by NPCL on the Land till F.Y 2019-20 is Rs. 94,15,715/-. Further the cost of Project implemented on the land and Capitalized in F.Y 2014-15 could not be calculated, as the Project wise cost of Fixed Assets is not provided in Fixed Assets Register.

iii) **Depreciation on Vacant Leasehold Land:** It is observed that the NPCL has charged the depreciation on the 16 vacant land which are not put to use yet, as follows:-

Asset No.	Asset description	Accumulated Depreciation (Opening) (Rs.)	Depreciation for the year 2019-20 (Rs.)	Accumulated Depreciation (Closing) Rs.
10000010	Cost of land for electric sub/stn at eta-i, gr noi	6,45,028	63,259	7,08,287
10000012	Cost of land for electric sub/stn at pi-i, gr noid	2,88,451	26,771	3,15,222
10000014	Land for electric sub/stn at phi-ii/iii, gr no	2,03,413	23,185	2,26,599
10000020	Cost of land for electric sub/stn at bzp, gr noida	6,03,581	55,800	6,59,381
10000040	Land at plot no. Power plant, ecotech-16 (jaun	99,09,391	18,85,781	1,17,95,172
10000041	Land at plot no. Ess-i, kp-5	1,29,99,951	26,35,995	1,56,35,946
10000042	220 kv s.stn - bzp area	50,35,801	12,14,047	62,49,848
10000048	Land at plot no. Ess, omicron - 1a	15,76,361	4,93,963	20,70,324
10000056	Plot no 33/11 kv ess, sector-10	37,493	2,97,501	3,34,994
10000057	Plot no 33/11 kv ess, sector ecotech-11	49,280	3,91,027	4,40,307
10000058	Land for ess, sector ecotech-1, extension-1	-	73,997	73,997
10000059	Land for ess, sector 16b	-	37,027	37,027
10000060	Land for ess, sector ecotech-iii (phase-1)	-	59,209	59,209
10000061	Land for ess, sector ecotech-iii (phase-2)	-	61,516	61,516
10000062	Land for ess, sector techzone (it city)	-	2,46,621	2,46,621
10000063	Land for ess, sector techzone 2 greater noida	-	73,997	73,997
	Total	**3,13,48,752**	**76,39,696**	**3,89,88,488**

iv) **Capex Of Vehicles purchased in FY 2019-20-** It is observed that during the FY 2019-20 the NPCL has purchased 18 New Vehicles. The following are the details of Vehicles purchased amounting to Rs. 1.92 Crores for 18 vehicles in FY 2019-20:-

Year	Asset No.	Regn. No.	Make & Model	Year of Manufacture	Amount in Rs. Cr.
2019-20	30000108-118	UP16CM4590 - 98 (9 nos.), UP16CM4602, UP16CM6081	Mahindra Bolero Power+SLE, **11 nos.** @ Rs. 8.15 Lacs each	2020	0.90
2019-20	30000101	UP16CJ2179	Maruti Suzuki, Xl6	2019	0.11
2019-20	30000102	UP16CJ8534	Honda Civic 1.8	2019	0.22
2019-20	30000103	UP16CJ2155	MG Hector DE 2.0	2019	0.18
2019-20	30000104	UP16CJ8222	Tata Hexa XM+	2019	0.14
2019-20	30000105	UP16CK6928	Hyundai Verna 1.6 VTVT	2019	0.11
2019-20	30000106	UP16CL6730	Kia Seltos G1.5	2019	0.11
2019-20	30000107	UP16CL6777	Kia Seltos D1.5	2019	0.15

During the course of audit it is observe that the NPCL had the fleet of 46 Vehicles at the beginning of the F.Y 2019-20. Out of which 20 Vehicles are of Luxury Car segment (Cost above Rs. 10 Lac) whose Gross Purchase price was Rs. 3.43 Crores. It is further observed that in FY 2019-20 out of 18 New vehicles purchased (as above) 7 vehicles are of Luxury Segments (More than 10 Lacs) amounting to Rs. 1.02 Crores. Since the NPCL already has 25 Luxury Vehicles in its Fleet, the allowability for CAPEX amounting to Rs. 1.02 Crores for purchase of 7 New Luxury Vehicles may be decided on the basis of merit. On above 7 vehicle purchased during FY 2019-20, NPCL has charged depreciation amounting to Rs. 13,52,558/- charged by NPCL in its books of accounts.

v) **Capital Expenditure greater than Rs. 10 Crore-** As per the information and guidelines provided by UPERC, for capital expenditure greater than INR 10 Crore, the Distribution Licensee shall seek prior approval of the Commission. Thus during the course of audit we enquired about the same. In response to our query the Auditor has been provided the Fixed Assets Register which contains the details and cost of each and every line items of Fixed Assets capitalized by NPCL. However the Auditor has not been provided any information that whether NPCL has made any capital expenditure in any project having the total capitalization cost of Rs. 10 Crore or not. Since the assets in Fixed Assets register are bifurcated line item wise, Auditor was unable to co-related the same with specific project, and thus unable to comment upon the same. No explanation has been provided for the over expenditure of Capex required for expansion/ new connection/network growth by NPCL by Rs. 57.15 Crore as against the approved CAPEX of Rs. 135.08 Crore.

vi) **Details of Capex incurred in 220 kV / 132 kV and Above-** On the basis of information and explanation provided by the management of NPCL, and It is observe that NPCL has not incurred any Capital Expenditure on any project of 132kV and above in F.Y. 2019-20. However in the following 2 cases NPCL has commissioned and capitalized the project of more than 132kV:-

1. Land No 10000021 Land For Electric Sub/Stn At R C Green, on which 220/132/33kV Substation were Capitalized in F.Y 2012-13. The cost of land capitalized by NPCL was Rs. 14,99,35,920/- and total Depreciation Charged by NPCL on the Land till F.Y 2019-20 is Rs. 1,72,29,134/-. Further the cost of Project implemented on the land and Capitalized in F.Y 2012-13 could not be calculated, as the Project wise cost of Fixed Assets is not provided in Fixed Assets Register.
2. Land No 10000015 Land For Electric Sub/Stn at Gharbara, on which the substation of 220/33 KV is Commissioned and Capitalized in F.Y 2014-15. The cost of land capitalized by NPCL was Rs. 8,20,03,420/- and total Depreciation Charged by NPCL on the Land till F.Y 2019-20 is Rs. 94,15,715/-. Further the cost of Project commissioned and Capitalized in F.Y 2014-15 could not be calculated, as the Project wise cost of Fixed Assets is not provided in Fixed Assets Register.

vii) **Audit of O & M-** Operation and Maintenance (O&M) expenses comprises of Employee related costs, Administrative and General (A&G) Expenses, and Repair and Maintenance (R&M) expenditure. The Auditor analyzed the Operation and Maintenance Expenses F.Y 2019-20 with O&M Expenses of F.Y. 2018-19.

O&M Expenses	Actual 2018-19 (Rs. In Cr.)	Actual 2019-20 (Rs. In Cr.)	Variance (Rs. In Cr.)	% Variance
EMPLOYEE COST				
Salaries, Wages and Bonus	44.45	51.86	7.41	16.67%
Contribution to provident fund and other funds	2.43	2.82	0.39	16.06%

O&M Expenses	Actual 2018-19 (Rs. In Cr.)	Actual 2019-20 (Rs. In Cr.)	Variance (Rs. In Cr.)	% Variance
Staff welfare expenses	1.94	2.19	0.25	12.89%
Less : Expenses Capitalised	-8.99	-10.32	-1.33	14.75%
OTHER EXPENSES	79.20	113.51	34.30	43.31%
TOTAL	**119.02**	**160.05**	**41.03**	**34.47%**
Less :				
Bad Debts written off	-5.90	-8.56	-2.67	45.25%
Provision for Bad Debts	-8.06	-8.20	-0.14	1.72%
Loss on retirement of Fixed Assets	-0.74	-1.82	-1.08	147.53%
GST Impact	-3.56	-4.01	-0.46	12.82%
Loss on fair valuation of invetments (not considered for ARR Determination)	-0.02	-0.09	-0.07	433.60%
CSR Expenses	-3.97	-26.56	-22.59	569.48%
NET TOTAL	**96.78**	**110.81**	**14.02**	**14.48%**

viii) **Employee Expense-** It is observed that there is huge gap between the amount approved by the UPERC and the actual expenses with respect to Employee Expenses. The Actual Employee cost is 63.16% more than approved employee cost of 34.85 Crores. UPERC has approved the O & M expenses on normative basis in accordance with the Regulations-25 of MYT Regulations, 2014.

ix) **Repair and Maintenance Exp-** It is observed that in F.Y 2019-20, the Actual Repair & Maintenance Expenses are exceeding by Rs. 1.24 Crores than approved R&M Expenses contributing 2.53% of the approved expense.

x) **Administrative and General Expenses-** It is observed that in F.Y 2019-20, the Actual Administrative and General Expenses are less than the approved A&G Expenses by Rs. 1.65 Crores equivalent to 10.58% of the approved expense.

xi) **Audit of Financial Accounts with Special Emphasis to ARR-**

xii) **Bad Debts written off-** It is observed that as per Audited Financial Statements for the FY 2019-20, NPCL has written off Bad Debts amounting to Rs. 8.56 Crores whereas the approved amount of Bad Debts Written off is Rs. 5.90 Cr thereby exceeded the amount by Rs. 2.67 Crore i.e. by 45.25% of allowed expenses. Auditor has gone through the list of bad debts provided by the NPCL. The Auditor observed that total amount of Rs. 10.52 Cores comprising of amount recoverable from 1572 consumers were written off by the NPCL, whereas Rs. 1.95 Crore were written back from 631 Nos of Cosumers, thereby comprising of Net of Bad Debt Written of amounting to Rs. 8.56 Crores. It is explained to Auditor that it is the policy of company that any amount pending for recovery from cosumer at the time of Permanent Disconnection of Electricity Connection is treated as Bad Debt by Company.

xiii) **Provision of Bad Debts-** It is observed that as per Audited Financial Statements for the FY 2019-20, NPCL has made the provision for Bad Debts amounting to Rs. 8.20 Crores whereas the approved amount of Bad Debts Written off is Rs. 8.06 Cr thereby exceeded the amount by Rs. 0.14 Crore i.e. by 1.72% of allowed expenses.

xiv) **Interest On Long Term Loans, Individual And Weighted Average Rate-** It is observed that UPERC in its Tariff Order dated 3rd September, 2019 has approved the interest on term loan at Rs. 51.97 Cr., based on additional debt requirement of Rs. 86.34 Cr. for FY 2019-20. As per the explanation provided to the Auditor the normative debt is worked out by NPCL to Rs. 98.14 Cr for FY 2019-20, based on actual net capital expenditure of Rs. 208.67 Cr and consumer contribution of Rs. 24.65 Cr and stipulated debt equity of 70:30.

xv) **Income Tax Details-** As per the audited Financial Statements of NPCL total Current Tax Expenses of the company for F.Y. 2019-20 is Rs. 35.20 Crores. However, the NPCL has claimed the Total Tax Expenses of Rs. 22.21 Crores on Return of Equity of Rs. 65.93 Cr. It is observed that NPCL has claimed the Income Tax at the rate of 25.17% as against the approved Income Tax Rate of 34.94%. It is explained to Auditor that during FY 2019-20 on 20th September, 2020, the Central Government introduced "Taxation Laws (Amendment) Act, 2019" wherein a new Corporate Tax Rate at 25.17% including surcharge and cess has been introduced under newly inserted Section 115BAA and thus the NPCL has claimed Income Tax at the rate of 25.17% only.

3.1.5 The Commission has taken cognizance of the findings/observations of the independent auditor and the same have been considered while doing the True- Up of FY 2019-20.

4 TRUE UP OF FY 2019-20

4.1 BACKGROUND

4.1.1 NPCL have sought the final truing up of expenditure and revenue for FY 2019-20 based on actual expenditure and revenue as per audited accounts. In this section, the Commission has analysed all the elements of actual revenue and expenses for FY 2019-20 and has undertaken the truing up of expenses and revenue after prudence check of the data made available by the Petitioner.

4.1.2 The Petitioner submitted that the Commission vide its order dated 04th December, 2020 approved its petition no. 1541/2019 for True-up of FY 2018-19 and ARR for FY 2020-21, wherein it carried unjustified disallowances which are not as per the prevailing Regulations and past practices. The Petitioner submitted that aggrieved by the aforesaid order, it has filed an appeal against the above order before the Hon'ble APTEL on 25th January 2021.

4.1.3 The Petitioner submitted that pending decision of the aforesaid appeal and other appeals relating to R C Green, Gharabara sub-station etc. at APTEL, it is filing this True-up Petition without giving effect to the treatment done or methodology adopted in the Business Plan Order dated November 26, 2020 and Tariff Order dated December 04, 2020.

4.2 INDEPENDENT AUDIT FOR FY 2019-20

4.2.1 The Independent auditor has submitted the findings/observations for True-Up of FY 2019-20. The findings/observations made by the auditor have been taken into consideration while determining the True-Up of FY 2019-20.

4.3 NUMBER OF CONSUMERS AND CONNECTED LOAD

4.3.1 The Petitioner has submitted that the Commission in its Tariff Order for FY 2019-20 dated September 03, 2019 approved the No. of Consumers and Connected Load for FY 2019-20 at 93,664 and 1052.58 MW respectively, based on the submissions made by the Petitioner, while, as per Audited Accounts, the actual number of Consumers and

Connected Load are 97,682 and 1072.87 MW, respectively, as shown in the Table below:

Table 4-1: No. of consumers and connected load for FY 2019-20 as submitted by the Petitioner

Sl. No.	Category	No. of Consumers	Connected Load
1	LMV-1: Domestic Light, Fan & Power	87,479	401.81
2	LMV-2: Non-Domestic Light, Fan & Power	3,066	26.55
3	LMV-3: Public Lamps	295	10.59
4	LMV-4: Institution	470	6.66
5	LMV-5: Private Tube Wells	1,221	5.83
6	LMV 6: Small and Medium Power	3,157	72.22
7	LMV-7: Public Water Works	216	7.80
8	LMV-8: STW and Pumped Canals	10	0.12
9	LMV-9: Temporary Supply	764	22.06
10	HV-1: Non-Industrial Bulk Power	202	118.76
11	HV-2: Large and Heavy Power	802	400.47
	Total	**97,682**	**1,072.87**
	For FY 2018-19	91,234	934.60
	Growth over previous year	**7.07%**	**14.79%**

4.3.2 The Petitioner has submitted that the projection of number of consumers and connected load was based on certain assumptions regarding various factors such as forthcoming development in area, Master Plan of Greater Noida Industrial Development Authority, Central / State Govt. schemes like "Saubhagya" scheme etc., however, the actual number of consumers and connected load has varied because of variations in the aforesaid parameters.

4.4 ENERGY SALES

4.4.1 The Petitioner submitted that during FY 2019-20, it recorded unrestricted peak demand of 433 MW against which it was able to supply 429 MW power due to restrictions imposed by UPPTCL/UPSLDC on transmission of power to Greater Noida area. In effect, the Company was hindered from achieving higher sales levels it would otherwise have achieved.

4.4.2 The Petitioner submitted that at the fag-end of FY 2019-20, apart from imposition of lockdown in U P from March 22, 2020, the Central Government enforced a nation-wide complete lockdown between March 25, 2020 and May 31, 2020 and thereafter, enforced partial lockdown for many months as part of its measures to contain the spread of COVID 19. During the lockdown, several restrictions had been placed on the movement of individuals and economic activities had come to a halt barring the activities related to essential goods and services. Malls, work places (both Private & Government), industries were ordered to remain shut and advisory was issued to private sector organizations to allow their employees and officers to work from home. The above has also affected the operations of the Company significantly. The revenue and consumption mix changed all together during last week of March, 2020 as the drawl by industries has come to a standstill while that of Urban and Rural Areas increased significantly resulting into higher LT Sales and lower HT Sales.

4.4.3 The Petitioner submitted that during FY 2019-20, it recorded sales of 2,080.65 MU reflecting growth of 12.46% over FY 2018-19. Similarly, the billed revenue excluding Regulatory Surcharge has increase to Rs. 1,649.96 Cr. from Rs. 1,407.39 Cr. in FY 2018-19 recording an increase of 17.24% over last year. The actual category-wise sales for FY 2019-20 is shown in the Table below:

Table 4-2: Details of Actual Category wise sales as submitted by the Petitioner for FY 2019-20 (MU)

Sl. No.	Category	Approved in Order dated Sep 03, 2019	True Up Petition
1	LMV-1: Domestic Light, Fan & Power	510.43	586.39
2	LMV-2: Non-Domestic Light, Fan & Power	42.86	37.61
3	LMV-3: Public Lamps	37.38	33.13
4	LMV-4: Institutions	24.16	14.91

Sl. No.	Category	Approved in Order dated Sep 03, 2019	True Up Petition
5	LMV-5: Private Tube Wells	26.69	21.73
6	LMV 6: Small and Medium Power	88.04	87.41
7	LMV-7: Public Water Works	23.16	20.54
8	LMV-8: STW and Pumped Canals	0.60	0.11
9	LMV-9: Temporary Supply	60.44	45.69
10	HV-1: Non-Industrial Bulk Power	259.79	242.80
11	HV-2: Large and Heavy Power	1,035.31	990.32
	Sub Total	**2,108.87**	**2080.65**
	For FY 2018-19		**1850.07**
	Growth over previous year		**12.46%**

Commission's Analysis

4.4.4 The Commission observed that no. of consumer and connected load for LMV-1 decreasing whereas sales are increasing in this regard the Petitioner submitted that as per the directions of the Commission contained in its various orders, latest being in its Tariff Order dated 4th December 2020, the Company is converting the Unmetered connection into Metered connection thereby reducing the number of consumers & load in the said category.

4.4.5 The Commission observed that no. of consumer and connected load for LMV-3 increasing whereas sales are decreasing the Petitioner for LMV-3 has submitted, the LMV 3 category belongs to consumers of Public Lighting. Due to internal reallocation of responsibilities, GNIDA has segregated one connection for multiple sectors into multiple connection based on respective Sector In-charge. Hence, there are increase in number of consumers and connected load. Further, the use of Energy Efficient Lighting system such as LED lights and automatic on / off switches by GNIDA reducing the consumption of power.

4.4.6 The Commission observed that for LMV-4, no. of consumers is decreasing whereas connected load and sales are increasing in this regard the Petitioner submitted that the

Hon'ble Allahabad High Court vide its Order dated 22nd February 2019 appended as consider the electricity connection of Advocate Chambers under LMV I category. Accordingly, the Company has converted the connections of Advocate Chambers in Surajpur District Court previously billed under LMV 4 consumers to LMV I category. Due to the above, the number of connections in LMV-4 category has reduced, however, since the load of such consumers is generally less than 5 kW, hence, the connected load and sales has not been impacted significantly during FY 2019-20 due to conversion of electricity connections of these advocate chambers from LMV-4 category to LMV-1 category. Further, the LMV-4 category belongs to Public and Private institutions having large loads, therefore, few new connections results in large increase in load & sales. Thus, despite decrease in number of connections, the sales remains unimpacted under this category.

4.4.7 The Commission observed that for LMV-5 no. of consumers and connected Load are increasing whereas sales is decreasing, in this regard the Petitioner submitted that the licensed area of the Company includes 118 villages and a large portion of the area, almost 2/3rd, is still undeveloped. At many places, the GNIDA has acquired the land, however, sectorisation / other development has not been done. On such area, the unauthorised occupants continue agricultural activities, sometimes without even authorised connections. In order to curb T&D Losses and theft of power, the Company does regular raids/ visits in order to remove unauthorized tapings as well as assessment of theft of electricity & recovery thereof in accordance with the provisions of Electricity Supply Code and the provisions of the Electricity Act 2003. the sales so assessed and recovered against electricity theft is accounted for under the revenue column without impacting the number of authorised consumers and connected load thereof.

4.4.8 The Commission observed that the actual energy sales for FY 2019-20 is lower by 28.22 MUs than the energy sales approved for FY 2019-20 by the Commission vide Tariff Order dated September 03, 2019. The energy sales in FY 2019-20 represents a growth of 12.46 % over the energy sales in FY 2018-19. The Commission approves the actual energy sales at 2080.65 MU.

4.4.9 The category-wise energy sales approved for FY 2019-20 is shown in the Table below:

Table 4-3: Category wise Sales for FY 2019-20 as approved by the Commission (in MU)

Sl. No.	Category	Approved In T.O Dated 03.09.2019	True Up Petition	Approved upon Truing up
1	LMV-1: Domestic Light, Fan & Power	510.43	586.39	586.39
2	LMV-2: Non-Domestic Light, Fan & Power	42.86	37.61	37.61
3	LMV-3: Public Lamps	37.38	33.13	33.13
4	LMV-4: Institutions	24.16	14.91	14.91
5	LMV-5: Private Tube Wells	26.69	21.73	21.73
6	LMV 6: Small and Medium Power	88.04	87.41	87.41
7	LMV-7: Public Water Works	23.16	20.54	20.54
8	LMV-8: STW and Pumped Canals	0.60	0.11	0.11
9	LMV-9: Temporary Supply	60.44	45.69	45.69
10	HV-1: Non-Industrial Bulk Power	259.79	242.80	242.80
11	HV-2: Large and Heavy Power	1,035.31	990.32	990.32
	Sub Total	**2,108.87**	**2080.65**	**2080.65**

4.4.10 The category-wise number of consumers, connected load and energy sales approved / Trued-Up for FY 2019-20 are shown in the Table below:

Table 4-4: Category wise No. of Consumers, Connected Load & Energy Sales as approved for FY 2019-20

Sl. No.	Category	No. of consumers	Connected Load (MW)	Sales (MU)
1	LMV-1: Domestic Light, Fan & Power	87,479	401.81	586.39
2	LMV-2: Non-Domestic Light, Fan & Power	3,066	26.55	37.61
3	LMV-3: Public Lamps	295	10.59	33.13
4	LMV-4: Institutions	470	6.66	14.91

Sl. No.	Category	No. of consumers	Connected Load (MW)	Sales (MU)
5	LMV-5: Private Tube Wells	1,221	5.83	21.73
6	LMV 6: Small and Medium Power	3,157	72.22	87.41
7	LMV-7: Public Water Works	216	7.80	20.54
8	LMV-8: STW and Pumped Canals	10	0.12	0.11
9	LMV-9: Temporary Supply	764	22.06	45.69
10	HV-1: Non-Industrial Bulk Power	202	118.76	242.80
11	HV-2: Large and Heavy Power	802	400.47	990.32
	Sub Total	**97,682**	**1,072.87**	**2080.65**

4.4.11 The Commission observed that the Petitioner have overbooked Sales in the unmetered categories with respect to the norms of sales approved by the Commission for the unmetered categories vide Order dated 09th December, 2016 in suo-moto proceedings in the matter of *"Revision of consumption norms for unmetered category of consumers"*. As per this Order the consumption norms were applicable for 5 State Discoms which cover almost the whole State irrespective of regional and demographic variations and other variable parameters and as NPCL is also part of the State (NPCL) and shares boundaries with Discoms, hence can be safely estimated that the same norms can be logically applied for NPCL also. Further, for LMV-5 unmetered category the Commission had disallowed the sales in LMV-5 Category taking norm of 137.49 kWh/kW/month in True up of FY 2018-19. Further, the State Discoms had filed a review against the True-up order of FY 2018-19 vide Petition No. 1718 of 2021 for taking the norm of 137.49 kWH/kW/month for LMV-5 category, wherein the Commission vide Order dated 18.8.2021, elaborated / discussed in detail, the reasons for taking a conscious decision for considering the said norm. However, this norm has been revised to 140 kWh/kW/month for FY 2019-20 (as approved in Tariff Order dated September 03, 2019 of State Discoms) and same norm has been applied for State Discoms also in True up of FY 2019-20 for determining the excess sales booked. The Commission has computed the excess sales booked by Petitioner, based on the above discussed normative consumption norms as under:

Table 4-5: Norms for NPCL for Sales

Category	NPCL	No. of consumers	Connected load/ contracted demand (MW)	Total Energy Sales (MU)	kWh Per kW per month consumers	Norm kWh Per kW per month consumers	Sales as per Norms approved	Excess Sales booked /Sales under booked
LMV 1	Dom: Rural Schedule (unmetered)	2208.00	5.39	18.60	287.61	144	9.31	9.28
LMV 5	PTW: Rural Schedule (unmetered)	691	3.25	18.83	482.26	140	5.37	13.36
	Total							**22.65**

4.4.12 For the purpose of truing up, the Commission is not allowing the excess sales of 22.65 MUs booked under the unmetered categories and the corresponding treatment of the same has been done in the power purchase section. Accordingly, the Commission has approved the actual Sales of 2058 MU (2080.65-22.65) and billing determinants i.e. No. of consumers and connected load (kW) as actuals, for FY 2019-20.

4.5 ENERGY BALANCE AND DISTRIBUTION LOSS

4.5.1 The Petitioner has submitted that it has been striving to implement / emulate efficient, resilient, robust, inclusive, tailor-made initiatives to tackle the ever-rising menace i.e. commercial loss, which all distribution utilities are struggling hard to chain. While many initiatives tendered significant results but sometimes most worthy models failed due to the volatile environment, which are beyond the control of the distribution licensee. Some of these issues significantly giving rise to pilferage in Greater Noida area are as follows-

(a) Local Authority restraining the Petitioner from providing electricity connection in unplanned and un-authorized colonies leading to unauthorized tapping of energy. The menace has been quite high in "Doob" area of Greater Noida which is witnessing rapid build-up of colonies considering with growing urbanization and all-round development.

Greater Noida being a developing city with many vacant residential premises, has attracted unauthorized occupants in urban areas who also indulge in hooking and tapping of electricity.

(b) The Petitioner submitted that in villages and unauthorized colonies, due to lack of planned development and no authority for approving "Naksha", at many places, the electrical network is being exploited to such a level where even the electrical poles / transformers are being covered within the boundary / four wall of the houses leading to theft / pilferage. Due to widespread land acquisition in Greater Noida, allocation of certain percentage of land to farmers and development of private colonies, the above practice is quite frequent and wide spread in Greater Noida Area.

(c) The Petitioner submitted that hours of supply in rural areas has been increased i.e. from 12-16 hours to at least 18-22 Hrs in accordance with the State Government directions. In this regard, it submitted that it has been directed to provide 18 hours power supply in villages failing which action will be taken against it in accordance with the conditions of license of the Petitioner. Therefore, it had to further increase power supply in villages. However, it'll result into higher T&D losses and bad debts due to non-payment of bills.

(d) The Petitioner submitted that the Company has been striving to contain T & D loss at 8% by curtailing load in the loss prone areas but with the strict direction to increase power supply in rural areas for at-least 18 hours irrespective of high losses and non-payment of bills, the T&D Loss cannot be contained at 8% level. Further, these villagers are adding many of the electrical/electronic items such as air conditioners, large TVs, washing machines, Geyser and Room Heater etc., without paying their electricity dues. It has seriously strained the Company's efforts to contain its losses at 8%.

(e) Farmers' agitation, poor law & order situation and lack of support from police and administration which are beyond the control of the Petitioner.

(f) Not even a single power theft case has been decided on merit by Special Court since its inception in the year 2004. As on March 2020, as many as 6855 cases were lying undecided at the Special Court while 1433 FIRs were pending with the local police owing to their inaction. Further, due to such inaction of judicial / administrative bodies, as explained above, the enforcement drives conducted by the Petitioner also becomes ineffective and toothless.

4.5.2 The Petitioner submitted that the Commission is aware that the T&D losses vary widely from utility to utility and are over 20% on an average in India against 6-12% in advance countries like US, UK, Germany, France etc. Some of the utilities in India have over 30% T&D losses.

4.5.3 The Petitioner submitted that the Commission from time to time has appointed independent professional agencies for carrying out study for determination of Technical Loss in the distribution network of the Company and also the requisite Capital Expenditure for reducing the T & D losses further.

4.5.4 The Petitioner submitted that since incurring Capital Expenditure for reduction of T&D Losses would not yield prudent cost benefit, therefore to avoid the tariff burden on consumer, the Petitioner has so far not incurred any Capital Expenditure for specific purpose of reduction of T&D Loss. Further the Petitioner submitted The finding of PricewaterhouseCoopers Pvt. Ltd. in this regard is given below:

> *"The proposed investments and energy savings on account of proposed capital expenditure has discussed in details in the above sections. It has been observed that the investment in the loss reduction schemes is to the tune of Rs 193 Cr and this will results in to saving of merely Rs 13.21 Cr per year. The payback period for the proposed investments is coming out to be more than 14 years.*

It may be inferred from cost benefit analysis and impact 1% loss reduction that any investment on the existing network for further reduction of losses shall not be a viable option. Also, the proposed capital expenditure plan, at present, does not include the operation and maintenance of proposed network to be created under the capital expenditure plan. This will further add up in the overall capital expenditure costs. In addition, NPCL have to take specific measures to sustain the loss levels achieved by implementation of schemes identified under capital expenditure plan. This shall also add on to the cost of this network created with an ambition of technical loss reduction from the existing levels."

4.5.5 Thus, since incurring Capital Expenditure for reduction of T&D Losses would not yield prudent cost benefit, therefore to avoid the tariff burden on consumer, the Company has so far not incurred any Capital Expenditure for specific purpose of reduction of T&D Loss.

4.5.6 The Petitioner submitted that despite the above referred constraint, it would have been able to restrict the T&D Loss for FY 2019-20 in the range of 8.10% -8.15%, COVID-19 pandemic caused major disruption not only in state or national level but globally. The State Govt initiated lockdown from Mar 22, 2020 followed by nation-wide lockdown from 25th March, 2020 onwards by the Central Government as part of its measures to contain the spread of COVID-19. During the lockdown, several restrictions had been placed on the movement of individuals and economic activities had come to a halt barring the activities related to essential goods and services. Malls, work places (both private & Government), industries have been ordered to remain shut and advisory has been issued to private sector organizations to allow their employees and officers to work from home. The above has affected the operations of the Petitioner's significantly. The revenue, power purchase and consumer mix has changed all together. The drawl by industries has come to a standstill while that of Urban and Rural Areas is drawing power unrestrictedly resulting into higher LT Sales, Lower HT Sales and Higher T & D losses. The situation becomes all the more grimmer because of restrained movement of company's personnel and effectively no Loss Control Activities in the fields due to lock-down. The rural village losses were already high and has further increased. The following are the challenges faced by the Petitioner during this pandemic of Covid-19:

(a) During the Lockdown vigilance activities of the Company had come to a halt, as a result, the consumers became fearless and took it as an opportunity to resort to brazen theft of electricity resulting in increase in T&D losses.

(b) The vigilance activity of the Company were completely halted as the consumers would not allow the teams to enter their premises for inspection & evidence collection on the pretext of spread of corona virus. Even now vigilance teams are finding it very difficult to book the dishonest consumers indulging in power theft. The teams also have to comply with the Social Distancing norms during their vigilance activities. All this has made it very difficult to stop electricity theft & resulted in increase in the T&D losses.

(c) The collection efficiency of the rural areas was always a challenging task & the recent pandemic has compounded it even more. With an existing cash crunch in the economy, the residential and agricultural consumers are unable to pay their electricity bills. Hence, the consumers whose supply were disconnected due to arrears, resorted to theft of electricity which increased the losses even more.

(d) The Support of the Police and Court were not available to the Company as the Police were busy in discharging their duties to contain the spread of the virus. Courts were also closed. Hence, the Company was not able to lodge FIR's/complaint against the people indulging in theft of electricity. In such a scenario, the vigilance activities of the Company did not bear adequate results. People started doing theft of electricity without any fear of the law leading to increase in T&D losses.

4.5.7 The Petitioner submitted that the entire sales profile took a hit apart from the menace of direct theft by tapping the lines. On one side, the Petitioner lost revenue due to lower sales to HT consumers which entails lesser technical / distribution losses and simultaneously on the other side, sales of LT consumer with lesser tariff gone up which also made more energy available at LT levels which more prone to theft or misappropriation.

4.5.8 The Petitioner submitted that for the for the purpose of computation of impact of lockdown induced by Covid-19 pandemic, it has prepared a comparison in sales profile for FY 2018-19 and FY 2019-20 in which the lockdown started. The Petitioner submitted that the 33KV:11KV:LT ratio has changed considerably, wherein, the 33KV consumption which was 51.03% in FY 2018-19 was is reduced to 28.92% in FY 2019-20, similarly, 11KV consumption came down from 25.80% to 10.43% and on the other hand the LT consumption increased from 23.17% to 60.65% leading to the increased T&D losses.

4.5.9 The Petitioner submitted that since the Covid-19 situation was beyond the control of the Petitioner, the Commission is requested to allow the impact on T & D Losses due to COVID -19 pandemic on actuals.

4.5.10 The Petitioner submitted that it tried its best through regular enforcement drives as well as social intermediation and has been able to contain T&D losses at 8.23% for FY 2019-20.

4.5.11 The Petitioner submitted the summary of Energy balance as per Audited Accounts for FY 2019-20 as shown in the Table below:

Table 4-6: Energy Balance and distribution Loss for FY 2019-20 as submitted by the Petitioner

Particulars	U.o.M	Ref	Approved	Actual
Energy Purchase	MU	a	2,292.25	2,267.28
Losses due to Covid-19	MU	b	-	0.88
	%	c=b/a	0.00%	0.04%

Particulars	U.o.M	Ref	Approved	Actual
Distribution Losses	MU	d	183.38	185.75
	%	e=d/a	8.00%	8.19%
Total Energy Losses	MU	f=b+d	183.38	186.63
	%	g=f/a	8.00%	8.23%
Energy Sales	MU	h=a-f	2,108.87	2,080.65

4.5.12 The Petitioner submitted that in view of facts and reasons explained as above in respect of increase in losses and considering the high losses being witnessed in the State of Uttar Pradesh and recent impact of COVID-19, the Petitioner requested the Commission to allow the marginal increase in losses as claimed by the Company and approve the actual quantum of power purchase of 2,267.28 MU during FY 2019-20 in full.

Commission's Analysis:

4.5.13 The Commission observed that the Petitioner has mentioned energy purchase at distribution periphery as 2267.28 MU, however the monthly energy account (T-D interface points) issued by the SLDC for the Month of March 2020 dated 18/05/2020 mentions the same as 2259.13 MU. The Commission also noticed that UPPTCL in its True Up filing for FY 2019-20 has mentioned the Energy handled at NPCL periphery as 2259.13 MU. The Commission in this regard sought the reasons for such variance where the difference between 2267.28 MU (at NPCL Periphery) and 2259.13 MU (as per UPPTCL Claim in True-Up of FY 2019-20) provides 8.15 MU, however considering the GNIDA and solar captive still there is a difference of 1.24 MU. In this regard the Commission directed the Petitioner to submit computations for the same. Also directed the Petitioner to provide reconciliation with REA.

4.5.14 In response, the Petitioner submitted the reconciliation of the Input Units of power procured as per NPCL vis-à-vis UPSLDC.

Reconciliation of Power Purchase Quantum (MU's)				
Particulars	**Ref.**	**As per UPSLDC**	**As per NPCL**	**Variance**
Scheduled Drawl	a	2,256.91	2,256.78	-0.14
Actual Drawl at (T-D interface points)	b	2,259.13	2,260.01	0.87
GNIDA Solar	c	1.17	1.17	-
APPCPL Roof-Top	d	0.36	0.36	-
Captive Consumption	e	5.74	5.74	-
Total Units as per NPCL	**f=b+c+d+e**	**2,266.40**	**2,267.28**	**0.87**

4.5.15 The Petitioner submitted that information as provided in monthly REA published by Northern Regional Power Committee (NRPC) in PDF format is State-wise/ Vendor-wise summarisation of the Power Implementation Schedule (i.e. daily REA) published by it on daily basis in MS Excel for LTPPA, MTPPA and STPPA etc. Since, monthly REA is published after 3-4 weeks of month end and that too in PDF format which is difficult to use for data analysis, therefore, as the Company need to verify the invoices of its power purchased raised on daily/weekly basis for STPPA, it utilises the Power Implementation schedule including revisions published in MS Excel format on daily basis by NRPC for energy reconciliation purposes. Hon'ble Commission will kindly appreciate that such daily Power Implementation Schedule consists details of the entire region and therefore compilation thereof would be huge and voluminous. Therefore, reconciliation as desired by Hon'ble Commission, would be very tedious, time consuming and would require lot of manual efforts.

4.5.16 Further requested the Commission to kindly observe from the aforesaid Table that the difference in power input units as per REA (Submitted by the Company) and the same as per UPSLDC is only 0.87 MU i.e. 0.03% and is very negligible. In this regard the Petitioner requested the Commission to kindly consider the Energy Input of 2267.28 MU as submitted by the Company in its ARR petition.

4.5.17 The Commission in Tariff Order dated September 03, 2019 approved the Distribution

Losses of 8.00% for FY 2019-20, whereas the actual Distribution losses claimed by the Petitioner for FY 2019-20 comes to 8.23%, which is higher than the losses approved by the Commission. The Commission for the purpose of Truing Up for FY 2019-20 approves the same Distribution Losses as approved by the Commission in its Tariff Order dated September 03, 2019 as shown in the table below:

Table 4-7: Approved Energy Balance for FY 2019-20

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved upon Truing up
Energy Sales (MU)	2,108.86	2,080.65	2,080.65
Distribution Loss %	8.00%	8.23%	8.00%
Distribution Loss including EHV losses (MU)	183.38	186.63	180.93
Energy Purchase at Discom Periphery (MU)	**2,292.25**	**2,267.28**	**2,261.58**
Intra State Losses (%)		3.77%	3.42%
Energy at UP Periphery (MU's)		2,356.04	2,341.57
Inter-State Losses (%)*		2.95%	3.07%
Units at Ex-Bus (MU's)		2,427.65	2,415.70

* Over-all losses remaining same and considering UPPTCL approved, inter-state losses have been recomputed accordingly

4.5.18 The actual Loss of FY 2019-20 as submitted by the Petitioner are as under:

Name of Discom	Energy at Discom Periphery	Sales	Actual Distribution Loss	Distribution Losses as Approved in Tariff Order dt.03.09.2019	Distribution Losses Claimed
	(MU)	(MU)	(%)	(%)	(%)
NPCL	2267.28	2080.65	8.23%	8.00%	8.23%

4.5.19 As computed in previous section, it is observed that by increasing the sales of Unmetered categories (LMV-1, LMV-5), the Petitioner has, not only claimed excess power purchase cost, but also, suppressed the actual distribution losses for the year. Taking into consideration the same, the loss computation comes out to be as follows:

Particulars	Energy at Discom Periphery (MU)	Actual Distribution Loss (%)	Sales (MU)	Excess Sales (MU)	Sales (MU) approved after reducing excess sales booked under unmetered categories	Actual Distribution Loss computed (%)
	A	B	C	D	E=C-D	
NPCL	2267.28	8.23%	2080.65	22.65	2058	9.00%

4.5.20 From the above, it has been observed that the Petitioner have suppressed the actual distribution losses for the year FY 2019-20 by 0.77%.

4.6 POWER PURCHASE

4.6.1 The Petitioner submitted that in the Tariff Order dated 3rd September, 2019, the Commission had approved Power Purchase quantum and cost at 2,292.25 MU and Rs. 1,062.95 Crore respectively. Further, in comparison, actual energy procured by the Company during the year was 2,267.28 MUs which included power procured from Long term, Medium term, Short term, Renewable Sources and Captive generation.

Power Procurement from LTPPA

4.6.2 The Petitioner submitted that during FY 2019-20, the part of the base load of the consumers was met through duly approved Long Term Power Purchase Agreement (LTPPA) with Dhariwal Infrastructure Limited (DIL) for 187 MW power (Net 170 MW Power at DIL Plant Bus after 9% Auxiliary Consumption). The Commission vide its Tariff Order dated 3rd September, 2019 had provisionally considered Fixed Cost and Variable Cost at Rs. 1.90 per kWh and Rs. 1.80 per kWh at ex-DIL bus while approving the cost for the power procured from M/s DIL based on DIL's order dated 5th February, 2019 subject to the determination of tariff for the control period from FY 2019-20 to FY 2024-25 under petition no. 1531 of 2019 filed on 20th November 2019.

4.6.3 During the year, M/s DIL raised bills towards the energy charges as per its Tariff Order dated 5th February, 2019 which has been considered by the Company in the audited books of accounts towards the cost of power purchased under Long-term PPA. Accordingly, the Company has considered the cost from LTPPA in accordance with the bills raised by M/s DIL after considering the CERC escalation charges in accordance with the Order dated 5th February, 2019.

4.6.4 The Petitioner submitted that the Commission vide its Order dated 19th March 2020 in Petition No. 1318 & 1319 of 2018 has approved Rs. 61.27 Cr. towards the cost of procurement of additional coal by M/s DIL during FY 2017-18 and FY 2018-19. Accordingly, the Company has considered the full amount for FY 2017-18 and FY 2018-19 in line the above Order dated 19th March 2020.

4.6.5 The Petitioner submitted that the Commission vide its Order dated 06th May 2020 in Petition No. 1438 of 2019 has allowed M/s DIL to recover 90% of the amount incurred towards procurement of additional coal during FY 2019-20 to FY 2023-24. Further, subsequent to the above order, M/s DIL has billed Rs. 7.24 Cr. towards procurement of additional coal during FY 2019-20. Since the aforesaid cost is incurred towards the cost of power for FY 2019-20, accordingly, the Company has considered the same as well in the current year i.e. FY 2019-20 only.

4.6.6 The Petitioner submitted that the Commission vide its Order dated 29th May 2020 in Petition No. 1440 of 2019 allowed certain claims of M/s DIL towards the change in law. Accordingly, the Company has considered Rs. 32.92 Cr. as claimed by M/s DIL for FY 2016-17 to FY 2018-19 in the cost of power under LTPPA in FY 2019-20.

4.6.7 The Petitioner submitted that as per the UPERC's Generation Tariff Regulations, 2019, full Fixed Cost is considered to be payable to M/s DIL at Target Availability of 85%. Regulation-24(1) & 26(i) of UPERC's Generation Tariff Regulations, 2019 in this regard is reproduced below:

"24 Capacity (Fixed) Charge:

…provided full capacity charges shall be recoverable at target availability specified in these regulations….

26. Norms of Operation for Thermal generating stations:

(i) Target Availability (NAPAF) for recovery of full Capacity (Fixed) charges

(a) All thermal power generating stations, except those covered under clause (b) below - 85%..."

4.6.8 The Petitioner submitted that it could draw 1130.46 MU as against the actual plant availability of 92 % in accordance with its load profile and demand of the area. Since, M/s DIL has offered plant availability at more than 85% i.e. Normative availability, the fixed charges have been considered on the basis of full 85% normative availability. The details of long term power purchase as submitted by the Petitioner is shown in the Table below:

Table 4-8: Details of Long Term Power purchase as submitted by the Petitioner for FY 2019-20

S. No.	Description	UoM	Approved (T.O. dt. 03.09.2019)	Actual
1	Contracted Quantum at ex-DIL	MW	170	170
2	No of Days	-	366	366
3	Hours	-	24	24
4	Normative Availability	%	-	85%
5	***Units at Normative Availability***	***MU***	**-**	***1270.56***
6	Estimated Utilisation of Available Capacity	%	85%	92%
7	Actual Utilisation of Available Capacity	%	-	76%
8	***Units at Ex-Bus***	***MU***	***1271.78***	***1130.46***
9	Inter-State Losses	%	3.98%	3.84%
10	***Units at UP Periphery***	***MU***	***1221.15***	***1087.06***
11	Intra-State Losses	%	3.56%	3.56%
12	***Units at NPCL***	***MU***	***1177.68***	***1048.36***
13	Fixed Cost	Rs.Cr.	241.41	233.80
14	Variable Cost*	Rs.Cr.	228.92	388.87
15	Inter-State Trans. Charges	Rs.Cr.	55.37	38.76
16	Intra-State Trans. Charges	Rs.Cr.	21.91	19.64
17	***Total Cost#***	***Rs.Cr.***	***547.60***	***681.07***

** Includes Arrears of change in law & Additional coal from FY 16-17 to 19-20*
 # Total may not tally due to rounding offs

4.6.9 The Petitioner submitted that as per LTPPA with M/s DIL for supply of 170 MW power, LTA has been granted by PGCIL (CTU) in two parts, viz., 58 MW in existing system and the balance 112 MW in Champa-Kurukshetra Pole-1. Accordingly, the PoC bills for applicable transmission charges were raised by PGCIL to DIL (being the long-term applicant) on monthly basis. The monthly amount, so billed, were being reimbursed by the Company as per the terms of the LTPPA.

4.6.10 The Petitioner submitted that from November 2018 onwards, PGCIL also started raising monthly PoC bills for 170 MW LTA from Champa-Kurukshetra line in addition to the existing transmission charges for 112 MW which resulted into higher PoC bill than the average monthly bill in accordance with CERC Order dated 22nd February 2018 in Petition No. 13/TT/2017 determining HVDC charges pertaining to Champa-Kurukshetra Pole-1 line. As per the aforesaid Order, Hon'ble CERC approved sharing of HVDC charges for Champa-Kurukshetra Pole-1 line as per Regulation 11 (4)(3) (iii) instead of 11 (4)(3)(i) of the Sharing Regulations 2010. Therefore, excess Transmission charges were refunded by PGCIL to DIL in FY 2019-20 who in turn passed on the same to the Company. Accordingly, inter-state charges incurred during the year was Rs. 38.76 Cr as against Rs. 55.37 Cr approved vide Tariff Order dated 3rd September, 2019.

Power Purchase from Medium Term Source:

4.6.11 The Petitioner submitted that it also procured 653.05 MU under Medium Term Power Agreement (MTPPA) for 100 MW with M/s PTC India Ltd. from plant of M/s SKS which was approved by the Commission vide its order dated 31st July, 2018.

4.6.12 The Petitioner submitted that the above power from M/s PTC was procured @ 4.58 per kWh landed at NPCL bus which includes fixed cost, variable cost, transmission charges & losses. The fixed charges are paid at 85% Normative Availability in accordance Article 11.4.2 of the above approved PPA dated 6th April 2018 being reproduced as follows:

" 11.4.2 The obligations of the Utility to pay Fixed Charges in any Accounting Year shall in no case exceed an amount equal to the Fixed Charge due and payable for and in respect of the Normative Availability of 85% (eighty five per cent) computed with reference to the Contracted Capacity (the "Capacity Charge")…"

4.6.13 The Petitioner submitted that the transmission charges & losses are paid at actuals in accordance with Article 5.5 and 5.6 of the above approved PPA dated 6th April 2018. The same are reproduced below:

"5.5 Obligations relating to transmission charges

*The Supplier shall be liable for payment of all charges, due and payable under Applicable Laws, for inter-state and intra-state transmission of electricity from the Point of Grid Connection to the Delivery Point. For the avoidance of doubt, the Parties expressly agree that inter-state and intra-state transmission of electricity shall be undertaken solely at the risk and cost of the Supplier and all liabilities arising out of any failure of inter-state and intra-state transmission shall, subject to the provisions of Clause 11.4.4, be borne by the Supplier**. The Parties further agree that the obligation of the Supplier to pay the regulated charges for transmission of electricity shall be restricted to the tariffs and rates applicable on the Bid Date for and in respect of the Contracted Capacity and any differential arising from revision of the regulated tariffs and rates thereafter shall be payable or recoverable, as the case may be, by the Utility.** The Parties also agree that the regulated charges applicable for transmission of electricity referred to hereinabove as on the Bid Date shall be deemed to be Rs. 75,97,20,000/- (Rupees Seventy Five Crore Ninety Seven Lacs Twenty Thousand Only) for and in respect of the*

Contracted Capacity$, which charges shall at all times be due and payable by the Supplier.

5.6 Obligations relating to transmission losses

5.6.1 The Supplier shall be liable for the transmission losses in all inter-state and intra- state transmission of electricity from the Point of Grid Connection to the Delivery Point. For the avoidance of doubt, the Parties expressly agree that transmission of electricity shall be undertaken solely at the risk and cost of the Supplier and all liabilities arising out of any transmission losses on inter-state and intra-state transmission lines shall be borne by the Supplier. ***<u>The Parties further agree that the obligation of the Supplier to bear the transmission losses shall be restricted to the level of losses determined by the Central Commission as on the Bid Date for this Project and any differential (higher or lower) arising from revision in the level of losses thereafter by the Central Commission shall be borne by the Utility…."</u>*** *[emphasis supplied]*

4.6.14 The Petitioner submitted that M/s SKS has also claimed additional expenditure of Rs. 20.68 Cr. towards transmission charges and reimbursement of electricity duty, taxes etc. for the term of MTPPA i.e. Dec 2018 to Mar 2020 which has been included in the cost of power procured from M/s SKS.

4.6.15 The Petitioner submitted that claimed an amount of Rs. 0.72 Cr out of total Rs. 20.68 Cr in its True-up Petition for FY 2018-19 and remaining amount of Rs. 19.96 Cr has been claimed in truing-up Petition for FY 2019-20. In this regard, M/s SKS has also filed an appeal before the Hon'ble CERC on 18th February 2020 pressing its aforesaid claim. The above appeal is pending for disposal.

Table 4-9: Details of Medium-term Power purchase as submitted by the Petitioner for True Up of FY 2019-20

S. No.	Description	UoM	Approved (T.O. dt. 03.09.2019)	Actual
1	Contracted Quantum at NPCL	MW	100	100
2	No of Days	-	366	366
3	Hours	-	24	24
4	Normative Availability	%	-	85%
5	***Units at Normative Availability***	***MU***	**-**	***746.64***
6	Estimated Utilisation of Available Capacity	%	85%	80%
7	Actual Utilisation of Available Capacity	%	-	74%
8	***Units at Ex-Bus***	***MU***	***809.63***	***692.17***
9	Inter-State Losses	%	4.38%	2.17%
10	***Units at UP Periphery***	***MU***	***774.20***	***677.16***
11	Intra-State Losses	%	3.56%	3.56%
12	***Units at NPCL***	***MU***	***746.64***	***653.05***
13	Fixed Cost	Rs.Cr.	133.76	113.89
14	Variable Cost*	Rs.Cr.	134.76	143.22
15	Inter-State Trans. Charges	Rs.Cr.	35.10	50.35
16	Intra-State Trans. Charges	Rs.Cr.	13.89	11.92
17	***Total Cost#***	***Rs.Cr.***	***317.52***	***319.38***

*****Arrears of electricity for FY 2019-20*
Total may not tally due to rounding offs

Power Procurement for Short term Sources:

4.6.16 The Petitioner submitted that during FY 2018-19, price of short-term power had begun to increase as market sensed the possibility of shortage in power availability during impending General / State Assembly elections in FY 2019-20. Therefore, in order to avoid the procurement of power at higher market price during peak season in FY 2019-20, the Company leveraged the Power Banking arrangements to optimise its over-all power purchase cost.

4.6.17 The Petitioner submitted that it also carried out forward banking for 10.01 MU with various utilities. While 8.70 MUs were returned during FY 2019-20 itself, 1.27 MUs were returned in FY 2020-21.

4.6.18 The Petitioner submitted that since, the power banking is neither sale nor purchase and only a deferred utilization or storage of the energy, it has incurred nominal trade margin and transmission charges only for such power.

4.6.19 The Petitioner submitted that it had drew 163.02 MU power in FY 2019-20 which were banked in FY 2018-19. The Petitioner submitted the details of power banking as shown in the Table below:

Table 4-10: Details of Power banking as submitted by the Petitioner as submitted by the Petitioner for FY 2019-20

S. No	Description	UoM	Approved (T.O. 3-Sep-19)	Actual
1	**Units at NPCL**	**MU**	**-**	**163.02**
2	Energy Rate	Rs./kWh	-	4.63
3	Energy Cost	Rs.Cr.	-	75.45
4	Inter-State Trans. Charges	Rs.Cr.	-	5.77
5	Intra-State Trans. Charges	Rs.Cr.	-	3.65
6	Total Cost*	Rs.Cr.	-	84.87
7	**Landed Rate**	**Rs./kWh**	**-**	**5.21**
**Total may not tally due to rounding offs*				

4.6.20 The Petitioner submitted that apart from above it has purchased power from short term sources predominantly from power exchange. It submitted that it has purchased 356.84 MU @ Rs. 4.43 per kWh which includes 205.14 MU from IEX. The balance quantum of 151.7 MUs were purchased from various traders/state utilities/generators on firm/day-ahead/contingency basis.

4.6.21 The Petitioner submitted that the above rate of Rs. 4.43 per kWh including transmission charges & losses at NPCL bus is well within the approved rate of Rs. 5.32 per kWh for short term power as approved by the Commission in the Tariff Order dated 3rd September 2019 as shown in Table below:

Table 4-11: Details of Short Term Power purchase as submitted by the Petitioner for FY 2019-20

S. No	Description	UoM	Approved (T.O. 3-Sep-19)	Actual
1	***Units at NPCL***	*MU*	228.21	356.84
2	Energy Rate	Rs/kWh	4.67	3.91
3	Energy Cost	Rs.Cr.	106.52	139.61
4	Inter-State Trans. Charges	Rs.Cr.	10.73	10.10
5	Intra-State Trans. Charges	Rs.Cr.	4.25	8.20
6	Total Cost	Rs.Cr.	121.49	157.91
7	**Landed Rate**	**Rs/kWh**	**5.32**	**4.43**
**Total may not tally due to rounding offs*				

Sale of Power

4.6.22 The Petitioner submitted that in order to manage the load in line with the demand pattern of the consumers and at the same time minimizing the DSM Charges, the Company sold 51.49 MUs @ Rs. 1.91 per kWh at NPCL bus through IEX/IEX linked contracts in off-peak/lean hours.

4.6.23 The Petitioner submitted that the DSM units net of over-drawl & under-drawl were contained to 2.46 MUs costing the Petitioner is Rs. 11.89 Cr.

Power Procurement from Renewable Sources:

4.6.24 The Petitioner submitted that the Commission issued First Amendment to the RPO Regulations, 2010 on 16th August, 2019 and in the said First Amendment (under Table B), has stipulated the long-term trajectory of minimum quantum of purchase of Renewable power from various renewable sources as shown in the Table below:

Table 4-12: Details of Minimum Quantum of Purchase from RE Sources (FY 2019-20)

Financial Year	Non-Solar		Solar	Total
	Other Non-Solar	HPO		
	a	b	c	d = a+b+c
2019-20	5	1	2	8
2020-21	6	2	3	11
2021-22	6	3	4	13
2022-23	6	3	5	14
2023-24	7	3	5	15

4.6.25 The Petitioner submitted that the Commission vide its Order dated 19th August, 2019 in Petition No. 12 SM of 2018 directed the Company to provide the Road Map to fulfil the accumulated RPOs. In compliance to the same the Company filed its affidavit on 09th September, 2019 providing the Road Map for fulfilment of the accumulated RPOs.

4.6.26 The Petitioner submitted that it had procured 95.02 MUs @ Rs. 5.49 per kWh at NPCL bus to meet its RPO Obligations during FY 2019-20. The details are as follows:

Table 4-13: Details of Renewable Purchase as submitted by the Petitioner for FY 2019-20

S. No	Description	UoM	Approved (T.O. 3-Sep-19)	Actual
1	**Units at NPCL**	MW	139.72	95.02
2	Energy Rate	Rs/kWh	4.81	5.13
3	**Energy Cost**	**Rs.Cr.**	**67.17**	**48.76**
4	Inter-State Trans. Charges	Rs.Cr.	6.57	1.99
5	Intra-State Trans. Charges	Rs.Cr.	2.60	1.40
6	Total Cost	Rs.Cr.	76.34	52.15
7	**Landed Rate**	**Rs/kWh**	**5.46**	**5.49**
**Total may not tally due to rounding offs*				

4.6.27 The Petitioner submitted that subsequent to the Tariff Order dated 04th December 2020, the following is the status of RPO computed in accordance with RPO Regulations:

Table 4-14: Details of RPO as submitted by the Petitioner for FY 2019-20

RE Power	Opening Unfulfilled Obligation	Obligation for the year	Obligation estimated to be met during the year*	Balance Obligation Carried Forward
	a	B	c	d=a+b-c
Solar	43.47	39.70	38.88	44.29
Non-Solar	60.34	99.26	87.75	71.85
Hydro Power	-	19.85	-	19.85
Total#	**103.81**	**158.81**	**126.63**	**135.99**

** including gross generation under net-metering arrangements*
 # Total may not tally due to rounding offs

4.6.28 The Petitioner submitted that it has considered the benefit of hydro power procured inter-alia while receiving the power banked in FY 2018-19 and FY 2019-20 while calculating the RPOs for subsequent years.

4.6.29 The Petitioner submitted that the Commission is requested to approve the above renewable power and allow to carry forward the accumulated surplus/deficit RPO till FY 2019-20 for meeting in subsequent years.

4.6.30 The Petitioner submitted that it has also incurred transmission charges of Inter-State and Intra-State Transmission network aggregating to Rs. 150.38 Cr during FY 2019-20 as against Rs. 150.41 Cr approved by the Commission.

4.6.31 The Petitioner submitted that based on the Audited Accounts for FY 2019-20, the actual Power Purchase Cost for FY 2019-20 vis-à-vis provisionally approved by the Commission vide Tariff Order dated 03rd September, 2019, is shown in the Table below:

Table 4-15: Details of Power Purchase as submitted by the Petitioner for FY 2019-20

Sl. No.	Item	Approved (T.O. dt. 03.09.2019)	Claimed in True Up
1	Retail Sales (MU's)	2108.87	2080.65

Sl. No.	Item	Approved (T.O. dt. 03.09.2019)			Claimed in True Up		
2	Losses	8.00%			8.23%		
3	Power Purchase (MU's)	2,292.25			2267.28		
	Source of Power Purchase	**MU's**	**Rs. / kWh**	**Amount Rs. Cr.**	**MU's**	**Rs. / kWh**	**Amount Rs. Cr.**
4	Long Term	1,177.68	3.99	470.33	1,048.36	4.98	522.47
5	Arrear (DIL)	-	-	-	-	-	100.20
6	Medium Term	746.64	3.60	268.52	653.05	3.94	257.11
7	Traders (RTC)	228.21	4.67	106.52	305.36	4.21	128.43
	Traders (PEAK)						
	Power Banking (Withdrawal)				163.02	4.63	75.45
8	Renewable Energy	139.72	4.81	67.17	95.02	5.13	48.76
9	UI/Sale	-	-	-	2.46	48.25	11.89
	Total	**2,292.25**	**3.98**	**912.52**	**2,267.28**	**5.05**	**1,144.30**
10	PGCIL Charges			107.77			107.75
	UPPTCL Charges			42.64			42.63
11	**Total Power Purchase Cost**	**2,292.25**	**4.64**	**1,062.94**	**2,267.28**	**5.71**	**1,294.69**
**Total may not tally due to rounding offs*							

4.6.32 The Petitioner submitted that the total Power Purchase Cost considered for True-up is Rs. 1,294.69 Cr including transmission charges. It is requested that the Commission to approve the actual Power Purchase Cost of Rs. 1,294.69 Cr in full for FY 2019-20 as per the Audited Accounts.

Commission's Analysis:

4.6.33 Based on the Trued-Up Energy Balance for FY 2019-20 (as discussed above), the power purchase requirement for FY 2019-20 is worked to be 2261.58 MU.

4.6.34 The Commission observed that the Petitioner has claimed total power purchase cost of Rs. 1294.69 Crore, which includes the Transmission Charges of Rs. 150.38 Crore. However, as per Note 29 of the Audited Accounts the total power/energy charges the are Rs. 1188.65 Crore and Transmission Charges are Rs. 105.30 Crore. The Petitioner was directed to justify the difference and reconciliation of the same. The Petitioner submitted that:

Quote

This is to clarify that the Company has entered into the medium term PPA with M/s PTC for supply of 100 MW from 1st Dec 2018 to 31st March 2020 based on the L1 Tariff landed at NPCL-bus. The aforesaid agreement was duly approved by the Hon'ble Commission vide order dated 31st July, 2018. As per the provisions of the PPA the tariff for power supplied by PTC is inclusive of Inter-state and Intra State Transmission charges for which payment was being made to M/s PTC and UPSLDC respectively. Thus, in the audited accounts, the Power purchase cost is inclusive of Inter-state Transmission charges paid to PGCIL & UPPTCL.

While, in the Tariff formats, for the purpose of better understanding and comparison amongst the various sources of power, the inter-state Transmission charges of Rs. 44.99 Cr are segregated from energy cost and included under the inter-state transmission charges separately. It may be seen that in both the documents, the total power purchase cost including Transmission charges are same. Hence, it is only a matter of presentation of information and there is no difference in the total power purchase cost.

Apart from above, the Company has considered the Power Banking transaction during FY 2019-20 as cost neutral, therefore, 1.20 MU energy receivable in FY 2020-21 valued at Rs. 0.64 Cr in Audited Accounts for FY 2019-20 and has not been considered in Power Purchase Cost in the True-up Petition for FY 2019-20.

Table-3: Reconciliation of Power Purchase Cost

Rs. Cr.

Sl. No.	Particulars	Ref.	As Per Audited Accounts	As per True-up Petition	Variance	Remarks
1	Energy Cost	a	1189.29	1144.30	44.99	Reclassification of MTPPA Trans. Charges
2	Receivable for Power Banking	b	(0.64)	-	(0.64)	Adjustment for Power Banking
3	**Net Energy Cost**	**c=a+b**	**1188.65**	**1144.30**		
4	Transmission Cost	d	105.40	150.38	(44.99)	Reclassification of MTPPA Trans. Charges
5	**Total**	**e=c+d**	**1294.05**	**1294.69**	**(0.64)**	**Adjustment for Power Banking**

Note: Total may not tally due to rounding offs

Unquote

4.6.35 With regards to the above issue the Commission directed the Petitioner to submit the Power Purchase duly verified and certified by the Charted Accountant. In response, the Petitioner submitted the revised Power purchase in accordance with the Balance sheet.

Power procurement from Long-term sources

4.6.36 The Petitioner for FY 2019-20 has submitted that it has procured 1048.36 MU from DIL during FY 2019-20 for which the total cost claimed is Rs. 681.07 (including Transmission) Crore. The details of power purchase approved for FY 2019-20 vis-à-vis claimed by NPCL for FY 2019-20 is shown in the Table below:

Table 4-16: Power Purchase from Long Term Source (DIL) as submitted by the Petitioner

Source	MU at Ex-bus	Inter State Loss (%)	Intra State Loss (%)	MU at NPCL bus	Fixed Charges (Rs. Crore)	Energy Charges (Rs. Crore)	Amount (Rs. Crore)	PGCIL Charges (Rs. Crore)	UPPTCL charges (Rs. Crore)	Total Transmission (Rs. Crore)	Total (Rs. Crore)	Total (Rs./kWh)
DIL	1130.96	3.84%	3.43%	1048.36	233.80	288.67	522.47	38.76	19.64	58.40	580.87	5.54
Additional Coal Charges FY 2017-18 to FY 2019-20* (A)							67.28				67.28	
For Change in Law (FY 2016-17 to FY 2018-19)** (B)							32.92				32.92	
Total Arrears (DIL) (A+B)							100.20				100.20	

*As approved vide Commission's Order dt. 19-03-20 in Petition no. 1318 & 1319 of 2019 for FY 2017-18 & FY 2018-19 and Order dt. 06-05-20 in Petition no. 1438 of 2019 for FY 2019-20.
** As approved vide Commission's Order dt. 29-05-20 in Petition no. 1440 of 2019.

4.6.37 The Licensee in the Petition for true-up in para 8(f) & (g) provided the following:

(f) As per LTPPA with M/s DIL for supply of 170 MW power, LTA has been granted by PGCIL (CTU) in two parts, viz., 58 MW in existing system and the balance 112 MW in Champa-Kurukshetra Pole-1. Accordingly, the PoC bills for applicable transmission charges were raised by PGCIL to DIL (being the long-term applicant) on monthly basis. The monthly amount, so billed, were being reimbursed by the Company as per the terms of the LTPPA.

(g) However, from November 2018 onwards, PGCIL also started raising monthly PoC bills for 170 MW LTA from Champa-Kurukshetra line in addition to the existing transmission charges for 112 MW which resulted into higher PoC bill than the average monthly bill in accordance with CERC Order dated 22nd February 2018 in Petition No. 13/TT/2017 determining HVDC charges pertaining to Champa-Kurukshetra Pole-1 line. As per the aforesaid Order, Hon'ble CERC

approved sharing of HVDC charges for Champa-Kurukshetra Pole-1 line as per Regulation 11 (4)(3) (iii) instead of 11 (4)(3)(i) of the Sharing Regulations 2010. Therefore, excess Transmission charges were refunded by PGCIL to DIL in FY 2019-20 who in turn passed on the same to the Company. Accordingly, inter-state charges incurred during the year was Rs. 38.76 Cr as against Rs. 55.37 Cr approved vide Tariff Order dated 3rd September, 2019.

4.6.38 In this regard, the Commission directed NPCL to provide the documentary evidence regarding the higher PoC charged and the excess refunded by the PGCIL as mentioned in the above para. In case the same is approved then the licensee may provide the copy of the approvals. Also, they were required to compile these transactions of generation, transmission (inter), transmission (intra) etc in Excel for FY 2019-20. The Petitioner's Submission as follows:

Quote

…………

…………

Subsequently, on the Review Petition filed by PGCIL & Other beneficiaries on the above erroneous treatment of sharing of HVDC transmission charges under Regulation 11(4)(3)(iii) instead of 11(4)(3)(i) of Sharing Regulations 2010, the Hon'ble CERC vide its Order dated 31.07.2019 allowed the above Review Petition and directed PGCIL to refund the excess LTA charges to the beneficiaries.

Accordingly, in pursuance to the CERC's order dated 31.07.2019, during FY 2019-20, PGCIL reversed the additional LTA charges incurred in FY 2018-19 & during FY 2019-20 which has been credited after receiving the credit of the same from M/s DIL.

Further, the Hon'ble Commission in the MYT Order dated 05.02.2019 for M/s DIL stated that transmission charges & losses are beyond the control of supplier and therefore, it would be reimbursed on actual. The relevant Clause 4.2.10 of the above Order is reproduced below:

> *"4.2.10 From above, it can be observed that the PGCIL charges and losses are beyond the control of the Petitioner, hence are to be reimbursed to the Petitioner as per actuals. "*

Further, as per Article-1.1 & 4.2 of the PPA dated 06.04.2018, the transmission charges & losses are to be paid on actual basis. The same are reproduced below:

> *"1.1 "Wheeling Charges" or "Transmission Charges" are the charges to be paid by the Seller and reimbursed by Procurer to the CTU or STU or any other agency for the transfer of power from the Power Station switchyard end to the Procurer's network;*
>
> *………………*
>
> *4.2 Procurer's obligation*
>
> *Subject to the terms and conditions of this Agreement, the Procurer:*
>
> *a) shall be responsible for payment of the Transmission Charges and RLDC and SLDC charges of the Contracted Capacity;*
>
> *…"*

From the above it can be observed that Transmission Charges are allowed on the basis of actual transmission charges paid.

Unquote

4.6.39 The Commission, in further query mentioned that the Petitioner has submitted that PGCIL has reversed the additional LTA charges incurred in FY 2018-19 & during FY 2019-20 which has been credited after receiving the credit of the same from M/s DIL. In this regard the Commission directed the Petitioner to submit the year wise breakup of the same and also to provide the treatment of the same clearly demonstrating in Power purchase. Also reconcile the same with the audited accounts. Also explains the arrears of POC charges. Quote

As per LTPPA with M/s DIL for supply of 170 MW power, LTA has been granted by PGCIL (CTU) in two parts, viz., 58 MW in existing system and the balance 112 MW in Champa-Kurukshetra Pole-1. Accordingly, the PoC bills for applicable transmission charges were raised by PGCIL to DIL (being the long-term applicant) on monthly basis. The monthly amount, so billed, was reimbursed by NPCL as per the terms of the LTPPA.

From November 2018 onwards, PGCIL also started raising monthly PoC bills for 170 MW LTA from Existing line in addition to 112 MW from Champa-Kurukshetra line which resulted into higher PoC bill than the previous average monthly bill in accordance with CERC Order dated 22.02.2018 in Petition No. 13/TT/2017 determining HVDC charges pertaining to Champa-Kurukshetra Pole-1 line. As per the aforesaid Order, Hon'ble CERC approved sharing of HVDC charges for Champa-Kurukshetra Pole-1 line as per Regulation 11 (4)(3) (iii) instead of 11 (4)(3)(i) of the Sharing Regulations 2010.

Subsequently, on the Review Petition filed by PGCIL & Other beneficiaries on the above erroneous treatment of sharing of HVDC transmission charges under Regulation 11(4)(3)(iii) instead of 11(4)(3)(i) of Sharing Regulations 2010, the Hon'ble CERC vide its Order dated 31.07.2019 allowed the above Review Petition *and directed PGCIL to refund the excess LTA charges to the beneficiaries. Accordingly, in pursuance to the CERC's order dated 31.07.2019, during FY 2019-20, PGCIL credited the refund of additional LTA charges vide its letter no. POWERGRID/WR01/Comml/Serial No. 91302869 dated 01.01.2020 (copy enclosed as Annexure-4 in PDF format soft copy) which has been credited in the ARR for FY 2019-20 by the Company after receiving the credit of the same from M/s DIL.*

Further, M/s PGCIL has not provided the breakup of amount reversed/refunded by it between FY 2018-19 and FY 2019-20. Therefore, it will not be feasible for the Company to provide the break-up of the amount so refunded between FY 2018-19 and FY 2019-20 as desired by the Hon'ble Commission is not available.

It is pertinent to mention that transmission charges are accounted on actual basis as and when received. The transmission charges in FY 2018-19 were accounted on the basis of the bills received during that year which has since been trued up, therefore, it is humbly submitted that the aforesaid refund of transmission charges does not affect the truing up of FY 2018-19.

Further, with respect to nature of POC Bills it is humbly submitted that the same has been described in detail in CERC's order no. L-1/44/2020-CERC dated 29.04.2011 in the matter of approval of Transmission Service Agreement, Revenue Sharing Agreement, Billing, Collection and Disbursement Procedure under Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses), Regulations, 2010 and CERC (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2017. The relevant extract of the order is enclosed as Annexure-5 (Soft copy in PDF).

Unquote

4.6.40 The Petitioner submitted the required documentary evidence regarding the higher PoC charged and the excess refunded by the PGCIL. The Commission noticed that the Petitioner submitted the Letter Ref No: POWERGRID/WR01/Comml/Serial No:91302869 dated 01.01.2020 from PGCIL named "***Bill of Supply for POC Bill for July 2019 to September 2019 (including arrear of July 2011 to June 2019)***" also included the arrear from July 2011 to June 2019. In this regard the Commission directed the Petitioner to submit the detailed breakup PoC Charges from July 2019 to September 2019. Further, directed the Petitioner to submit the breakup of the arrear bills from July 2011 to June 2019.

4.6.41 The Petitioner submitted that PGCIL had mentioned "including arrears of Jul'11 to Mar'19" as a standard heading in all the invoices issued to multiple beneficiaries. However, PGCIL claimed the amount in respect of power supplied by Dhariwal Infrastructure Limited (DIL) from the quarter Oct-Dec'16 i.e. the period during which the power supply from M/s DIL commenced. The relevant PoC Bill from April 2019 to June 2019 is enclosed along with the detailed supporting's. The Petitioner mentioned to refer to S. No. 92 at page no. 2 of the of the Invoice wherein it can be seen that arrears have been charged from the quarter Oct-Dec'16 only. The Commission found the same in order.

4.6.42 Further it was observed that the Petitioner has claimed the Power at Generator Bus from DIL as 1130.46 MU for FY 2019-20 whereas on analysis on the Bills of DIL in the Implemented Schedule (in kWh) of the Bills for Month of September 2019 it was recorded 95.26 MU against the Petitioner submission in Format F13A is 94.76 MU which is 0.5 MU more that the Petitioner's claim. However, the same was reflecting in the bills of the following 4 months after the same was rectified (i.e the current month bill do provide the previous months Implemented Schedule (in kWh)). But the error was depicted in the bill of March 2020. In this regard the Commission required clarifications from the Petitioner, and Petitioner submitted Certificate from a Chartered Accountant for the Power Purchased quantum, the same has been considered.

4.6.43 The Commission directed the Petitioner to provide the workings & vouchers along with rebate details towards the payment for Additional Coal & Change in Law claimed in the True Up of FY 2019-20. The Petitioner submitted as under:

Sl. No.	Particulars	Order details		DIL Bill Details					
		Ref.	Amount	Date	Amount	Payable Amount	Rebate	Net	Payment date
1	Additional Coal for FY 2017-18	Order dt. 19-03-20 in Petition no. 1318 & 1319 of 2019	22.07	20-03-20	22.07	22.07	0.44	21.63	25-03-20
2	Additional Coal for FY 2018-19		39.20	20-03-20	39.20	39.20	0.78	38.42	25-03-20
3	Additional Coal for FY 2019-20	Order dt. 06-05-20 in Petition no. 1438 of 2019	7.24	29-05-20	7.24	6.52*	0.13**	6.38	05-06-20
4	Change in Law for FY 2016-17	Order dt. 29-05-20 in Petition no. 1440of 2019	2.26	08-06-20	2.26	2.26	0.05**	2.21	02-07-20
5	Change in Law for FY 2017-18		18.02	08-06-20	18.02	18.02	0. 36**	17.66	02-07-20
6	Change in Law for FY 2018-19		12.64	08-06-20	12.64	12.64	0.25**	12.39	02-07-20
	Total		**101.43**		**101.43**	**100.71**		**98.69**	

*90% of the billed amount payable in accordance with the directions of Hon’ble UPERC.

**The rebates have been duly accounted for in FY 2020-21.

4.6.44 Further, the Petitioner submitted the requisite vouchers with the details of the rebate and amount paid. The Commission finds that the additional coal for FY 2017-18 & FY 2018-19 has been approved by the Commission vide Order dated 19-03-2020 in Petition No. 1318 & 1319 of 2019 respectively. Further, with respect to the additional coal for FY 2019-20, the Commission in its Order dated 06-05-2020 in Petition No. 1438 of 2019, did not specifically approve the cost for FY 2019-20 and only gave blanket approval for provisional billing for MYT 19-24 period. The Commission ordered as under:

Quote

50. **The Commission reiterates that expense towards Additional Coal during respective Financial Year shall be subject to prudence check of this Commission. In this regard, for procurement of Additional Coal in any Financial Year, a Petition for Prudence Check on this account shall be filed by the Petitioner in the beginning of next financial year with all details, bills, auditor's certificates, tendering details, third party certificates etc. Any adjustment required there off shall be carried out by the Petitioner as directed by the Commission based on its findings.**

The Petition No. 1438/2019 is disposed of in terms of above directions.

Unquote

4.6.45 Accordingly, since in the instant Petition is for True-up of FY 2019-20, the additional coal cost for FY 2019-20 shall be allowed to NPCL, when the Commission does True-up of FY 2019-20 for additional coal to DIL. Accordingly, the additional coal cost claimed for FY 2019-20 is not approved in this order and NPCL can approach the Commission when the same is approved for DIL.

4.6.46 Further, the change is law for FY 2016-17 to FY 2018-19 has also been vide order dated 29-05-2020 in Petition no. 1440 of 2019 and the same have been considered. Further, the Petitioner in its Audited Accounts for FY 2019-20 in Note No. 43 (b) of Pg. 53 has provided the following with respect to the Additional Coal Charges and Change in Law upto FY 2019-20 of DIL:

b Power Purchase from Dhariwal Infrastructures Limited (DIL)

UPERC vide its orders approved DIL's claim for additional coal charges upto FY 2019-20 as well as change in law events towards taxes, duties and washing of coal etc. upto FY 2018-19. Accordingly, the Company has provided Rs.6,850 lakh for additional coal charges and Rs. 3,292 lakh for impact of change in law events towards the cost of power purchased from DIL as per the bills (including supplementary bills) raised by DIL. UPERC in the said orders has stated that claim towards carrying cost shall be dealt at the time of true-up which would be provided in the year of receipt of the order.

4.6.47 Accordingly, against the claim of Rs. 100.20 Crs for FY 2019-20, the Additional coal & change in law claim of Rs.92.30 Crs (net of rebate of 2%) is approved. The Petitioner submitted that the rebates have been duly accounted for in FY 2020-21, however the Commisison has considered the same in this year and the same shall be shall be dealt appropriately at the time of truing up FY 2020-21. The same is shown as under:

Sl. No.	Particulars	Claimed	Approved
1	Additional Coal for FY 2017-18	22.07	21.63
2	Additional Coal for FY 2018-19	39.20	38.41
3	Additional Coal for FY 2019-20	7.24	-
4	Change in Law for FY 2016-17	2.26	2.21
5	Change in Law for FY 2017-18	18.02	17.66
6	Change in Law for FY 2018-19	12.64	12.39
	Total	**101.43**	**92.30**

4.6.48 Further, in the matter of “Fixation of Tariff for supply of 187 MW from 300 MW Unit 2 of Dhariwal Infrastructure Limited to Noida Power Company Limited for the Tariff Period FY 2016-17 to FY 2018-19” the Commission in its Order dated February 05, 2019 in Petition No. 1235 of 2017 provided that:

Quote

4.2.1 The Commission approved the PPA vide Order dated 20.04.2016 read with Order dated 15.01.2016. In the said Order the Commission approved the fixed charges based on the estimated capital cost of Rs. 1941 Crore with a levelized tariff of Rs. 4.79/kWh at U.P Periphery.

4.2.9 The tariff at UP periphery shall have following components:

(i) Fixed Charges

(ii) Energy Charges

(iii) Inter State transmission Losses

(iv) Inter State transmission Charges

4.2.10 From above, it can be observed that the PGCIL charges and losses are beyond the control of the Petitioner, hence are to be reimbursed to the Petitioner as per actuals. The only fixed component is the fixed charges (treatment of energy charge is discussed subsequently). Therefore, the fixed charges shall be approved as follows:

- *If levelized Fixed charges claimed by Petitioner <=Rs. 1.93/kWh then the fixed charges as claimed by the Petitioner shall be approved.*
- *If levelized Fixed charges claimed by the Petitioner > Rs. 1.93/kWh, then the fixed charges shall be limited so that the levelized fixed charges does not exceed Rs. 1.93/kWh.*

Unquote

4.6.49 The Commission directed the Licensee to provide supporting documents (i.e., monthly bills etc.) depicting the quantum of power (1130.46 MU) drawn from DIL in FY 2019-20. Accordingly, the Petitioner submitted that the LTPPA ("PPA") dated 26.09.2014 with M/s DIL for supply of 187 MW Gross Contracted Capacity for a period of 25 (twenty-five) years had been approved by the Commission vide its Orders dated 15.01.2016 and 20.04.2016. Further it submitted the following table:

Table-1: Long Term Power from DIL

Source	U.O.M.	Approved	Claimed as per Audited Accounts for FY 2019-20 in True-up Petition
Quantum of Power made available by M/s DIL at ex generation Bus	**MU**	**1271.78**	**1373.20**
Normative Plant Availability	**%**	**85%**	**--**
Actual Plant Availability	**%**	**--**	**92%**
Actual Drawl of Power at Ex-Generation Bus	**MU**	**1271.78**	**1130.46**
Quantum at NPCL Periphery after Transmission Losses	MU	1177.68	1048.36
Fixed Charge @ 85% NAPAF	Rs. Cr.	241.41	233.80
Energy Charge	Rs. Cr.	228.92	288.67
Arrears of change in law & Additional coal from FY 16-17 to 19-20*	Rs. Cr.	100.20	100.20
Total Power Purchase Cost	Rs. Cr.	**570.53**	**622.67**
Power Purchase Cost	Rs./Unit	4.84	5.94
Cost of Inter-State Transmission charges	Rs./Unit	0.55	0.37
Inter- Transmission Losses	%	3.98%	3.84%
Cost of Intra-State Transmission charges	Rs./Unit	0.18	0.19
Intra- Transmission Losses	%	3.56%	3.56%
Total Tariff at NPCL periphery	Rs./Unit	**5.57**	**6.50**

4.6.50 The Petitioner further submitted that the basis of power purchase cost incurred in respect of power procured from M/s DIL is as under:–

i) During FY 2019-20, the Actual Plant availability was 92% as against normative / targeted plant availability of 85%. Hence, in terms of the PPA, the Fixed charges were payable equivalent to Normative Availability @ 85% as against the actual availability @ 92 % irrespective of actual load drawn;

ii) The Energy Charges were accounted on the basis of actual power drawl as at ex-Generation Bus instead of power delivered at NPCL-Bus;

iii) The transmission charges have been paid on the basis of actual bills of PGCIL and UPPTCL;

iv) The Inter-state Transmission losses have been considered on the basis of REA published by NRLDC;

v) The Intra-state Transmission losses from 1st Apr'19 to 10th September, 2019 have been considered as per the Commission's Order dt. 8th January, 2019 and from 11th September, 2019 to 31st Mar'20 as per Order dated 27th August,2019

vi) The above includes the arrears towards the additional coal and change in law duly approved by the Commission vide its Orders dated 19th Mar, 2020, 6th May, 2020 and 29th May, 2020.

4.6.51 Further, with regard to the fixed charges payable as per normative availability, the Petitioner submitted, that the relevant clauses of the Generation Tariff Regulations, 2014 and the terms of the approved LTPPA is provided below:

Quote

"***18. Norms of Operation:***

(i) Target Availability (NAPAF) for recovery of full Capacity (Fixed) charges

(a) All thermal power generating stations, except those covered under clause

(b) below - 85%..."

Unquote

Quote

Article 1.1 "Definition" of LTPPA

"………..

"Normative Availability" or "Target Availability"	*means equal to eighty five percent (85%) Availability or as approved by the Appropriate Commission at the Interconnection Point on Contract Year basis"*

Article 7.3.9(a) of LTPPA

"The recovery of full Fixed Charge (Capacity Charge) will be allowed at Target Availability as per UPERC Regulations. Recovery of Fixed Charge below the level of Target Availability shall be on pro rata basis."

Unquote

4.6.52 Petitioner submitted that from the above, it can be observed that the company has appropriately paid the fixed charges of Rs. 233.80 Cr equivalent to Normative Availability @ 85% as against the actual availability @ 92 % during FY 2019-20. Further, with respect to payment of energy charges on the basis of units drawn at ex-generation bus, the relevant paras of Order dated 5th February, 2019 (given below) whereby the Commission has approved the provisional Tariff of M/s DIL for FY 2016-17 to FY 2018-19.

Quote

"4.2.6 On scrutiny of the computation of levelized tariff it was observed that the levelized tariff has been computed based on the projected values of Energy Charges, PGCIL Charges, PGCIL Losses, Discounting Factor etc. ***The levelized tariff submitted by the Petitioner at UP Periphery is as follows****:*

Table-1: Comparison of levelized tariff submitted by the Petitioner

Capital Cost (Rs. Crore)	*Levelized Fixed Charges*	*Levelized Energy Charges*	*POC Charges*	*POC Losses*	*Total Levelized Tariff*
1941	***Rs. 1.93 /kWh***	*Rs. 2.21 / kWh*	*Rs. 0.49/kWh*	*Rs. 0.16/kWh*	***Rs. 4.79/kWh***

1927.65	***Rs. 1.88/kWh***	*Rs.2.21/kWh*	*Rs. 0.49/kWh*	*Rs. 0.16/kWh*	***Rs. 4.74/kWh***
1903.58	***Rs. 1.86/kWh***	*Rs.2.21/kWh*	*Rs. 0.49/kWh*	*Rs. 0.16/kWh*	***Rs. 4.73/kWh***

………………

4.2.9 The tariff at UP periphery shall have following components:

(i) Fixed Charges

(ii) Energy Charges

(iii) Inter State transmission Losses

(iv) Inter State transmission Charges

4.2.10 From above, it can be observed that the PGCIL charges and losses are beyond the control of the Petitioner, hence are to be reimbursed to the Petitioner as per actuals. The only fixed component is the fixed charges (treatment of energy charge is discussed subsequently). Therefore, the fixed charges shall be approved as follows:

- *If levelized Fixed Charge claimed by Petitioner <= Rs. 1.93/kWh then the fixed charges as claimed by the Petitioner shall he approved*
- *If levelized Fixed Charge claimed by Petitioner >Rs. 1.93/kWh, then the fixed charges shall be limited so that the levelized fixed charges does not exceed Rs 1.93/kWh.*

………………

4.2.12 A Comparison of the Fixed charges approved by the Commission with the PPA vis-à-vis claimed by the Petitioner and approved by the Commission in this Order is as follows:

Table-2: Comparison of Fixed charges as approved in PPA vs claimed by the Petitioner (Rs./kWh)

Particulars	***As per Fixed Charges approved in PPA***	***As claimed in the MYT Petition***	***Revised submission as per capital cost as on Cut-off date***	***Fixed Charges considering Refinancing Cost claimed in FY 2017-18***	***Fixed Charges approved by the Commission***

FY 2016-17	***2.11***	*2.08*	*2.05*	*2.05*	***2.05***
FY 2017-18	***2.06***	*2.02*	*1.94*	*1.99*	***1.99***
FY 2018-19	***2.02***	*1.95*	*1.90*	*1.90*	***1.90***
Levelized Fixed Tariff (25 years)	***1.93***	***1.93***	***1.86***	***1.87***	***1.87***

…6. The aforesaid approved rates for recovery of fixed charges are computed on the basis of NAPAF of 85%, subject to adjustments if any, in terms of Regulation 27 of UPERC Generation Tariff, 2014…"

Unquote

4.6.53 The Petitioner further submitted, it can be observed that the levelized tariff was approved after aggregating the Point of Connection ["**PoC**"] charges and losses over and above the tariff of Rs.1.90 Per unit *(Fixed cost for FY 2018-19)* and Rs.1.80 per unit *(Variable charges for FY 2018-19)* in order to arrive at the cost at the delivery point of UP-periphery. Therefore, the aforesaid tariff of Rs.1.90 Per unit *(Fixed cost for FY 2018-19)* and Rs.1.80 per unit *(Variable charges for FY 2018-19)* are at ex-generation bus of DIL.

4.6.54 The Commission for the True Up for FY 2019-20 has not considered the rates (fixed & energy charges) claimed by the Petitioner. The Commission has considered the same approach it considered while truing up of FY 2018-19. Since the True-Up of DIL for FY 2019-20 has not yet been finalized, the fixed and energy charges of Rs.1.90/kWh and Rs. 1.80/kWh respectively at UP periphery as approved in Order dated February 05, 2019 in Petition No. 1235 of 2017 has been considered for FY 2019-20 in this Order. Once the True-Up of DIL is approved by the Commission, the impact of True-Up of DIL for the respective year shall be considered and allowed to NPCL in the future years ARR/Tariff Order, as and when it happens.

4.6.55 Further, considering the Intra-state losses (3.43%) of UPPTCL as approved by the

Commission for FY 2019-20, the Inter-State transmission losses has been accordingly recomputed, keeping the ex-bus MUs and NPCL bus MUs constant. The Inter-state & Intra state Transmission charges are considered as claimed by the Petitioner as the Transmission charges are approved as per actuals. Accordingly, the Long-Term power from DIL (including Transmission cost) for FY 2019-20 approved as shown in the Table below:

Table 4-17: Power purchase from Long Term source as approved for True Up of FY 2019-20

Source	MU at Ex-bus	Inter State Loss (%)	Intra State Loss (%)	Quantum at UP Periphery (MU)	MU at NPCL bus	Fixed Charges (Rs. Crore)	Energy Charges (Rs. Crore)	Amount (Rs. Crore)	Transmission charges of PGCIL (Rs. Crore)	Transmission Charges of UPPTCL (Rs. Crore)	Total (Rs. Crore)	Total with Transmission (Rs. Crore)	Per Unit Rate
	A	B=(A-C)/A	C=E/(1-D)	D	E	F*	G*	H=G+F	I	J	K=J+I	L=H+K	M=L/E
DIL	1130.96	3.97%	3.43%	1085.60	1048.36	206.26	195.41	401.67	38.76	19.64	58.40	460.07	4.39
Arrear							92.30	92.30				92.30	
Total							**288.37**	**494.63**	**38.76**	**19.64**		**552.38**	

** Fixed Charge is Rs. 1.90 / kWh & Energy Charge is Rs.1.80 / kWh as approved in the Order in Petition No. 1235 of 2017 dated February 5, 2019 for DIL.*

Power procurement from Medium Term source:

4.6.56 The details of Medium-term Power purchase with Transmission as claimed by NPCL for FY 2019-20 is shown in the Table below:

Table 4-18: Power procurement for Medium Term for FY 2019-20 as submitted by the Petitioner

Source	MU at Ex-bus	Inter State Loss (%)	Intra State Loss (%)	MU at NPCL bus	Fixed Charges (in Rs. Cr)	Energy Charges (in Rs. Cr)	Amount (in Rs. Cr)	PGCIL Charges (Rs. Cr)	UPPTCL charges (Rs. Cr)	Total Transmission (Rs. Cr)	Total (in Rs. Cr)	Per Unit Cost
MTPPA- (PTC - SKS Power)*	692.17	5.65%	3.56%	653.05	113.89	171.69	285.59	1.91	11.92	13.83	299.42	4.58
PTC - SKS Power (Additional claim)						16.51	16.51	3.46		3.46	19.96	

**As approved vide Commission's Order dt. 31-07-2018 in Petition no. 1325 of 2018 for 1st December 2018 to 31st March 2020.*

4.6.57 The Petitioner vide its Petition No. 1325 of 2018 sought the adoption of tariff and approval of agreement for procurement of 100 MW Power through DEEP Portal. The Commission vide its Order dated July 31, 2018 in the Petition No. 1325 / 2018 has approved the same as shown in the Table below:

Source	Thermal Power Project (Unit II) of SKS Power Generation (Chhattisgarh) Limited located at Raigarh, Chhattisgarh	
Quantum at NPCL Periphery (MW)		100
Cost of Generation (Rs./kWh)	A	1.64
Cost of Transmission charges (Rs./kWh)	B	0.65
Cost of Transmission Losses	C	0.32
Total Tariff at NPCL periphery (Rs./kWh)*	**D=(A*2) + B+C**	**4.25**

4.6.58 The Commission in the Order dated July 31, 2018 in the Petition No. 1325/2018 has provided that:

*"6. Petitioner has justified the aforesaid medium term power of 100 MW for the period mentioned herein above. Since the rates have been discovered through electronic portal of the agency designated by Govt. of India, the Commission adopts the **all inclusive rate of Rs. 4.25 per /kWh at NPCL Periphery for the aforesaid power**."*

4.6.59 In the instant Petition, the Commission observed that the Petitioner has claimed the power purchase of 704.30 MU for Medium Term at the rate of Rs. 4.58/kWh (without additional claim) and Rs. 4.89/kWh (With additional claim). The Commission in additional data gap sought the details, the Licensee provided the same as shown in the table below:

Table 4-19: Medium Term Power from PTC submitted by the Petitioner for FY 2019-20

Source	Ref.	Approved	As per Audited Accounts for FY 2019-20 (Without PTC's additional claim)	As per Audited Accounts for FY 2019-20 (With PTC's additional claim)
Quantum at NPCL Periphery (MW)		100	100	100
Quantum of Power made available by M/s PTC at NPCL Bus (MU)		746.64	704.30	704.30

Source	Ref.	Approved	As per Audited Accounts for FY 2019-20 (Without PTC's additional claim)	As per Audited Accounts for FY 2019-20 (With PTC's additional claim)
Normative PLF (%)		85%	--	--
Plant Availability (%)		--	80%	80%
Actual Drawl of Power at NPCL Bus (MU)		-	653.05	653.05
Plant Utilised (%)		-	74%	74%
Fixed Cost of Generation (Rs. / kWh)	A	1.64	1.74	1.74
Variable Cost of Generation (Rs. / kWh)	B	1.64	1.62	1.87
Cost of Transmission charges (Rs. / kWh)	C	0.65	0.90	0.95
Cost of Transmission Losses (Rs./kWh)	D	0.32	0.32	0.32
Total Tariff at NPCL periphery (Rs. / kWh)	**E=(A+B+C+D)**	**4.25**	**4.58**	**4.89**

4.6.60 NPCL further submitted that from the above, it can be seen that the power purchase cost from M/s PTC has been incurred on the following basis:

"i) During FY 2019-20, the Actual Plant availability was 80% as against normative / targeted plant availability of 85%. Hence, the Fixed Charges were paid at actual availability of 80% only.
ii) Energy Charges are paid on the basis of power drawl as at NPCL-Bus;
iii) The transmission charges have been paid on the basis of actual bills of PGCIL and UPPTCL;
iv) The Inter-state Transmission losses has been considered on the basis of Weekly Losses Statement published by POSOCO;
v) The Intra-state Transmission losses from 1st April, 2019 to 10th September, 2019 have been considered as per the Hon'ble Commission's Order dt 8th January'19 and from 11th September,2019 to 31st March,2020 as per Order dated 27th August,2019.
vi) During FY 2019-20, M/s SKS Power has raised claims towards Transmission charges and reimbursement of electricity duty, taxes etc. aggregating to Rs. 19.96 Cr. In this regard, M/s SKS has filed a Petition on 18th February'20 for allowance of these claim before Hon'ble CERC, which is yet to be adjudicated. Accordingly, pending final outcome of the aforesaid matter, the Company has accounted the claims raised by M/s SKS in power purchase cost for FY 2019-20 as a measure of abundant precaution and in accordance with accounting norms."

4.6.61 The Petitioner submitted that with regard to the fixed charges payable as per normative availability, the relevant clauses of the Generation Tariff Regulations, 2014 and the terms of the approved MTPPA are provided in the following:

Quote

<u>Relevant Clauses of Generation Tariff Regulations, 2014</u>

"18. Norms of Operation:

(i) Target Availability (NAPAF) for recovery of full Capacity (Fixed) charges

(a) All thermal power generating stations, except those covered under clause

(b) below - 85%..."

<u>Relevant Clauses of MTPPA</u>

" 11.4.2 The obligations of the Utility to pay Fixed Charges in any Accounting Year shall in no case exceed an amount equal to the Fixed Charge due and payable for and in respect of the Normative Availability of 85% (eighty five per cent) computed with reference to the Contracted Capacity (the "Capacity Charge")…"

Unquote

4.6.62 Further submitted that from above, it can be observed that the Petitioner has appropriately paid the fixed charges of Rs. 113.89 Cr. equivalent to actual Plant availability of 80% less than normative PLF of 85%. Further, with respect to transmission charges and Transmission losses, depicted the relevant paras of its Approved PPA dated 31st July,2018 as given below:

Quote

"***5.5 Obligations relating to transmission charges***

The Supplier shall be liable for payment of all charges, due and payable under Applicable Laws, for inter-state and intra-state transmission of electricity from the Point of Grid Connection to the Delivery Point. For the avoidance of doubt, the Parties expressly agree that inter-state and intra-state transmission of electricity shall be *undertaken solely at the risk and cost of the Supplier and all liabilities arising out of any failure of inter-state and intra-state transmission shall, subject to the provisions of Clause 11.4.4, be borne by the Supplier**. The Parties further agree that the obligation of the Supplier to pay the regulated charges for transmission of electricity shall be restricted to the tariffs and rates applicable on the Bid Date for and in respect of the Contracted Capacity and any differential arising from revision of the regulated tariffs and rates thereafter shall be payable or recoverable, as the case may be, by the Utility.** The Parties also agree that the regulated charges applicable for transmission of electricity referred to hereinabove as on the Bid Date shall be deemed to be Rs. 75,97,20,000/- (Rupees Seventy Five Crore Ninety Seven Lacs Twenty Thousand Only) for and in respect of the Contracted Capacity$, which charges shall at all times be due and payable by the Supplier.*

…………..

5.6 Obligations relating to transmission losses

*5.6.1 The Supplier shall be liable for the transmission losses in all inter-state and intra-state transmission of electricity from the Point of Grid Connection to the Delivery Point. For the avoidance of doubt, the Parties expressly agree that transmission of electricity shall be undertaken solely at the risk and cost of the Supplier and all liabilities arising out of any transmission losses on inter-state and intra-state transmission lines shall be borne by the Supplier. **The Parties further agree that the obligation of the Supplier to bear the transmission losses shall be restricted to the level of losses determined by the Central Commission as on the Bid Date for this Project and any differential (higher or lower) arising from revision in the level of losses thereafter by the Central Commission shall be borne by the Utility….**"*

(Emphasis Supplied)

Unquote

4.6.63 Further, the Petitioner submitted that from the above, Transmission Charges and Losses are to be allowed on actual basis. The Petitioner mentioned that it is pertinent to mention that the Hon'ble Commission in its Tariff Order dated 10.11.2020 in the matter of UPPTCL has allowed the recovery of increased transmission charges & losses on actual basis. The relevant Para 5.13.4 of UPPTCL's Tariff Order dated 10.11.2020 is reproduced below:

"*5.13.4 Hence, the gap allowed for FY 2018-19 of Rs. 813.60 Crores shall be recovered at (0.2648- 0.1920= 0.0728) Rs. 0.0728 / kWh (i.e. 0.0728 X 111745.05/10= 813.60*

Crs), in 4 monthly instalments from the date of this Order in the proportion of amount billed to the Distribution Licensees and other entities in FY 2018-19."

4.6.64 The Commission is of the view that any charges over and above the all-inclusive rate of Rs. 4.25 per /kWh at NPCL Periphery, as approved in the Order dated July 31, 2018 in the Petition No. 1325/2018, cannot be allowed to be passed on to the consumers. Further, since the claim of the Petitioner with respect to Duty charges is still pending in CERC, the same is not being considered in this True Up Order for FY 2019-20.

4.6.65 Further, the Commission has considered lower of the two i.e. claimed vs approved for each components of tariff for approval of procurement of power from Medium Term source. The medium-term power procurement from SKS power generation for FY 2019-20 is approved as shown in the Table below:

Table 4-20: Approved Medium-term purchase for FY 2019-20

Supplier's Name	MU Imported at NPCL	Fixed Charges (Rs. Crore)	Energy Charges (Rs. Crore)	Amount (Rs. Crore)	Transmission charges of PGCIL (Rs. Crore)	Transmission Charges of UPPTCL (Rs. Crore)	Total Trans. Charges (Rs. Crore)	Total (Rs. Crore)	Per Unit Cost (Rs. /kWh)
	A	B=E/A*10	C=A*1.64/10	D=A*1.64/10	E=C+D	F=A*0.65/10	G=A*0.32/10	H=F+G	
MTPPA-(PTC - SKS)	653.05	107.10	128.00**	235.10		42.25*	42.25	277.55	4.25

**Transmission charges of Rs. 0.65/kWh for both Inter and Intra (combined) as approved in the PPA approval Order of SKS.*

*** Cost of Transmission Losses Rs. 0.32/kWh both Inter and Intra as approved in the PPA approval Order has been considered in the Energy Charges similar to Petitioner's claim.*

Power procurement from Renewable sources:

4.6.66 The Commission through its Tariff Order for FY 2019-20 dated September 03, 2019 approved 139.72 MUs for procurement of power through Renewable Energy. The details of Renewable Power purchase in True-up of FY 2019-20 as submitted by the Petitioner is shown in the Table below:

Table 4-21: Details of Renewable purchase as submitted by the Petitioner for FY 2019-20

Supplier's Name	MU Imported at NPCL bus	Total (in Rs. Crs)	Per Unit Cost
GNIDA (Solar)	1.17	0.81	6.92
Captive (Solar)	0.00	0.00	0.00
APPCPL (Solar)	0.36	0.19	5.38
Net Metering (Solar)	5.74	4.34	7.57
MPPL (Non-Solar)	44.36	23.24	5.50
APPCL (Non-Solar)	38.46	20.12	5.54
PTC (Wind Power)	9.46	3.44	3.77
Subtotal	**99.56**	**52.15**	**5.49**

4.6.67 The Commission vide its Order dated July 14, 2015 in Petition No. 1012 of 2015 approved power purchase agreement between NPCL and Greater Noida Industrial Development Authority (GNIDA) for purchase of 1 MWp Solar power. Further, the Commission vide its Order dated January 01, 2018 in Petition No. 1228 of 2017 approved power purchase agreement between NPCL and PTC India U/s 63 read with Sec 86(1) (b) & (e) of the Electricity Act, 2003. Further, Solar Net metering energy is deemed approved.

Source	Approved by the Commission (Y/N)	Link
Solar Power (GNIDA)	Yes	Microsoft Word - 1012-2015 Noida Power Company Ltd. (uperc.org)
Solar Power (Captive)	No	
Solar Power (APPCPL)	No	
Solar Power (Net Metering)	Yes	Deemed approved
Non-Solar Power (MPPL)	No	
Non-Solar Power (APPCPL)	No	
Wind Power (PTC)	Yes	Pt1228of2017orderdt-05-01-18-pdf152018124349PM.pdf (uperc.org)

4.6.68 While Truing up of FY 2018-19, the Commission had approved the renewable power purchased for the fulfilment of the RPO obligations from the unapproved sources too. Further, the Commission had directed the Petitioner that in future the Petitioner should strictly follow the Central Government Guidelines namely 'Guidelines for short term (i.e. for a period more than one day to one year) Procurement of power by Distribution Licensees through Tariff based bidding process' dated March 30, 2016.

4.6.69 Further, for FY 2019-20, it is observed that the Petitioner purchased Renewable power from short term sources, not approved by the Commission. Further, Petitioner`s purchase is not covered under the ambit of clause 11.4 of the Central Government Guidelines, and the Petitioner did not also comply to the clause 11.2 of the guidelines.

4.6.70 Further, since Renewable energy is required for fulfilment of RPO obligation, the Commission considers the quantum purchased from various sources (subject to any further Orders of the Commission in matters related to RPO in future). However, the Commission is not inclined to approve the high cost (i.e. above Rs. 5 / kWh) of power purchased without any approval. The Commission has analysed the landed price from exchange at NPCL periphery which arrives at Rs. 3.76/kWh (Rs. 3.01/kWh Average RTC Price+ Rs. 0.75/kWh Transmission charges and losses) and has considered the same rate for the power purchased from un approved renewable sources. The Commission is aware that the renewable energy power purchase prices might be higher than Rs. 3.76/kWh being approved, but the Commission is doing so, to penalize the Licensee in purchasing power without approvals.

4.6.71 However, the Commission once again reiterates that in future the Petitioner should strictly follow the Central Government Guidelines namely 'Guidelines for short term (i.e. for a period more than one day to one year) Procurement of power by Distribution Licensees through Tariff based bidding process' dated March 30, 2016.The link for the same is provided below:

(https://www.mstcecommerce.com/auctionhome/RenderFileGeneralAuctions.jsp?file=

PPA-Revised-Guidelines-Short-Term.pdf) (Last accessed on - 21.11.2020). Further, the Petitioner must take prior approvals of the Commission. Accordingly, the power purchase approved from renewable sources is as under:

Table 4-22: Approved Power Purchase of Renewables for FY 2019-20

Particulars	True Up Petition for FY 2019-20			Approved for True Up for FY 2019-20		
Sources of Power Purchase	Energy (MU) at NPCL Periphery	Per Unit cost (Rs. /kWh)	Power Purchase Cost (Including Trans. Charges) (Rs. Crore)	Energy (MU) at NPCL Periphery	Per Unit cost (Rs. /kWh)	Power Purchase Cost (Including Trans. Charges) (Rs. Crore)
Solar Power (GNIDA)	1.17	6.92	0.81	1.17	6.92	0.81
Solar Power (Captive)	0.00	0.00	0.00	0.00	0.00	0.00
Solar Power (APPCPL)*	0.36	5.38	0.19	0.36	3.54	0.13
Solar Power (Net Metering)	5.74	7.57	4.34	5.74	7.57	4.34
Non-Solar Power (MPPL)*	42.30	5.50	23.24	42.30	3.71	15.70
Non-Solar Power (APPCPL)*	36.32	5.54	20.12	36.32	3.75	13.61
Wind Power (PTC)	9.13	3.77	3.44	9.13	3.77	3.44
Power Procurement from Renewable source	**95.02**	**5.49**	**52.15**	**95.02**	**4.00**	**38.03**

*considered at rate from exchange

Supplier's Name	MU Imported at NPCL	Inter-State Loss (%)	Intra-State Loss (%)	MU Imported at NPCL	Rate (Rs. / Unit)	Fixed Charges (Rs. Crore)	Energy Charges (Rs. Crore)	Amount (Rs. Crore)	Transmission charges of PGCIL (Rs. Crore)	Transmission Charges of UPPTCL (Rs. Crore)	Total Trans. Charges (Rs. Crore)	Total (Rs. Crore)	Per Unit Cost (Rs. / Unit) at NPCL Periphery
Reference	**A**	**B**	**C**	**D**	**E=(H/A)*10**	**F**	**G**	**H=F+G**	**I**	**J**	**K=I+J**	**L=H+K**	**M=(L/D)*10**
Solar Power (GNIDA)	1.17	0.00%	0.00%	1.17	6.92	-	0.81	0.81	0.00	0.00	0.00	0.81	6.92
Solar Power (APPCPL) (considered at price of exchange)	0.36	0.00%	0.00%	0.36	3.01		0.11	0.11	0.01	0.01	0.02	0.13	3.54
Solar Power (Net Metering)	5.74	0.00%	0.00%	5.74	7.57		4.34	4.34	0.00	0.00	0.00	4.34	7.57

Supplier's Name	MU Imported at NPCL	Inter-State Loss (%)	Intra-State Loss (%)	MU Imported at NPCL	Rate (Rs. / Unit)	Fixed Charges (Rs. Crore)	Energy Charges (Rs. Crore)	Amount (Rs. Crore)	Transmission charges of PGCIL (Rs. Crore)	Transmission Charges of UPPTCL (Rs. Crore)	Total Trans. Charges (Rs. Crore)	Total (Rs. Crore)	Per Unit Cost (Rs. / Unit) at NPCL Periphery
Non-Solar Power (MPPL) (considered at price of exchange)	44.36	1.26%	3.43%	42.30	3.01		13.36	13.36	1.23	1.11	2.34	15.70	3.71
Non-Solar Power (APPCPL) (considered at price of exchange)	38.46	2.21%	3.43%	36.32	3.01		11.58	11.58	1.07	0.96	2.03	13.61	3.75
Wind Power (PTC)	9.46	0.13%	3.43%	9.13	3.46		3.27	3.27	0.00	0.17	0.17	3.44	3.77
Total	**99.56**	**1.43%**	3.18%	95.02	**3.36**	**0.00**	**33.48**	**33.48**	**2.31**	**2.24**	**4.56**	**38.03**	**4.00**

4.6.72 The Commission in its UPERC (Promotion of Green Energy through Renewable Purchase Obligation) (First Amendment) Regulations, 2019 provided the RPO Obligation to be met by the Licensee as shown in the Table below:

Year	Minimum quantum of purchase from renewable energy sources as % of total energy consumed (in kWh)			
	Non-Solar		Solar	Total
	Other Non-Solar	HPO		
	1	2	3	4=1+2+3
2019-20	5.00	1.00	2.00	8.00

Table 4-23: RPO details as submitted by NPCL for FY 2019-20 (MU's)

RE Power	Opening Unfulfilled Obligation	Obligation for the year	Obligation met during the year*	Closing Unfulfilled Obligation
Solar	43.47	39.70	38.88	44.29
Non-Solar	60.34	99.26	87.75	71.85
Hydro Power	-	19.85	-	19.85
Total	**103.81**	**158.81**	**126.63**	**135.99**

** including gross generation under net-metering arrangements*

4.6.73 The Commission derived the obligation to be met in FY 2019-20 as shown in the Table below:

Table 4-24: RPO computed for FY 2019-20

S. No	Particular	Reference	Quantum (MU)
1	Total Sales for FY 2019-20	**A**	**2080.65**
2	Hydro Purchase during the year*	B	0.00
	Net Power Sale for RPO computation	**C=A-B**	2080.65
3	**Total Obligation for the year (%)**		
4	Solar (%)	D	2%
5	Non Solar (%)	E	5%
6	Hydro (%)	F	1%
7	**Total Obligation for year**		
8	Solar (MU)	G=D*C	41.61
9	Non Solar (MU)	H=E*C	104.03
10	Hydro (MU)	I=F*C	20.81
11	**Total Obligation for the year (MU)**	**J=H+G+I**	**166.45**
12	Solar	K	**95.02**
13	Non Solar	L	7.27
14	Hydro	M	87.75
15	**Total RPO Fulfilled**	**N=L+M+N**	-

*Short term APPCL hydro source disallowed, as unapproved (discussed in subsequent section).

Table 4-25: RPO details computed by the Commission for FY 2019-20 (MU)

RE Power	Opening Unfulfilled Obligation (upto FY 2018-19)	Obligation for the year	Obligation met during the year	Closing Unfulfilled Obligation (for FY 2019-20)
Solar	67.11	41.61	7.27	101.45
Non-Solar	74.55	104.03	87.75	90.83
Hydro	0.00	20.81	0.0	20.81
Total	**141.66**	**166.45**	**95.02**	**213.09**

Power Procurement from Short Term Sources:

4.6.74 The Petitioner submitted that the short-term power of 356.84 MU has been purchased @ Rs. 4.43 per kWh which includes 205.14 MU from IEX. The balance quantum of 151.7 MUs were purchased from various traders/state utilities/generators on firm/day-ahead/contingency basis.

4.6.75 Further the Petitioner mentioned that the above rate of Rs. 4.43 per kWh including transmission charges & losses at NPCL bus is well within the approved rate of Rs. 5.32 per kWh for short term power as approved by Hon'ble Commission in the Tariff Order dated 3rd September 2019

Table 4-26: Power purchase from Short-Term sources as claimed by the Petitioner

S.No	Description	UoM	Approved (T.O. dt. 3-09-19)	Actual
1	***Units at NPCL***	*MU*	228.21	356.84
2	Energy Rate	Rs./kWh	4.67	3.91
3	Energy Cost	Rs.Cr.	106.52	139.61
4	Inter-State Trans. Charges	Rs.Cr.	10.73	10.10
5	Intra-State Trans. Charges	Rs.Cr.	4.25	8.20
6	Total Cost	Rs.Cr.	121.49	157.91
7	**Landed Rate**	**Rs/kWh**	**5.32**	**4.43**

4.6.76 From the above table it is observed that the Petitioner has claimed 356.84 MU against 228.21 MU approved as per the Tariff Order of FY 2019-20 which is 128.63 MU more than approved short term purchase. NPCL has submitted short term procurement sources for FY 2019-20 as under:

Table 4-27: Source wise power purchase as claimed by the Petitioner including Transmission cost

Supplier's Name	MU Imported at NPCL bus	Total (in Rs. Cr)	Per Unit Cost
Arunachal Power Corporation (P) Ltd. (APPCPL)	24.50	11.07	4.52
Shree Cements Ltd	91.21	47.85	5.25
Kreate Energy Ltd	1.41	0.65	4.64
Arunachal Power Corporation (P) Ltd. (APPCPL)-Hydro	34.59	16.54	4.78
Power Purchase from Exchange	205.14	81.80	3.99
Subtotal	**356.84**	**157.91**	**4.43**

4.6.77 The vide deficiency enquired the Petitioner to submit the monthly bills and source of power procured by APPCL (Hydro) of 36.60 MU and APPCL of 25.97 MU for FY 2019-20. In case the same is approved then the licensee may provide the copy of the approvals or to clarify whether the approval for the same was sought from the commission. Further, the Petitioner was directed to provide the source wise approval given by the commission for the same (relevant Orders to be provided). In response the Petitioner submitted the Summary of Short Term Power Purchase as a part of the query.

Table 4-28: Summary of Short- Term Power Purchase (FY 2019-20)

S.No	Description	UoM	Power Exchange	APPCPL -Hydro	APPCPL	SCL	Kreate	Total
1	Units at NR	MU	217.71	36.60	25.97	96.66	1.49	378.44
2	Energy Rate at NR	Rs/kWh	3.23	4.03	4.11	4.48	3.88	3.69
3	Units at NPCL	MU	205.14	34.59	24.50	91.21	1.41	356.84
4	Energy Rate at NPCL	Rs/kWh	3.43	4.26	4.36	4.75	4.12	3.91
5	Energy Cost	Rs.Cr.	70.32	14.74	10.67	43.30	0.58	139.61
6	Inter-State Trans. Charges	Rs.Cr.	6.05	1.10	0.23	2.68	0.04	10.10
7	Intra-State Trans. Charges	Rs.Cr.	5.43	0.70	0.17	1.87	0.03	8.20
8	Total Cost	Rs.Cr.	81.80	16.54	11.07	47.85	0.65	157.91
9	**Landed Rate**	**Rs/kWh**	**3.99**	**4.78**	**4.52**	**5.25**	**4.64**	**4.43**

4.6.78 The Petitioner further submitted that, the overall rate for short term power procurement during FY 2019-20 was Rs. 4.43 per kWh at NPCL-Bus i.e. including transmission charges & losses which is substantially lower by Rs. 0.89 per unit than the approved rate of Rs. 5.32 per kWh for short term power. During FY 2019-20, the Petitioner purchased 356.84 MU @ Rs. 4.43 per kWh which includes 205.14 MU from IEX. Thus, the Company has purchased short term power predominantly from power exchange. The balance quantum of 151.7 MUs comprised power purchased from hydro sources mainly to minimise RPO obligation and residual from thermal power sourced from various traders/state utilities/generators on firm/day-ahead/contingency basis.

4.6.79 The Petitioner submitted that, with regard to procurement of power from Hydro Sources, the Petitioner was obligated to fulfil its RPO obligations equivalent to 104 MU and the Commission in its various orders had been constantly asking the Company to complete its RPO upto FY 2018-19 latest by 31st March 2020. Accordingly, in order to comply with directions of the Commission, Petitioner procured hydro power from traders having mandate through tender to sell power from UPCL, Uttarakhand. Thus, Petitioner has procured 36.60 MU (Ex-NPCL 34.59 MU) Hydro power from UPCL, Uttarakhand to comply with its RPO. The above procurement of power was made at weighted average rate of Rs. 4.04 per kWh at NR-periphery.

4.6.80 In this regard, the Petitioner submitted that during Aug'19-Sep'19 i.e. the period when the aforesaid power was drawn, the average rate for RTC power stood at Rs. 3.11 per kWh on IEX. Considering, Rs. 1.0 per kWh as REC cost, the rate of IEX would come around Rs. 4.11 per kWh which is higher than Rs. 4.03 per unit at which the Petitioner has actually procured the hydro power. Further submitted that the Commission has been approving the power purchase from Renewable sources in the aforesaid manner in its earlier orders latest being Tariff Order dated 4th Dec'20. The relevant paras of the order are given below:-

> *"3.6.51 Since Renewable energy is required for fulfilment of RPO obligation, the same seems justified and is being approved subject to any further Orders of the Commission in matters related to RPO in future. Also, the Commission has analysed the landed price from exchange at NPCL periphery which arrives at Rs. 4.88/kWh (Rs. 3.88/kWh Average RTC Price+ Rs. 1.00/kWh Transmission charges and losses) and added the forbearance price of Rs. 1000/MWh for Solar and Non-Solar REC which comes to Rs. 5.88/kWh. Hence, the power purchase cost from renewable seems reasonable……."*

4.6.81 The Petitioner submitted that with respect to procurement of residual power, requested the Commission to kindly recall the circumstances during the end of FY 2018-19 when prices of short-term power had begun to increase as market sensed the possibility of shortage in power availability during impending General / State Assembly elections in the first quarter of FY 2019-20. Therefore, in order to procure power from reliable NR source during peak season in FY 2019-20, the Company procured short term power during Apr-19 to Jun-19 from M/s Shree Cements Ltd., being connected with CTU at NR, at lower rate than the rates prevailing at NR periphery for Bilateral Power Transaction as per CERC Market Monitoring Report for Apr'19 to June'19, as given below:-

Table 4-29: Short Term Power Rate at NR periphery (Rs./kWh)*

Period	CERC Market Monitoring Report#
Apr'19	5.15
May'19	4.54
Jun'19	4.86
Average Rate	**4.72**

** Rate at Regional Periphery i.e. NR Periphery*
 # Refer Page 13 of CERC Market Monitoring report for respective months.

4.6.82 The Petitioner submitted that it is pertinent to mention that the average rate for RTC power during Apr-Jun'19 at IEX was Rs. 3.70 per kWh at NR-periphery which would translate into landed cost of Rs. 4.70 per kWh after adding transmission charges and losses etc. Further submitted that from the above, it can be seen that the rates during quarter Apr-Jun'19 from IEX as well as bilateral market was comparatively higher as compared to average for the year.

4.6.83 It is further submitted that 27.46 MU (25.91 MU at NPCL Bus) was procured from M/s Kreate Energy and M/s APPCPL as contingency power in varied hours and days spread across the year to meet sudden increase in demand during plant outages, transmission constraints etc.

4.6.84 The Commission observed that the Petitioner has not taken prior approval from the Commission regarding the Short-Term Power Purchase.

Source	Approved (Y/N)
Arunachal Power Corporation (P) Ltd. (APPCPL)	N
Shree Cements Ltd	N
Kreate Energy Ltd	N
Arunachal Power Corporation (P) Ltd. (APPCPL)-Hydro	N
Power Purchase from Exchange	N (exception)
Banking	N

4.6.85 The Petitioner has mentioned in the data gap reply that the APPCL hydro procured for the purpose of reducing the RPO. Regarding Shree Cements Power the Petitioner has procured power at high cost Rs. 5.25 / Unit at NPCL Periphery. The Petitioner has mentioned that the Power Purchase from APPCL and Kreate are based at on Contingency and provided the PPA of it. Accordingly, the Commission approved the Power Purchase from APPCL, Kreate and Power Exchange and disallowed the Power purchase from APPCL Hydro and Shree Cements.

4.6.86 While Truing up of FY 2018-19, the Commission had directed the Petitioner that in future, the Petitioner should strictly follow the Central Government Guidelines namely 'Guidelines for short term (i.e. for a period more than one day to one year) Procurement of power by Distribution Licensees through Tariff based bidding process' dated March 30, 2016.

4.6.87 For FY 2019-20, it is observed that the Petitioner purchased from short term sources, not approved by the Commission. Further, as regards APPCL Hydro, the same is not procured from RPO obligation (HPO) but to reduce to RPO quantum to be computed, however, the approval for the same has also not been taken. Further, the Petitioner did not also comply to the clause 11.2 of the guidelines for any of the sources. Hence, all the power purchased from unapproved sources, except of the power purchased from exchange, is not being approved.

4.6.88 The quantum of power equivalent to disallowed quantum, is assumed to be purchased from the Power Exchange as Deemed Power Purchase from Exchange. The average IEX price rate for FY 2019-20 was analysed as shown in the table below (prices at N2 i.e. Northern periphery):

Particular	FY 2019-20 (Exchange Price at N2)
Average RTC	3.01
Average Peak	3.56
Average Non- Peak	2.83

4.6.89 The Petitioner, wrt power purchased from the exchange has claimed a price of Rs. 3.23/kWh (Exchange Price at N2) and a landed price of Rs. 3.99/kWh at NPCL periphery. From the above, it is observed that the claimed value is higher than avg. RTC but lower than the Peak Power. Further, as more than 50% of the short term disallowed was purchased on RTC basis, hence the Commission has been considered the purchase from the exchange at a price of Rs. 3.01/kWh ex bus i.e. the average RTC price. The landed cost arrived for FY 2019-20 is Rs.3.76 / kWh (with average RTC of Rs.3.01/kWh), the same has been computed considering the transmission charges and losses in same proportion as submitted by the Petitioner for its purchase of 205.14 MU from exchange. Accordingly, the power purchase from short term (other than renewable) is approved as under:

Table 4-30: Approved Power Purchase from Short Term Sources for FY 2019-20

Source	True Up Petition (FY 2019-20)			In house Analysis (FY 2019-20)		
	MU Imported at NPCL bus	Per Unit Cost	Total (in Rs. Cr	MU Imported at NPCL bus	Per Unit Cost	Total (in Rs. Cr
Arunachal Power Corporation (P) Ltd. (APPCPL)*	24.50	4.52	11.07	-	-	-
Shree Cements Ltd	91.21	5.25	47.85	-	-	-
Kreate Energy Ltd*	1.41	4.64	0.65	-	-	-
Arunachal Power Corporation (P) Ltd. (APPCPL)-Hydro	34.59	4.78	16.54	-	-	-
Power Purchase from Exchange	205.14	3.99	81.80	205.14	3.99	81.80
Subtotal	**356.84**	**34.43**	**157.91**	205.14	3.99	81.80
Deemed Purchase from Exchange				**257.54**	**3.76**	96.73
Total				**462.68**	**3.86**	**178.53**

Table 4-31: Approved Power Purchase from Short Term Sources (detailed) for FY 2019-20

Supplier's Name	MU Imported at NPCL	Inter-State Loss (%)	Intra-State Loss (%)	MU Imported at NPCL	Rate (Rs. / Unit)	Fixed Charges (Rs. Crore)	Energy Charges (Rs. Crore)	Amount (Rs. Crore)	Transmission charges of PGCIL (Rs. Crore)	Transmission Charges of UPPTCL (Rs. Crore)	Total Trans. Charges (Rs. Crore)	Total (Rs. Crore)	Per Unit Cost (Rs. / Unit) at NPCL Periphery
Reference	**A**	**B**	**C**	**D**	**E=(H/A)*10**	**F**	**G**	**H=F+G**	**I**	**J**	**K=I+J**	**L=H+K**	**M=(L/D)*10**
Approved													
Arunachal Power Corporation (P) Ltd. (APPCPL)													
Kreate Energy Ltd													
Power Purchase from Exchange	217.71	2.43%	3.43%	205.14	3.23		70.32	70.32	6.05	5.43	11.48	81.80	3.99
Subtotal	**245.18**			**231.04**	**3.33**		**81.57**	**81.57**	**6.32**	**5.63**	**11.95**	**93.52**	**4.05**
Deemed Purchase from Exchange	**245.83**			**231.64**	**3.01**		**74.03**	**74.03**	**6.83**	**6.14**	**12.96**	**87.00**	**3.76**

<u>Power Banking:</u>

4.6.90 The Petitioner submitted that owing to increase in the price of short-term power and possibility of shortage in power availability during impending General / State Assembly elections in FY 2019-20, the Petitioner leveraged Power Banking arrangements to optimise its over-all power purchase cost were performed.

4.6.91 The Commission observed that the Petitioner has claimed Rs. 84.87 Crore under banking (as provided in Appendix-2 Tariff formats APR 20), while Note 16 of the Audited Accounts mentions the Power Banking cost as Rs. 0.64 Crore. The Commission enquired that, in case of same is approved then the licensee may provide the copy of the approval along with all the banking agreements, transactions details and bills, day wise month wise and should reconcile the same and provide the details of Energy banking with the transaction details / documents. Further the Petitioner to provide detailed justification why banking was required to be done (Forward and Reverse).

4.6.92 The Petitioner submitted that banking / sale of power is a tool for distribution licensees for optimization of power procurement and cost thereof for better load management. Therefore, the banking of power in / out, as the case may be, is generally undertaken by the Discoms including the State Discoms of U.P. Further, Banking being cashless transaction (since settled in unit terms and not in amount) doesn't carry any rate/amount. It is for this reason the banking transactions have been specifically kept beyond the purview of DEEP Portal. Since, there is no rate / amount involved in the banking of power, therefore, there is no occasion for adoption of tariff for the same. Relevant para of short-term Guidelines in this regard is provided here-in-below for ready reference of the Commission:

Quote

"

….

***Exceptions**: Procurement of Power for less than 15 days shall be excluded from the scope of these Guidelines to allow for contingencies. Power procured under Banking mechanism and from Power Exchanges shall also be excluded from the scope of these Guidelines.*

...

…

2.5. As and when considered appropriate, the Central Government would notify the amendment to these guidelines for procurement of power through Banking Mechanism…."

Unquote

The Petitioner further submitted that the Commission in its MYT Regulations has also acknowledged the power procurement through banking arrangements and accordingly, the

Commission has also approved the same at the time of truing-up of FY 2017-18 vide its Tariff Order dated 3rd Sep'2019. The relevant Para-3.6.20 of Tariff Order dated 03.09.2019 of the Company is reproduced below for ready reference:

Quote

"3.6.20 From the above observations, the summary of power purchase cost as approved by the Commission for FY 2017-18 is as shown in the Table below:

Power Purchase as approved by the Commission for FY 2017-18

Item	***True- Up Petition***			***Approved upon Truing Up***		
Sources of Power Purchase	***Energy (MU)***	***Rate (Rs/kWh)***	***Cost (Rs Cr)***	***Energy (MU)***	***Rate (Rs/kWh)***	***Cost (Rs Cr)***
Long-Term Power	*1073.26*	*4.17*	*447.36*	*1073.26*	*4.17*	*447.36*
Power Purchase from Traders	*607.39*	*3.79*	*230.15*	*607.39*	*3.79*	*230.15*
Power Purchase from RE	*128.32*	*5.19*	*66.61*	*128.32*	*5.19*	*66.61*
Power Banking	*14.01*	*4.71*	*6.60*	*14.01*	*4.71*	*6.60*
Unscheduled Interchange (UI)	*(0.88)*		*2.78*	*(0.88)*		*2.78*
Sale of Energy	*(9.64)*	*2.6*	*(2.51)*	*(9.64)*	*2.6*	*(2.51)*
Sub-Total	***1812.47***	***4.14***	***751.00***	***1812.47***	***4.14***	***751.00***
PGCIL Transmission Charges			*66.02*			*66.02*
UPPTCL Transmission Charges			*20.81*			*20.81*
Total Transmission Charges		***0.48***	***86.83***		***0.48***	***86.83***
Total Power Purchase	***1,812.47***	***4.62***	***837.83***	***1812.47***	***4.62***	***837.83***

...."

Unquote

4.6.93 Also, the Commission in Para-5.4.7 of its Tariff Order dated 22.01.2019 of the Company has stated that banking transactions cannot be projected in advance at the time of ARR and the same will be considered at actuals at the time of true-up. The relevant Para-5.4.7 is quoted as under for ready reference:

Quote

"5.4.7 As regards unscheduled Interchange transactions amounting to Rs 4.34 Cr and Power Banking charges amounting to Rs 3.51 Cr as claimed by the Petitioner, the Commission is of the view that these charges cannot be projected while approving the ARR and need to be considered based on actuals at the time of truing up. Hence the Commission has not approved these charges and the same shall be considered at the time of Truing Up based on actuals subject to prudence check."

Unquote

4.6.94 The Petitioner further stated that accordingly, the Company though has been projecting Power Banking in its ARR, however, as stated above, the same is taken into account by the Commission at the same at the time of truing-up. As regards justification on Power Banking, the same has already been provided by the Company in paragraph 5.5 of Appendix-III: Text of True Up of FY 2019-20 of the instant Petition no. 1648 of 2021 dated 1st February 2021 which is re-produced below for your ready reference.

Quote

*"5.5 **Power Procurement from Short Term Source:***

a) During FY 2018-19, price of short-term power had begun to increase as market sensed the possibility of shortage in power availability during impending General / State Assembly elections in FY 2019-20. Therefore, in order to avoid the procurement of power at higher market price during peak season in FY 2019-20, the Company leveraged the Power Banking arrangements to optimise its over-all power purchase cost.

b) Further, the Company also carried out forward banking for 10.01 MU with various utilities. While 8.70 MUs were returned during FY 2019-20 itself, 1.27 MUs were returned in FY 2020-21.

c) *Since, the power banking is neither sale nor purchase and only a deferred utilization or storage of the energy, the Company has incurred nominal trade margin and transmission charges only for such power.*

d) *Consequently, the Company drew 163.02 MU power in FY 2019-20 which were banked in FY 2018-19.*

Table-10: Power Banking (FY 2019-20)				
S.No	***Description***	***UoM***	***Approved (T.O. 3-Sep-19)***	***Actual***
1	***Units at NPCL***	***MU***	***-***	***163.02***
2	*Energy Rate*	*Rs./kWh*	*-*	*4.63*
3	*Energy Cost*	*Rs.Cr.*	*-*	*75.45*
4	*Inter-State Trans. Charges*	*Rs.Cr.*	*-*	*5.77*
5	*Intra-State Trans. Charges*	*Rs.Cr.*	*-*	*3.65*
6	*Total Cost**	*Rs.Cr.*	*-*	*84.87*
7	***Landed Rate***	***Rs./kWh***	***-***	***5.21***
**Total may not tally due to rounding offs*				

…….”

Unquote

4.6.95 Further, the Petitioner mentioned that as per the annexure mentioned above, the it has requested the Commission to kindly observe that during FY 2019-20, the power banked during FY 2018-19 has only been imported back during FY 2019-20 barring small transactions of 1.27 MU banked during FY 2019-20 to be imported back in FY 2020-21.

4.6.96 The Commission enquired that the Petitioner has not considered the power banking cost in Total power purchase and why the amount is reflected in the audited accounts. In this regard the Petitioner shall provide the justification for the same.

Quote

The Company would humbly bring to the kind attention of the Hon'ble Commission that Banking is a cashless transaction (since settled in unit terms and *not in amount) doesn't carry any rate/ amount. It is for this reason the banking transactions have been specifically kept beyond the purview of DEEP Portal of Ministry of Power, GoI for procurement of power.*

Since, banking of power is only a barter system where power is traded against the power and does not have any financial impact, accordingly while submitting the power purchase cost for FY 2019-20, the Company has not reduced the value of power banked by it during FY 2019-20 which would be withdrawn during FY 2020-21 (valued at Rs. 0.64 Cr. in the audited books of accounts on weighted power purchase cost basis) Similarly, the Company has also not considered any cost against this power when the same is being drawn during FY 2020-21. Thus, the variance of Rs. 0.64 Cr in cost of Power Purchase when compared with Audited Financial Statements is merely on account of normative value considered in respect of power banked during FY 2019-20 for the purpose of preparation of Audited Books of Accounts for the year.

As already submitted, we once again reproduce below the reconciliation between power purchase cost as per audited books of accounts and as per ARR petition:-

Table-1: Reconciliation of Power Purchase Cost (Rs. Crore)

Sl. No.	Particulars	Ref.	As Per Audited Accounts	As per True-up Petition	Variance	Remarks
1	Energy Cost	a	1189.29	1144.30	44.99	Reclassification of MTPPA Trans. Charges
2	Receivable for Power Banking	b	(0.64)	-	(0.64)	Adjustment for Power Banking
3	**Net Energy Cost**	**c=a+b**	**1188.65**	**1144.30**		
4	Transmission Cost	d	105.40	150.38	(44.99)	Reclassification of MTPPA Trans. Charges
5	**Total**	**e=c+d**	**1294.05**	**1294.69**	**(0.64)**	**Adjustment for Power Banking**

Note: Total may not tally due to rounding offs

Unquote

4.6.97 Further on prudence check, the Commission found that neither the Petitioner took any prior approval of the Commission for Banking of Power, nor informed the Commission about it. Further, Commission refers to Regulation 19 (d) of the UPERC MYT Regulation, 2014 provide as under:

Quote

19 (d) If there is a short term requirement of power by the Distribution Licensee over and above the quantum as approved by the Commission and such requirement is on account of any factor beyond the control of the Licensee (shortage / non availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned / forced outages of power generating units or acts of God), then the cost shall be directly passed on to the customer without prior approval of the Commission.

Provided that the cost of the additional power shall be capped by the lower of the weighted average price of power exchange rates or bilateral market purchases for the same quarter.
Provided further that in such a case, the Distribution Licensee shall inform the Commission about the purchase of power over and above approved quantum with all the details. In case the Commission is not satisfied by the quantum and/or rates, the Commission may disallow the same in the True Up."

Unquote

4.6.98 Further, in while Truing up of FY 2018-19, the Commission observed as under:

"3.6.70 As regards banking of power, the Commission is of the view that only the banking of power purchase approved in FY 2017-18, is allowed without transmission charges. All other excess and unapproved short-term power purchased and banked in FY 2018-19 are disallowed and the Petitioner is directed to take prior approval of Commission for short-term procurement (other than from exchanges) and for banking of power in future"

4.6.99 Accordingly, since the Petitioner has not taken any prior approval of the Commission the Commission disallows all the transaction(s) related to banking of power done in FY 2019-20.

Sale of Power:

4.6.100 The Petitioner submitted that it has sold 51.49 MU at the rate of Rs. 1.91/kWh amounting to Rs. 9.83 Crore through IEX/IEX linked contracts in off-peak/lean hours.

Table 4-32: Power Sold by the Petitioner in FY 2019-20

Beneficiary	Units Sold (MU)	Sale (Rs. Cr.)
Sale of Power to UPCL (Through APPCL)	51.49	9.83
The above sale of power has been benchmarked with rate discovered at IEX.		

4.6.101 The Commission asked the Petitioner to provide the monthly bills with reconciliation for sale of power through to exchange for FY 2019-20. In case the same is approved then the Licensee may provide the copy of the approvals. They should also compile these transactions transmission (inter), transmission (intra) etc in Excel for FY 2019-20. With regards to sale of surplus power justify why the need arose and the licensee should provide details the power sold and the amounts and quantum with the transaction documents.

4.6.102 The Petitioner submitted that the Commission will appreciate that the power distribution business is totally dependent on consumer demand and that too on real time basis. Thus, it is not feasible to procure power in the exact quantities as per actual drawl of power by the consumers. Discoms procure power in accordance with the projected demand which will vary from time to time as compared to the power tied-up due to various reasons e.g. weather conditions, break-down, holidays, economic conditions, restrictions imposed by NGT on industries / construction activities etc. Under such scenario, the Discom has to either surrender the surplus power in Deviation Settlement Mechanism (DSM) or sell the same in Energy Exchange. Surrendering entire power under DSM may not always be optimum solution as DSM rates are frequency dependent and therefore, may result in much lower realisation or even negative realisation due to higher frequency in addition to sign change charges as per DSM Regulations. Therefore, selling power at Energy Exchange is generally considered a better option as sales proceeds are also instantly realised. It is pertinent to mention that all Discoms rely on sale of surplus power to optimize their power procurement cost as well as complying DSM Regulations.

It is also pertinent to mention the provisions of MYT Regulations, 2014 which provides for sale of surplus power, if any during the lean period and benchmarking of rates with power exchange. Regulation-19 (b) & (c) of the above Distribution Regulations, 2014 in this regard is reproduced below:

Quote

"19 Power Purchase Quantum and Cost:

b) The approved Power Purchase cost shall be net of expected revenue from sale of surplus power, if any, during lean period.

c) Revenue from sale of surplus power shall be estimated at per unit weighted average price of bilateral purchases and power exchange rates for the same quarter, subject to truing up."

Unquote

4.6.103 The Petitioner further submitted that from the above, it can be seen that the above sale of power at benchmark price of IEX is completely in line with the provisions of the Regulations and accordingly, the Commission has been approving the same at the time of truing-up from time to time e.g. truing-up of FY 2017-18 vide Tariff Order dated 3rd Sep'2019.

4.6.104 Since the Commission has already disallowed any excess and unapproved short-term power purchased and banked in FY 2019-20, accordingly, there would not be any scenario of sale of excess power. Hence, for the True Up of FY 2019-20 the sale of power cannot be taken into consideration.

Unscheduled Interchange:

4.6.105 The Petitioner submitted that it has overdrawn 2.46 MU in FY 2019-20 amounting to the cost of Rs. 11.89 Crore. The Commission in this regard asked the Petitioner provide the data on actual energy input at T <> D boundary of NPCL for FY 2019-20, duly certified by SLDC and also to provide the DSM account for FY 2019-20.

4.6.106 The Petitioner submitted that, with respect to reconciliation of energy input at boundary of NPCL with SLDC, Petitioner stated that due to non-receipt of accurate statements in timely manner from UPSLDC, the Petitioner reconciles the same with REA published by NRLDC which is generally available by next month. Accordingly, the Petitioner finalises its statutory accounts based on the energy certified by NRLDC and further reduced by the intra-state transmission losses as approved by the Commission from time to time. The aforesaid Statement is duly verified by the Statutory Auditors of the Company.

4.6.107 Further mentioned that UPSLDC had revised the energy accounting statements for the period from FY 2015-16 to FY 2018-19 more than 40 times which included revisions for multiple weeks of preceding periods and still the same is not in sync with the REA published by NRLDC. Therefore, the Petitioner relies on the REA statements published by NRLDC. Apart from the above, there is a significant time-lag in receipt of DSM account from UPSLDC due to which the Company resorts to REA statement which is generally available by the subsequent month.

4.6.108 Accordingly, the same is approved. However, the Petitioner is directed to limit its UI and indulge in real time markets.

1.1.1 It has been observed that vide several submissions in response to Commission`s queries, the Petitioner has submitted and changed the values of power purchase cost during the proceedings and accordingly, the True-up ARR & Gap claimed by the Petitioner has changed (wrt the True-up petition submitted initially) and has been considered as per the last submission of the Petitioner which was the certified auditor certificate certifying power purchase quantum of 2267.28 MU & power purchase cost of Rs. 1294.05 Crs which was earlier claimed as Rs.1295.69 Crs.

4.6.109 Accordingly, the Commission has approved the Power purchase cost and corresponding transmission charges as discussed in the source wise sections above. The Total power purchase approved for FY 2019-20 is shown in the Table below:

Table 4-33: Power Purchase Cost and quantum approved by the Commission for FY 2019-20

Particulars	True Up Petition			Approved for True Up FY 2019-20					
Sources of Power Purchase	Energy (MU) at NPCL bus	Avg. cost (Rs. /kWh)	Cost excluding Transmission (Rs. Crore)	Energy (MU) at NPCL bus	Avg. cost (Rs. /kWh)	Cost excluding Transmission (Rs. Crore)	PGCIL Charges (Rs. Crore)	UPPTCL Charges (Rs. Crore)	Total Cost (Rs. Crore)
Long Term Power (from DIL)	**1048.36**	4.98	522.47	**1,048.36**	3.83	**401.67**	38.76	19.64	**460.07**
Additional Coal Charges (FY 2017-18 to FY 2019-20)			67.28			**60.04**			**60.04**
For Change in Law (FY 2016-17 to FY 2018-19)			32.92			**32.26**			**32.26**
Medium Term Power (PTC India)	**653.05**	3.68	240.60	**653.05**	3.60	**235.10**	42.45	0.00	**277.55**
Additional claim Medium Term Power			16.51						
Power Purchase from Traders/Open Access	**356.84**	**3.91**	**139.61**	**462.68**	**3.30**	**152.63**	**13.64**	**12.26**	**178.53**
Power Purchase from Traders (RTC)									
Power Purchase from Traders (Peak)									
Arunachal Power Corporation (P) Ltd. (APPCPL)	24.50	4.36	10.67						
Shree Cements Ltd	91.21	4.75	43.30						
Kreate Energy Ltd	1.41	4.12	0.58						
Arunachal Power Corporation (P) Ltd. (APPCPL)-Hydro	34.59	4.26	14.74						
Power Purchase from Exchange	205.14	3.43	70.32	205.14	3.43	70.32	6.05	5.43	**81.80**
Deemed Purchase from exchange				257.54	3.20	82.31	7.59	6.82	**96.73**
Power Purchase from RE	**95.02**	5.13	**48.76**	**95.02**	**3.52**	**33.48**	**2.31**	**2.24**	**38.03**
Solar Power (GNIDA)	1.17	6.92	0.81	1.17	6.92	0.81	0.00	0.00	0.81
Solar Power (APPCPL)	0.36	5.38	0.19	0.36	3.01	0.11	0.01	0.01	0.13
Solar Power (Net Metering)	5.74	7.57	4.34	5.74	7.57	4.34	0.00	0.00	4.34
Non-Solar Power (MPPL)	42.30	5.23	22.12	42.30	3.16	13.36	1.23	1.11	15.70
Non-Solar Power (APPCPL)	36.32	4.96	18.02	36.32	3.19	11.58	1.07	0.96	13.61
Wind Power (PTC)	9.13	3.59	3.27	9.13	3.59	3.27	0.00	0.17	3.44
Subtotal	**2,153.27**	4.96	**1,068.15**	**2,259.11**	**4.05**	**915.18**	**97.16**	**34.14**	**1046.48**
Power Banking	163.02	4.59	74.81						
Sale of Energy	**-51.49**	**2.17**	**-11.18**						
Other Refund of UPPTCL							0.00	-2.74	-2.74
UI	**2.46**	**48.25**	**11.89**	**2.46**	**48.25**	**11.89**	0.00	0.00	11.89
Sub-total	**2,267.28**	**5.04**	**1,143.67**	**2,261.58**	**4.10**	**927.07**	**97.16**	**31.40**	**1,055.63**
Total Transmission Charges			**150.38**			**128.55**			
Transmission Charges of PGCIL			**107.75**			**97.16**			
Transmission Charges of UPPTCL			**42.63**			**31.40**			
Total Power Purchase Cost	**2267.28**	**5.71**	**1294.05**	**2261.58**	**4.67**	**1055.63**			

4.6.110 Further, as discussed in the sales section, the Petitioner have overbooked the sales of 24.62 MU under the unmetered categories of the consumers against the norms approved for those categories. The same has been disallowed and the corresponding excess power purchase cost claimed by the Petitioner is also being disallowed as depicted below:

Table 4-34: Disallowance in PPC for FY 2019-20 (Rs. Crore)

S.NO.	Particulars	Approved
1	Excess Sales booked under unmetered categories (MU)	22.65
2	Distribution Loss (%)	8.00%
3	Excess energy at Discom periphery (MU)	24.62
5	Rate considered of short-Term power purchase at NPCL Bus (Rs/kWh)	3.76
6	**Disallowance in PPC due to excess sales booking in unmetered categories (Rs. Crore)**	**9.25**

4.6.111 It is observed that while penalizing the Petitioner for excess sales, in True-up of FY 2018-19, while computing disallowed Power purchase cost at NPCL periphery, transmission charges were not disallowed. However, the Commission is not inclined to conduct the True-up of the True-up of FY 2018-19.

4.6.112 Further, the Commission has allowed additional Transmission charges arising out of Truing-up of FY 2019-20 for UPPTCL are also allowed as shown below:

Additional UPPTCL True-up Rate (Rs/kwh)	Units delivered (MU)	Additional Transmission (UPPTCL) Charges (Rs. Crore)
0.0074	**2,254.67**	**1.68**

Table 4-35: Net Power Purchase Cost as approved by the Commission for FY 2019-20

Particular	Cost (Rs. Crore)
Total Power Purchase Cost	1055.63
Less: Adjustment of Extra Sales	9.25
Add: Additional Transmission (UPPTCL True-up) charges	1.68

Particular	Cost (Rs. Crore)
Net Power Purchase	**1048.06**

4.7 O&M EXPENSES

Petitioner's Submission

4.7.1 The Petitioner submitted that the Operation and Maintenance (O&M) expenses comprises of Employee related costs, Administrative and General (A&G) Expenses, and Repair and Maintenance (R&M) expenditure.

4.7.2 The Petitioner submitted that Regulation 25 of the MYT Regulations, 2014 deals with the O & M Expenses which is reproduced below:-

"25 Operation & Maintenance Expenses

(a) The Commission shall stipulate a separate trajectory of norms for each of the components of O&M expenses viz., Employee cost, Repairs and maintenance (R&M) expense and Administrative and General Expense (A&G) expense. Provided that such norms may be specified for a specific Distribution Licensee or a class of Distribution Licensees.

(b) Norms shall be defined in terms of combination of number of personnel per 1000 consumers and number of personnel per substation along with annual expenses per personnel for Employee cost; combination of A&G expense per personnel and A&G expense per 1000 consumers for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses:

(c) One-time expenses such as expense due to change in accounting policy, arrears paid due to ***pay commissions*** *etc., shall be excluded from the norms in the trajectory.*

(d) The ***expenses beyond the control of the Distribution Licensee*** *such as dearness allowance, terminal benefits etc. in Employee cost etc., shall be excluded from the norms in the trajectory.*

(e) The One-time expenses and the ***expenses beyond the control of the Distribution Licensee shall be allowed by the Commission over and above normative Operation & Maintenance Expenses*** *after prudence check.*

(f) The norms in the trajectory shall be specified over the control period with due consideration to productivity improvements.

(g) The norms shall be determined at constant prices of base year and escalation on account of inflation shall be over and above the baseline.

(h) The Distribution Licensee specific trajectory of norms shall be identified by the Commission on the basis of simple average of previous five years audited figures, duly normalized for any abnormal variation.

(i) For new Distribution Licensee whose date of commercial operation is within the tariff period (i.e. April 1, 2015 to March 31, 2020), detailed project report shall be used by the Commission to estimate values of norms.

25.1 Employee Cost

Employee cost shall be computed as per the approved norm escalated by consumer price index (CPI), adjusted by provisions for expenses beyond the control of the Licensee and one time expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears, Interim Relief etc., governed by the following formula:

EMP_n= (EMP_b * CPI inflation) + Provision
Where:
EMP_n: *Employee expense for the year n.*
EMP_b: *Employee expense as per the norm CPI inflation: is the average increase in the Consumer Price Index (CPI) for immediately preceding three financial years.*
Provision: Provision for expenses beyond control of the Distribution Licensee and expected one-time expenses as specified above.

25.2 Repairs and Maintenance Expense

Repairs and Maintenance expense shall be calculated as percentage (as per the norm defined) of Average Gross Fixed Assets for the year governed by following formula:

$R\&M_n = K_b * GFA_n$
Where:
$R\&M_n$: Repairs & Maintenance expense for n^{th} year
GFA_n: Average Gross Fixed Assets for n^{th} year
K_b: Percentage point as per the norm.

25.3 Administrative and General Expense

A&G expense shall be computed as per the norm escalated by wholesale price index (WPI) and adjusted by provisions for confirmed initiatives (IT etc. initiatives as proposed by the Distribution Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:
$A\&G_n = (A\&G_b * \text{WPI inflation}) + \text{Provision}$

Where:
$A\&G_n$: A&G expense for the year n
$A\&G_b$: A&G expense as per the norm
WPI inflation: is the average increase in the Wholesale Price Index (WPI) for immediately preceding three financial years
Provision: Cost for initiatives or other one-time expenses as proposed by the Distribution Licensee and validated by the Commission."

4.7.3 The Petitioner submitted that the Commission vide Tariff Order dated 03rd September, 2019 has approved the O & M expenses at Rs. 87.62 Cr. (net of employee cost capitalised and GST component) for FY 2019-20. As per Audited Accounts of the Company, the actual O & M Expenses for FY 2019-20 are at Rs. 110.81 Cr (net of employee cost capitalised and GST component). The Petitioner submitted the actual O&M Expenses for FY 2019-20 is along-with amount provisionally approved by the Commission in Tariff order dated 03rd September, 2019 as shown in the Table below:

Table 4-36: O&M Expenses as submitted by the Petitioner for FY 2019-20

Sl. No.	Particulars	Approved	Claimed in True Up
1	Repair & Maintenance Expenses	49.04	50.29

Sl. No.	Particulars	Approved	Claimed in True Up
2	Employees Expenses	34.85	56.86
3	Administrative & General Expenses	15.63	13.98
4	**Total O&M Expenses**	**99.52**	**121.12**
5	Employee Cost Capitalised	(11.90)	(10.32)
6	**Net O&M Expenses excluding GST component**	**87.62**	**110.81**
7	Add: GST Component	1.94	4.01
8	**Total O&M Expenses**	**89.56**	**114.82**

4.7.4 The Petitioner submitted that the Commission will observe that there is huge gap between the amount approved by the Commission and the actual expenses with respect to Employee Expenses. The Commission has approved the O & M expenses on normative basis in accordance with the Regulations-25 of MYT Regulations, 2014, which is grossly insufficient as compared to expenses incurred by the Petitioner.

4.7.5 The Petitioner submitted that the Commission may consider O & M expenses for FY 2019-20 at actuals owing to following factors enlisted below, being beyond the control of the Petitioner:

1. **Increase in Minimum Wages:** All enterprise, associations, partnership, body corporates etc. are bound by the provisions of Minimum Wages Act 1948 and Govt. of Uttar Pradesh under the provisions of the Minimum Wages Act, 1948 revises minimum wages twice in a year (i.e. with effect from April and October). The comparative revised minimum wages of U.P. during FY 2019-20 were as provided in the Table below:

Table 4-37 Details of Minimum Wages in State of U.P as submitted by the Petitioner

Class of labour	As on 1st Apr'13	w.e.f. 1st Apr'19	w.e.f. 1st Oct'19	% increase in C over A
	A	B	C	D
Skilled	6,296.38	9,873.00	10,201.09	62.02%
Semi-skilled	5,672.48	8,814.00	9,106.83	60.54%
Unskilled	4,975.86	8,012.73	8,278.94	66.38%

2. The Petitioner submitted that from the above it may be seen that the wages applicable from 01st April, 2019 was higher by 60-66% as compared to wages prevailing on April 2013 (i.e. mean financial year considered for determination of norms). Thus, the wages applicable for full FY 2019-20 has been significantly higher as compared to the norms.

3. The Petitioner submitted that the license area is situated in National Capital Region (i.e. NCR) and the cost of living in this area is equivalent to the cost of living in National Capital Territory (i.e. Delhi). Thus, the impact of changes in minimum wages and other labour welfare schemes are echoed in NCR region as well. Accordingly, the changes in minimum wage rate of NCT Delhi also affect the cost at which labour is available in Delhi-NCR. The following Table-18 shows that minimum wages prevailing during FY 2019-20 in NCT-Delhi were higher by 79%-81% as compared to State of UP:-

Period	Particulars	Ref.	Skilled	Semi-skilled	Unskilled
Apr-19 to Sep-19	NCT-Delhi	a	17,508	15,920	14,468
	State of U.P.	b	9,873	8,814	8,013
	Variation	c=a-b	7,635	7,106	6,455
	Variation (%)	d=c/b	77%	81%	81%
Oct-19 to Mar-20	NCT-Delhi	e	17,991	16,341	14,842
	State of U.P.	f	10,201	9,107	8,279
	Variation	g=e-f	7,790	7,234	6,563
	Variation (%)	h=g/e	76%	79%	79%

4. The Petitioner submitted that the minimum wages has a direct and substantial impact on most of the components of O & M expenses e.g. Breakdown gang, security charges,

job costing of various repair assignments. Further, as lower cadre staff are governed by the provisions of the Minimum Wages Act-1948, increase in minimum wages also leads to consequent cascading effect on the remuneration of entire staff including senior level employees as well. Further submitted that the Commission is aware that all enterprise, associations, partnership, body corporates, companies etc. are bound by the provisions of Minimum Wages Act 1948 and the Company has no option but to comply with the same. Therefore, impact of the changes in minimum wages is beyond the control of the Company and cannot be subsumed within normative employee cost.

5. The Petitioner also submitted that it is very difficult for a private organization to quantify the impact of wage revision in its overall O&M Expenses. However, these revisions increase the overall cost where manpower cost is involved much more than the increase in CPI being allowed through normative Employee Cost. From the above, the Commission may appreciate that the amount of escalation allowed by the Commission is not taking into account the revisions in wages and the same should be considered also at the time of approval of employee cost.

6. The Petitioner submitted that it is also pertinent to mention here that although the MYT Regulation, 2014 provides for escalation of normative Employee Cost on the basis of Consumer Price Index (i.e. CPI), however, the resultant escalation is quite insufficient and more important is that the increase in minimum wages are not covered in CPI. Hence, the impact of increase in minimum wages do not get compensated through incremental CPI.

7. The Commission may please observe that the Regulation 29 of MYT Regulation, 2014 provides admissibility of Bad and Doubtful Debts as a legitimate business expense with the ceiling limit of 2% of the revenue receivables in the Tariff. However, the

Company has been able to contain the same to 0.88% during the FY 2019-20. This has resulted in huge saving in the Bad and Doubtful Debts which will ultimately pass on to the Consumers as shown in the Table below:

Table 4-38: Details of Savings in Provision for Bad Debts (FY 2019-20) as submitted by the Petitioner

Sl. No.	Particulars	U.o.M.	Reference	Claimed in True Up
1	Revenue billed for the year	Rs. Cr.	A	1786.89
2	Actual Provision for Bad & Doubtful debts	Rs. Cr.	B	15.81
3	Provision as % of Revenue billed	%	c= b/a	0.88%
4	Normative Provision for Bad & Doubtful Debt @2%	Rs. Cr.	d=a x 2%	35.74
5	**Saving in provision for Bad & Doubtful debts**	**Rs. Cr.**	**e=d-b**	**19.93**

8. The Petitioner submitted that it is able to limit Bad & Doubtful Debts at 0.88% against 2% on account of the fact that the Petitioner has deployed additional manpower for recovery of dues from the consumers, prompt billing, aggressive actions against theft, timely action against the defaulters etc. In case, the Petitioner opts to reduce its manpower to align actual employee cost with the normative employee cost as per MYT Regulations, 2014, it may lead to higher bad debts which will ultimately burden the diligent Consumers. Therefore, the Petitioner should be allowed to recover its employee cost at actual.

4.7.6 The Petitioner submitted regarding the Recommendation of Sixth / Seventh Pay Commission: With implementation of the Seventh Pay Commission, the average pay of government employees has gone up more than 25% approx. including that of State Governments' employees. This will lead to considerable raise in salary package at entry level as well as higher level of employees in private sector also. In this backdrop, the Company has been facing an uphill task to retain talented and motivated workforce and minimize attrition in the increasingly competitive market with more and more participation of private sector in the utility segment including electricity distribution. Hence, it is necessary that the compensation structure on one hand meets the expectations of the employees and on the other hand motivates them to strive for superior performance through congruence of individual and organization goals. Therefore, any increase in emoluments given by the Central Pay Commission, will have a direct bearing on the salary and emoluments of the Company's employees so as to retain and motivate them appropriately. Needless to mention that the Commission has been approving the impact of change in pay scales as recommended and approved by various pay Commission to all State Discoms on actual basis. Also, the MYT Regulations 2014 provides for separate approval of such expenses over and above normative employee costs. The Commission refer to the Regulation Regulation-25 of MYT Regulations 2014 in this respect as reproduced herein below:-

Quote

" 25. …

(c) One-time expenses such as expenses due to change in accounting policy, arrears paid due to pay commission etc., shall be excluded from the norms in the trajectory.

(d) The expenses beyond the control of the Distribution Licensee such as dearness allowance, terminal benefits etc. in Employee costs etc. shall be excluded from norms in the trajectory.

(e) The One-time expenses and the expenses beyond the control of the Distribution Licensee shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.

…….”

Unquote

4.7.7 Accordingly, the Petitioner requested the Commission to approve the O & M expenses on actuals considering the significant increase in salaries and minimum wages.

Other Cost Drivers:

4.7.8 The Petitioner submitted that the Commission, in its various orders, has time and again acknowledged the performance standards of the Company and also in its Order dated 25th January, 2019 observed that NPCL is the best performing utility in U.P. having regard to observation of the Commission, the Petitioner has been striving hard to control and optimize its O & M Expense primarily keeping the consumers interest in view. As explained above, regarding the distribution losses, due to weak and inefficient manpower with local administration the law and order situation is very poor in the Greater Noida area with frequent and violent incidence occurring in the area. The administration or police personnel seldom finds time for attending to the complaints of pilferages/manhandling of the equipment's like transformer, cable etc. of the Company. This in turn pressurize the expenditure on frequent breakdown and repair, resulting into more Repair and Maintenance expenses.

4.7.9 The Model Regulations provides for benchmarking the O & M Expenses of any Distribution Utility with its peers in the same State or outside State. The Commission in its Tariff Order dated 14th October, 2010 has mentioned that:

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

4.7.10 Based on the above, the Commission in its Tariff Order dated 14th October, 2010 has directed the company to conduct a study to benchmark its O&M Cost and accordingly ICRA Management Consultancy Services Private Limited was appointed to conduct the study through process of competitive bidding with prior approval of the Commission. Some of the important observations of their report are given below for the kind perusal and consideration of the Commission–

Quote

" Executive Summary- Clause 1.3 (Page 8):

Benchmarking of O&M expenses

The estimated expenses for each of the O&M expense components based on the econometric method is compared with the actual expenses in the table below. The detailed discussion of each of the components follows.

Table 1 : Actual O&M expenses of NPCL compared with benchmarked expenses (Paise per Kwh) for FY 2011-12

Expenses	*R&M*	*Employee*	*A&G*	*Total*
Econometric method	*18.09*	*24.08*	*7.96*	*50.13*
Actual	*12.37*	*7.76*	*7.65*	*27.78*
Actual/Econometric	*68%*	*32%*	*96%*	*55%*

Executive Summary-Clause 1.7 (Page 12):

Conclusions

The analysis of O&M costs using both the approaches i.e. Peer Group and Econometric approach; reveals that NPCL has one of the lowest component wise O&M expenses. It can be concluded that NPCL has been the cost leader so far in respect of O&M cost but in future to continue to maintain its performance and system reliability, NPCL has to reorganize its maintenance policy such as preventive maintenance, regular health check-up of Transformers, continuous re-organization of network to meet the load dynamics efficiently, introduction of more departments/divisions for better and focused supervision and enhancing the level of automation.

The above measures would lead to increase in the O&M expenses in the short run but would ensure better and reliable power supply in future."

Chapter 12 - Conclusions (Page 95)

*The O&M expenditure per unit of sales for NPCL as **estimated based on econometric benchmarking method is significantly higher than the actual expenditure because of relatively higher level of operational efficiency and cost cutting being done by NPCL**. Such cost cutting includes:*

1. More than optimal utilization on the employees especially the breakdown teams
2. Higher dependence on reactive maintenance instead of preventive maintenance approach
3. Inadequate employee strength in areas such as legal and regulatory. For example, NPCL requires specialists to meet the requirements of changing regulatory context.

*It is to be noted that **such cost cutting is not sustainable in the future because of requirement of sustaining the operational performance standards**.*

In the near future, NPCL is expected to have significantly higher O&M expenditure essentially as a consequence of increasing urbanization in its geographical area and other reasons as listed below:-

1. *Integration with Higher voltage to directly connect to National Grid*
2. *NPCL will have characteristics of Urban utilities leading to higher O&M expenditure due to reasons such as higher input cost and higher reliability requirements as explained earlier.*
3. *Need to additional manpower in Operations, Safety and Security of equipment's, Loss control cells, commercial to deal with large number of consumers etc.*
4. *Shifting from reactive maintenance to preventive maintenance practices*
5. *To continue to meet all the standards of performance laid out by UPERC, NPCL has to commit additional resources*
6. *Higher R&M and Employee expenses due to aging of equipment*
7. *Uncontrollable legal expenses to defend the interests of NPCL*
8. *Administrative factors specific to the utility. These factors include the need for strengthening the team in legal, administration / Public Relations and Regulatory areas to meet the growing demands."*

Unquote

4.7.11 The Petitioner submitted that the above discussion significantly points out that it is no more feasible for the Petitioner to sustain the previous low-cost operation without compromising with service and safety standards. Therefore, the denial of justified expenses allowance to the Company would jeopardise the operational efficiency achieved by the Company over past 26 years. There is an urgent need for imminent allocation of higher O&M Cost to enable the Petitioner to maintain and improve upon the service standards and prepare itself for growing requirement of the consumers servicing.

4.7.12 Also, it is pertinent to mention that all these 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, 2013 but also in the Income Tax Act, 1961. Hence, these expenses are genuinely and appropriately incurred towards the operations of the Company, and therefore, should be allowed in full.

4.7.13 O&M Expenses of the Company are much lower as compared to other Distribution Utilities of U. P. as well Discoms of other States as shown in Table below:

Table 4-39: Comparison of O & M Cost per kWh sold as submitted by the Petitioner (Rs./kWh)

DISCOM	Volume - Latest	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
MAHARASHTRA							
MSEDCL	1,15,063	0.65	0.69	0.67	0.72	0.68	0.73
R-Infra - D	10,545	1.00	1.09	1.29	1.15	1.25	1.25
BEST	4,684	0.81	1.15	1.19	1.09	1.09	1.26
ANDHRA PRADESH							
CPDCL	34,451	N / A	N / A	N / A	N / A	N / A	N / A
EPDCL	13,414	N / A	N / A	N / A	N / A	N / A	N / A
SPDCL	18,923	N / A	N / A	N / A	N / A	N / A	N / A
NPDCL	10,615	N / A	N / A	N / A	N / A	N / A	N / A
KARNATAKA							
BESCOM	31,549	0.44	0.50	0.51	0.57	0.58	0.66
HESCOM	12,878	0.60	0.62	0.69	0.79	0.73	0.89
MESCOM	5,376	0.74	0.80	0.85	1.02	0.92	1.18
GESCOM	8,303	0.60	0.64	0.64	0.89	0.68	0.93
CESCOM	6,861	0.70	0.80	0.74	0.95	0.77	1.05
WEST BENGAL							
CESC	9,744	0.93	0.97	1.01	1.01	NA	NA
HARYANA							
UHVNL	14,851	0.50	0.76	0.56	NA	0.90	NA
DHVNL	21,698	0.55	0.39	0.41	NA	0.64	NA
ORRISSA							
NESCO	5,152	N / A	1.05	1.06	NA	NA	0.88
WESCO	6,231	N / A	0.98	0.92	NA	NA	1.23
SOUTHCO	3,010	N / A	1.49	1.38	NA	NA	1.45
CESCO/CESU	7,500	N / A	1.13	1.13	NA	NA	1.02
DELHI							
BYPL	6,165	0.71	0.71	0.74	0.86	1.05	0.96
BRPL	11,846	0.52	0.54	0.56	0.66	0.76	0.69
NDPL	8,316	0.58	0.61	0.65	0.82	0.82	0.71
NDMC	1,109	1.21	1.27	1.41	1.37	1.40	1.52
UTTAR PRADESH							
DVVNL	19,179	0.45	0.38	0.31	0.38	0.43	0.80
MVVNL	18,939	0.60	0.56	0.41	0.56	0.63	1.35
PVVNL	28,708	0.23	0.33	0.24	0.26	0.31	0.57
PuVVNL	22,316	0.51	0.56	0.40	0.49	0.58	1.11
KESCO	3,268	0.64	0.64	0.56	0.54	0.53	0.92
NPCL (Claimed)	1,923	0.36	0.42	0.44	0.52	0.52	0.55
NPCL (approved)	2,003	0.30	0.30	0.34	0.40	0.39	0.42

(Source: Tariff Orders of respective SERCs)

4.7.14 The Petitioner submitted that the Benchmarking study conducted by M/s Feedback Infra which also confirms that the Company is operating with a very low O&M cost. The relevant extract of their observation is reproduced here-in-below:-

Quote

Table-5.9: O&M Cost per unit of sale (Rs./kWh)

	FY 2013-14	FY 2014-15	FY 2015-16
Private utilities			
NPCL	**0.31**	**0.30**	**0.33**
BRPL	0.50	0.48	0.52
BYPL	0.67	0.65	0.72
TPDDL	0.58	0.58	0.59
TPL (Surat)	0.29	0.32	0.32
CESC	0.81	0.94	0.99
State utilities			
NMDC	1.16	1.19	1.21
DVVNL	0.37	0.45	0.35
MVVNL	0.53	0.60	0.49
PVVNL	0.26	0.30	0.27
PuVVNL	0.53	0.51	0.51
KESCO	0.70	0.64	0.64
UHBVNL	0.81	0.49	0.76
JVVNL	0.35	0.37	0.40
PGVCL	0.28	0.23	0.31
BESCOM	0.42	0.44	0.48
WBDESCL	0.55	0.70	0.74
MSEDCL	0.68	0.74	0.77
NBPDCL	0.59	0.65	0.57
MePDCL	0.78	1.10	1.35
TSECL	1.15	0.91	-

The reasonable cost of O&M works out to be in the range of INR 0.45 per unit to INR 0.55 per unit where most of the utilities are lying.

It is evident that NPCL has been managing O&M at the very low cost; however, with heavy stress on this front for NPCL in order to maintain quality supply, services and AT&C losses, NPCL may need to spend more in order to improve the services and supply."

Unquote

4.7.15 The Petitioner submitted that from the above, it may be concluded that the O & M expenses of the Company are one of the lowest in the country and with considerable growth in the area and aging of assets, it has become imperative for the Company to take additional and timely efforts to meet the upcoming demand growth in the area and to maintain a reliable and efficient power supply. The Company has already started initiative in this regard which has also been acknowledged by the consultant viz. IMaCS. Therefore, it is submitted that O&M expenses may please be allowed in full as per audited accounts for FY 2019-20. Needless to mention here that all the expenses the Company is incurring today is mainly to keep pace with the intense growth potential of the area. The Company is trying its best to maintain its system, processes, network etc. to match the future demand and growth in mind and service the consumers on demand as and when they arrive. Thus, in the aforesaid per unit comparison in Table 20, though the current O&M cost is already lower, but it will come down further in per unit terms as the demand of the area increases. In-fact, at present, despite being competitive in O & M cost, the volume of the Company is much lesser as compared to other Discoms in the comparison. Hence, the Hon'ble Commission is requested to kindly take a holistic view in the matter and approve the actual, reasonable and genuine costs of the petitioner on actual basis.

Capitalization of Employee Cost:

4.7.16 The Petitioner submitted that it has capitalized an amount of Rs. 10.32 Cr. out of the total employee cost of Rs. 56.86 Cr incurred during FY 2019-20, as per past practice duly approved by the Commission. In brief, for the purpose of capitalization of employee costs, the Company at the time of execution of project, records actual man hours spent by each engineer/ executive into the system / SAP Software. These hours are then matched with the cost per hour of that employee by the software itself and actual employee cost so incurred, is capitalized along with the specific project. It is pertinent to mention that the entire process of its project/financial accounting is through SAP, and there is least manual intervention in computation of expenses to be capitalized.

4.7.17 Further submitted that these man-hours and cost are duly verified by the Statutory Auditors of the Company in detail and is approved by the Board of Directors of the

Company subsequently.

4.7.18 On the basis of the aforesaid policy, approved and followed consistently over the years, the Company submits to the Commission to kindly approve the capitalization of employee cost at Rs. 10.32 Cr during FY 2019-20.

4.7.19 In view of the above, the Petitioner requested the Commission to approve the net O & M expenses excluding GST component at Rs. 110.81 Cr for FY 2019-20 based on its audited accounts.

Commission's Analysis:

4.7.20 As regards to the O&M expenses, the Commission vide its deficiency sought a detailed computation of O&M expenses has claimed Rs. 110.81 Crore towards O&M Expenses. The Licensee should reconcile the same with the Audited Accounts (under each head of O&M i.e. Employee, A&G, R&M). The Petitioner in response submitted the following below:-

Sl. No.	Description	Amount (Rs. Cr.)	Remark
1	Employee cost as shown in Audited Accounts for FY 2019-20	46.12	Please refer to Note-34 of Audited Accounts
2	Re-measurement of post-employment benefit obligations (as per Ind AS requirement)	0.42	Please refer to Statement of Profit & Loss in Audited Accounts
3	Other Expense as shown in Audited Accounts for FY 2019-20	113.51	Please refer to Note-37 of Audited Accounts
4	**Total Operating Expenses as per Audited Accounts**	**160.05**	
Less: Items dealt with separately :			
5	Bad debts written off & provision for doubtful debts	(16.76)	Please refer to Note-37 of Audited Accounts
6	Loss on sale of Fixed Assets	(1.82)	Please refer to Note-37 of Audited Accounts
7	CSR Expenses	(26.56)	Please refer to Note-37 of Audited Accounts
8	GST Impact	(4.01)	Included under "Miscellaneous expenses" shown under Note-37 of Audited Accounts and claimed

Sl. No.	Description	Amount (Rs. Cr.)	Remark
			separately in Form F-51 of True-up Petition
9	Loss on fair valuation of investments (not considered for ARR Determination)	(0.09)	Please refer to Note-37 of Audited Accounts
10	**Gross O&M Expenses for True-up**	**110.81**	
Total may not tally due to rounding offs			

4.7.21 Further, Regulation 25 of UPERC (Multi Year Distribution Tariff) Regulations, 2014 is as reproduced below:

Quote

25. Operation & Maintenance Expenses

The Commission shall stipulate a separate trajectory of norms for each of the components of O&M expenses viz., Employee cost, Repairs and maintenance (R&M) expense and Administrative and General Expense (A&G) expense. Provided that such norms may be specified for a specific Distribution Licensee or a class of Distribution Licensees.

(b) Norms shall be defined in terms of combination of number of personnel per 1000 consumers and number of personnel per substation along with annual expenses per personnel for Employee cost; combination of A&G expense per personnel and A&G expense per 1000 consumers for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses:

(c) One-time expenses such as expense due to change in accounting policy, arrears paid due to pay commissions etc., shall be excluded from the norms in the trajectory.

(d) The expenses beyond the control of the Distribution Licensee such as dearness allowance, terminal benefits etc. in Employee cost etc., shall be excluded from the norms in the trajectory.

Unquote

4.7.22 As per the provisions of the aforesaid Regulations, the Commission in MYT Order dated November 30, 2017 has computed the norms for Employee expenses, R&M expenses and A&G expenses. The relevant extract of the Order is as follows:

Quote

Computation of Employee Cost:

5.3.11 Step-4: Then year wise i.e. FY 2017-18, FY 2018-19 and FY 2019-20 Employee

Expense (Consumers) and Employee Expense (Substation) is calculated considering norms per 1000 consumers and norms per substation (calculated above) using following formulae:

*Employee Expense (Consumers)= (Norms per 1000 consumers * Number of consumers) / 1000*

*Employee Expense (Substation)= (Norms per substation * Number of consumers)*

Particulars	***Base Value***	***FY 2016-17***	***FY 2017-18***	***FY 2018-19***	***FY 2019-20***
CPI Inflation		*4.12%*	*7.21%*	*7.21%*	*7.21%*
Norms per 1000 consumers*(RsCrore)*	***0.269***	*0.314**	*0.337*	*0.361*	*0.387*
No of consumers		*77672*	*84016*	*91602*	*99328*
Employee Expense (F)*(RsCrore)*		***24.41***	***28.31***	***33.09***	***38.46***
Norms per substation*(RsCrore)*	***0.003***	*0.004**	*0.004*	*0.004*	*0.005*
No of sub-stations		*5967*	*6211*	*6453*	*6641*
Employee Expense (G)*(RsCrore)*		***22.58***	***25.20***	***28.07***	***30.97***

**Note- 0.314 and 0.004 is arrived after escalating the base values by applying CPI inflation for FY 2014-15, FY 2015-16 and FY 2016-17.*

………

Computation of Repair & Maintenance (R&M) Cost:

5.3.17 Step-4: Kb for control period has been computed by considering the audited figures of the preceding five years (i.e FY 2011-12 to FY 2015-16) with the formulae as follows:

Kb = % of (R&M Expenses / Average GFA)

Particulars	***FY 2015-16***	***FY 2016-17***	***FY 2017-18***	***FY 2018-19***	***FY 2019-20***
WPI Inflation		*1.73%*	***0.94%***	***0.94%***	***0.94%***
Kb	***2.57%*** *= Avg. of previous 5 years*	*2.62% = 2.57% *(1+ 1.73%)*	***2.64%*** *=2.62*(1+ 0.94%)*	***2.67%*** *=2.72%*(1+ 0.94%)*	***2.69%*** *=2.77%*(1+ 0.94%)*

…………

Computation of Administrative & General (A&G) Cost:

5.3.23 Step-4: Then the year wise i.e. FY 2017-18, FY 2018-19 and FY 2019-20 total A&G Expenses are calculated considering A&G Expense (Consumers) and A&G Expense (Employee) per 1000 consumers as shown below:

*A&G Expense (Consumers)= (Norms per 1000 consumers * Number of consumers) / 1000*

*A&G Expense (Employee)= (Norms per employee * Number of employee)*

Particulars	***Base Value***	***FY 2016-17***	***FY 2017-18***	***FY 2018-19***	***FY 2019-20***
Norms per 1000 consumers (Rs Crore)	***0.120***	*0.119*	*0.120*	*0.121*	*0.122*
No of consumers (nos.)		*77672*	*84016*	*91602*	*99328*
A&G Expense (F) (Rs Crore)		***9.24***	***10.09***	***11.10***	***12.15***
Norms per substation (Rs Crore)	***0.0314***	*0.0311*	*0.0314*	*0.0317*	*0.0320*
No of employees (nos.)		*362*	*440*	*500*	*574*
A&G Expense (G) (Rs Crore)		***11.25***	***13.81***	***15.84***	***18.35***

*Note- *0.120 & 0.0314 is arrived after escalating the base values by applying WPI inflation for FY 2014-15, FY 2015-16 and FY 2016-17.*

Unquote

4.7.23 In the True Up of the previous year, of the same Control Period, the Commission allowed the O&M expenses as per the UPERC (Multi Year Distribution Tariff) Regulations, 2014. 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 for Employee expenses, R&M expenses and A&G expenses in Tariff Regulations and hence each of them have to be dealt individually & appropriately. As per the UPERC (Multi Year Distribution Tariff) Regulations, 2014, 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.

1.1.2 The Hon'ble APTEL in its Judgment dated June 2, 2016 in the matter of NPCL Vs. UPERC has held that normative approach has to be followed while allowing O&M expense. The relevant extract of the said Judgment has been reproduced below:

Quote

The State Commission in the Impugned Tariff Order has allowed O&M expenses based on norms as per the provisions of the Distribution Tariff Regulations which has been followed by it in its earlier Tariff orders. We do not find any infirmity in this approach followed by the State Commission.

Unquote

1.1.3 Therefore, the Commission for the purpose of True-Up of Employee expenses, R&M expenses and A&G expenses has taken the same norms as computed in the aforementioned MYT Order dated November 30, 2017 as shown below:

Table 4-40: Normative Employee Expenses for FY 2019-20 (Rs. Cr)

S. No	Particulars	FY 2019-20
A	Norms per 1000 consumers	0.387
B	Number of consumers	97682
C	Employee Expenses (consumers) (a)	37.80
D	Norms per substation	0.005
E	Number of substations	6808
F	Employee Expenses (substation) (b)	34.04
G	Total Employee Expenses {c=(a+b)/2}	35.92

Table 4-41: Normative R&M expenses for FY 2019-20 (Rs Cr)

Sl No.	Parameters	Reference	FY 2019-20
1	Opening GFA considered for R&M	A	1373.88
2	Additions	B	128.47
3	Deletions	C	7.87
4	Closing GFA	D=A+B-C	1494.48
5	Average GFA considered for R&M	E=(A+D)/2	**1434.18**
6	k_b	F	2.69%
7	**Normative R&M expenses (Rs Cr)**	**G=E×F**	**38.58**

*GFA for R&M	NPCL GFA (including consumer contribution assets)	GNIDA GFA	Total GFA considered for R&M
Closing (FY 2018-19)	1337.99	204.44	1542.43
Opening (FY 2019-20)*	1169.44	204.44	1373.88
Addition	111.64	16.83	128.47
Deletions	7.87	-	7.87
Closing	1273.21	221.27	1494.48
Average	1221.32	212.86	1434.18

* The opening GFA is not matching with last year closing GFA due to disallowances as discussed in Capex section.

Table 4-42: Normative A&G Expenses for FY 2019-20 (Rs. Crore)

S. No	Particulars	FY 2019-20
A	Norms per 1000 consumers	0.122
B	Number of consumers	97682
C	A&G Expenses (consumers)	11.92
D	Norms per Employee	0.0320
E	Number of Employee	467
F	A&G Expenses (Employees)	14.94
G	**Total A&G Expenses (C+F)/2**	**13.43**

1.1.4 The Commission while allowing the O&M expenses, has considered the "lower of normative or actual for each element of O&M, i.e. Employee Expense, R&M & A&G" otherwise the purpose of having individual norms of Employee Expenses, A&G Expenses, and R&M Expenses will be affected.

1.1.5 Based on the above, the computation of Trued- Up O&M expenses for FY 2019-20 as per the norms specified in the UPERC (Multi Year Distribution Tariff) Regulations, 2014, is as shown in the Table below:

Table 4-43: O&M Expenses as approved by the Commission for FY 2019-20 (Rs. Crore)

Particulars	Approved vide T.O. 03/09/2019	Audited Accounts	True Up Petition	Normative	Approved upon Truing up
Employee Expenses	34.85	56.44	56.86	35.92	35.92

Particulars	Approved vide T.O. 03/09/2019	Audited Accounts	True Up Petition	Normative	Approved upon Truing up
Repair & Maintenance Expenses	49.04	50.29	50.29	38.58	38.58
Administrative and General Expenses	15.63	13.98	13.98	13.43	13.43
Gross O&M Expenses	**99.52**	**120.71**	**121.12**	**87.93**	**87.93**
Less:					
Employee Expenses Capitalized	11.90	10.32	10.32	10.32	10.32
Net O&M Expenses excluding GST Component	**87.62**	**110.39**	**110.81**	**77.61**	**77.61**
Employee Cost capitalised % of total					
Add: GST Component	1.94		4.01	-	-
Net O&M Expenses	**89.56**		**114.81**	**77.61**	**77.61**

4.8 EXPENSES INCURRED DUE TO CHANGE IN LAW- GST

4.8.1 The Petitioner submitted that the Central Government has made new Goods & Service Tax (GST) effective from 01st July, 2017 which covers almost all goods and service within its ambit. The new GST has stipulated tax rate of 18% and 28% for most of the goods and services as against Service Tax of 15% and VAT of 14.5%. Apart from above it has also brought in new service under Reverse Charge Mechanism which leads to higher indirect tax burden on service users such as the Petitioner.

4.8.2 In respect of above, Regulation 25 (d) and Regulation 9.1 of the MYT Regulation, 2014 is reproduced below:-

" 25

.....

(d) The expenses beyond the control of the Distribution Licensee such as dearness allowance, terminal benefits etc. in Employee cost etc., shall be excluded from the norms in the trajectory.

….. ”

“ 9.1. The “uncontrollable factors” shall comprise of the following factors which were beyond the control of, and could not be mitigated by the applicant:

a. Force Majeure events, such as acts of war, fire, natural calamities, etc.

b. Change in law;

c. Taxes and Duties;

….. ”

4.8.3 From above Regulation it is evident that Change in Law and introduction of new taxes such as GST shall be excluded from the normative expenses and accordingly need to be considered separately in addition to normative O&M expenses in determination of the ARR of the distribution licensee.

4.8.4 Further, the Inflation Index i.e. WPI being used for determination of normative R&M Expenses and A&G Expenses do not include the impact of changes in indirect taxes A copy of the press release dated 4th August, 2017 issued by Ministry of Finance, GoI in this regard is submitted to the Commission.

4.8.5 Hence, the Discoms are not compensated for increase in GST when R&M Expenses and A&G Expenses are determined on normative basis as per MYT Regulation, 2014. Apart from above, although R & M Expenses are allowed as a percentage of GFA and since, GST has come into being only from 01st July 2017, thus, only additions post the aforesaid date can only be said to include GST in the cost which is not even 10% of the total GFA

4.8.6 Further submitted that considering the above, the Company got the impact analysis of the GST done from M/s Lakshmikumaran & Sridharan, Attorney which summarized and brought forth the impact of GST Act as well as rules, notifications, etc., made thereunder, on the distribution of electricity done by the Company, with emphasis on cost of various expenses incurred by the Company pre and post implementation of GST. This Report provided an insight into the indirect taxation system of the country post GST and contained an analysis of the cost increase/decrease to Company after the implementation of GST. Based on this report, the Commission in its Tariff Order dated 03rd September, 2019 approved average incremental rate of GST as 5.88% while approving the True-up of ARR for FY 2018-19.

4.8.7 The Petitioner submitted that by considering, the approved incremental rate of GST at 5.88%, the net impact of GST for FY 2019-20 would be computed as provided in Table below:-

Table 4-44: Impact of GST as submitted by the Petitioner for FY 2019-20

Sl. No.	GST Item	Reference	Claimed in True Up
1	Repair & Maintenance Expenses including GST	a	53.43
2	Administrative and General Expenses including GST	b	14.85
3	Net expenses affected by GST	c=a+b	68.28
4	Approved incremental rate of GST	d	5.88%
5	**Impact of GST**	**e=c x d**	**4.01**

4.8.8 The Petitioner submitted that the Commission is requested to approve such additional GST Expenses on account of the above change in GST in full, over and above the O & M expenses as claimed by the Petitioner.

4.8.9 Apart from above, the CBEC vide Circular No. 34/8/2018-GST dated 01st March, 2018 has clarified that the services as stated below when provided by DISCOMS to consumer are taxable.

i. Application fee for releasing connection of electricity

ii. Rental Charges against metering equipment

iii. Charges for duplicate bill

iv. Testing fee for meter/transformer, capacitors etc.

v. Labour charges from customer for shifting of service lines

4.8.10 Consequently, Directorate General of GST Intelligence (DGGSTI), New Delhi issued a summon u/s 70 of CGST Act on 29th May'18, requesting the Company to produce information on the amounts collected by the Petitioner from 01st July, 2017 to 30th April, 2018 towards abovementioned five services or any other charges collected from the customers over and above the electricity charges for the period.

4.8.11 The Petitioner submitted that it has filed the detailed reply in response to summon and also filed a writ petition before Hon'ble Allahabad High Court on 24th July, 2018 and challenged above Circular issued by Department of Revenue and summon issued by DGGSTI. Since, the matter before Hon'ble Allahabad High Court is still pending, the Company in the meantime has filed an intervention petition on 13th November, 2019 in respect of the same matter already pending before the Hon'ble Supreme Court in the case of Torrent Power Ltd. wherein the Department has filed an appeal against the judgement of Hon'ble Gujrat High Court being given in favour of Torrent Power Ltd.

4.8.12 Further taking abundant precaution and without prejudice to the Company's rights and contentions with respect to above writ and intervention petitions, the Petitioner has started to levy GST on above services from October, 2018 onwards.

4.8.13 Therefore, depending on the outcome of the above-mentioned writ and intervention petitions, the Company in future may become liable to pay GST on above services in respect of the duration when GST on such service was not levied and recovered from consumers under its bona fide intention of non-applicability of circular.

4.8.14 However, pending final adjudication of the matter, the amount payable cannot be ascertained at this stage, therefore, the Petitioner has not claimed the same in this True up Petition and it shall claim the same on actual basis at an appropriate time in subsequent years.

Commission's Analysis:

4.8.15 With regards to GST claimed of Rs. 4.01 Crore in True Up of FY 2019-20, a query dated February 22, 2021 was sought from the Petitioner to provide computation of GST and documentary evidence of the same to substantiate the claim. The Petitioner in regards to the above query submitted the details as:

Quote

The Central Government made new Goods & Service Tax ["GST"] effective from 01.07.2017 which covers almost all goods and service within its ambit. The new GST has stipulated tax rate of 18% and 28% for most of the goods and services as against Service Tax of 15% and VAT of 14.5%. Apart from above it has also brought in new service under Reverse Charge Mechanism which leads to higher indirect tax burden on service users such as the Company.

Now since, MYT Regulations 2014, were notified on 12.05.2014 and formulation of these Regulations took place in FY 2012-13 and FY 2013-14 i.e. before the introduction of GST, therefore, neither base R&M Expenses nor Capital Expenditure (upto 30.06.2017) on which R&M is allowed includes the impact of GST.

Further, the Regulation 9.1 of the MYT Regulation, 2014 provides as under:

" 9.1. The "uncontrollable factors" shall comprise of the following factors which were beyond the control of, and could not be mitigated by the applicant:

a. Force Majeure events, such as acts of war, fire, natural calamities, etc.

b. Change in law;

c. Taxes and Duties;

….. "

In view of the above Regulation 9.1, GST is an Uncontrollable factor as it is a change in Taxes and Duties.

Therefore, considering the above, the Company in the petition for approval of ARR for FY 2018-19, filed in Jul'18 had highlighted the increased cost of O & M Expenses on account of implementation of GST expenses. Accordingly, while approving the ARR for FY 2018-19 vide Tariff Order dated 22.01.2019, the Hon'ble Commission had observed that –

"5.5.4 ….The Commission will carry out detailed analysis of actual O & M Expenses vis-à-vis approved O & M Expenses at the time of truing up to assess the impact of uncontrollable factors on O&M Expenses and accordingly consider the same."

Further, the Hon'ble Commission in its Tariff Order dated 03.09.2019 approved average incremental rate of GST as 5.88% while approving the True-up of ARR for FY 2017-18 as provided under:

"3.7.17 The Commission noticed that the Petitioner did not consider the impact of GST on services as listed in CBEC's Circular No. 34/8/2018-GST dated March 01, 2018. The Commission in Deficiency note dated February 15, 2019 directed the Petitioner to submit the list of services on which it has now claimed Rs. 2.68 Crore as the impact of introduction of GST and also to submit the reconciliation of same with the audited accounts. In this regard, the Petitioner vide its reply dated April 16, 2019 has submitted the following:

Table 3-19: Reconciliation of GST expenses as submitted by the Petitioner for FY 2017-18

S. No.	Description	Amount (Rs. Cr)	Remark
1	GST component in R&M Expenses	1.60	Form -F34A of MYT Formats
2	GST Component in Employee Expenses	0.04	Form -F31C of MYT Formats

3	GST Component in A&G Expenses	1.03	Form-F35C of MYT Formats
4	**Total GST Impact**	**2.68**	**Form-F51 of MYT Formats**

3.7.18 As regards expenses incurred towards GST, the Commission during Technical Validation Session directed the Petitioner to submit the computation of GST and documentary evidence of the same to substantiate their claim. The Petitioner submitted the following computation of GST as shown in the Tables below:

Table 3-20: GST computation as submitted by the Petitioner

S.	GST Item	Service Tax Rate (%)	GST Rate (%)	Variance (%)
1	Services (e.g. security, contractor etc.)	15.00	18.00	3.00
2	Material/ service (e.g. vehicle spares)	14.00	28.00	14.00
3	Lawyers fee (reverse charge)	15.00	18.00	3.00
4	Material (others)	14.50	18.00	3.50
	Average	**14.63**	**20.50**	**5.88**

Table 3-21: Net impact of GST as submitted by the Petitioner (Rs. Cr)

S.	GST Item	Reference	Rs Cr
1	Other Expenses (as per Note-33 of audited accounts)	A	77.59
2	Bad debts written off (net)	B	1.27
3	Provision for doubtful debts	C	15.27
4	Expenses not subject to GST/ Service Tax	D	16.54
5	Net expenses affected by GST/ Service Tax	E	61.05
6	Proportionate expenses of GST Period	f=e×9/12	45.79
7	Average incremental rate of GST	G	5.88%
8	**Net impact of GST**	**h=f×g**	**2.68**

3.7.19 The above computation clearly shows that the average incremental rate of GST is 5.88%. The Commission has computed the net impact of GST on R&M expenses and A&G expenses and has taken the incremental rate of GST as computed by the

Petitioner, as shown in the computation above. The net impact of GST as approved by the Commission is as follows:

Table 3-22: Net impact of GST as approved by the Commission (Rs. Cr)

S.	*GST Item*	*Reference*	*Rs Cr*
1	Repair & Maintenance Expenses	a	38.78
2	Administrative and General Expenses	b	11.54
3	Net expenses affected by GST/ Service Tax	c=a+b	50.32
4	Proportionate expenses of GST Period	d=c×9/12	37.74
5	Average incremental rate of GST	E	5.88%
6	**Net impact of GST**	**f=d×e**	**2.22**

…….”

From above Regulation and the Hon'ble Commission Order dated 22.01.2019 & 03.09.2019, it is evident that Change in Law and introduction of new taxes such as GST shall be excluded from the normative expenses and accordingly need to be considered separately in addition to normal O&M expenses in determination of the ARR.

Recently, while truing-up the ARR for FY 2018-19, the Hon'ble Commission in its Order dated 04.12.2020 has disallowed the impact of GST on the following grounds (Refer Para 3.8.9 to 3.8.13 of the Order):

(a) The regulation does not provide for escalation of norms nor for adjustment of one-time expenses;

(b) Since R & M Expenses are allowed as a percentage of GFA which includes GST, hence, the same may not be provided separately;

(c) The Inflation indexes include the impact of GST.

In this regard, the Company would like to bring the kind attention of the Hon'ble Commission towards regulations 25 (e) & (g) of the MYT Regulations, 2014, the same are being reproduced below –

"25. Operation & Maintenance Expenses

…………………..

(e) The One-time expenses and the expenses beyond the control of the Distribution Licensee shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.

………………….

(g) The norms shall be determined at constant prices of base year and escalation on account of inflation shall be over and above the baseline."

From the above, it can be seen that these provisions are general provisions and are applicable to entire O&M Expenses i.e. Employee Cost, Repair and Maintenance Expenses and Administration and General Expenses. In-fact, in compliance to the above regulations, the Hon'ble Commission has been so far approving the impact of GST in its earlier orders viz. Order dated 22.01.2019 and Order dated 03.09.2019.

Further, with respect to the finding of the Hon'ble Commission that GFA already includes GST impact, the Company would like to mention here that R & M Expenses are allowed as a percentage of GFA and since, GST has come into effect only from 1.07.2017, thus, only additions post the aforesaid date can be said to include GST in the cost which is not even 10% of the whole GFA as at 31.03.2020 being considered for the purpose of computation of normative R & M expenses.

Also, with regard to the assertion that the indexes include impact of the Taxes, in this regard, the Company would like to bring the kind attention of the Hon'ble Commission towards Press Release dated 12.05.2017 issued by Ministry of Commerce & Industry with respect to inflation indices of WPI (being used for the purpose of R&M Expenses and A&G Expenses) enclosed herewith as Annexure-7 (Soft copy in PDF) which clearly states that it does not include the impact of taxes.

Thus, the Hon'ble Commission is requested to kindly allow the claim of the Company by considering the provisions of the MYT Regulations 2014 which recognize Change in law/ Taxes & Duties as Uncontrollable Factor and its own Orders dated 22.01.2019 &

03.09.2019 wherein it has approved the differential impact of GST @ 5.88% of the expenses as computed here-in-below:

Table-9: Computation of GST Impact				
Sl. No.	***Expenses***	***Amount (Rs. Cr.)***	***GST Impact (%)***	***GST Impact (Rs. Cr.)***
1	*R&M Expenses*	*53.43*	*5.88%*	*3.14*
2	*A&G Expenses*	*14.85*	*5.88%*	*0.87*
	Total	***68.28***	***5.88%***	***4.01***

It is further submitted that the CBEC vide Circular No. 34/8/2018-GST dated 1st March' 2018 has clarified that the services as stated below when provided by DISCOMS to consumer are taxable:

I. Application fee for releasing connection of electricity

II. Rental Charges against metering equipment

III. Rental Charges against metering equipment

IV. Testing fee for meter/transformer, capacitors etc.

V. Labour charges from customer for shifting of service lines

The Company has challenged the aforesaid circular through Writ no. 1045 of 2018 at Allahabad High Court and Supreme Court which is still pending. Therefore, has not considered the impact of the aforesaid Circular in the above estimated GST impact.

Unquote

4.8.16 With regards to R&M expenses, neither does the Regulation provide any escalation with respect to indices (CPI WPI) for R&M Expenses nor any provision for adjustment of one time expenses. Further, R&M is computed as %age (Kb * GFAn) of GFA, and in True-Up GFA is taken as actuals which already includes the impact of GST in itself. Hence additional impact of GST is not allowed in R&M Expenses.

4.8.17 Further the Commission has observed that the issue of GST was also appraised in other

State Commission's as well. In this regard MERC in AEML-D Order 325 of 2019 dated 30 March, 2020 in the True Up for FY 2017-18 and FY 2018-19 provided that:

Quote

> ***Impact of GST***: *The Commission is of the view that the change in Tax regime from Service Tax to GST is merely change in name. The taxes levied under Service Tax are of same nature of the taxes levied under GST and therefore, there is no New tax that is being levied on account of GST.* ***Further, O&M expenses have been linked to escalation index arrived based on WPI and CPI published by the Govt. of India. Both WPI and CPI include the impact of all taxes and duties applicable at that point of time. Therefore, as escalation factor arrived as above already includes impact of all taxes, no separate impact on O&M expenses on account of GST needs to be allowed****.* ***Therefore, the Commission does not consider the contentions of AEML-D to separately allow impact of GST as an uncontrollable expenditure under 'Change in Law'****.*

Unquote

4.8.18 Accordingly, keeping the same view as considered during FY 2018-19 truing up, impact of GST claimed by the Petitioner has not been allowed for FY 2019-20.

4.9 CAPITAL EXPENDITURE

4.9.1 The Petitioner has submitted that the, Commission vide its Tariff Order dated 03 September, 2019 had approved the capital expenditure for FY 2019-20 at Rs. 195.71 Crore including interest and expenses capitalisation. However, as per audited accounts, for FY 2019-20, the actual capital expenditure by the Petitioner stands at Rs. 208.67 Crore (excluding assets of Rs. 20.01 Crore handed over by GNIDA for distribution of electricity to its consumers and maintenance thereof). The details of the same are given in the Table below: -

Table 4-45: Details of Capital Expenditure for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Nature of Works	Approved in Tariff Order	Claimed in True Up
1	New Connections, Replacement Stock & Metering	21.90	23.19
2	Substations, Transformers, 33kV, 11 kV & LT Network Development	77.50	86.15
3	Process System Automation	19.79	7.44
4	IT Projects	10.00	7.06
5	Civil Works & Office Infrastructure Facility	30.69	17.30
6	Tools & Testing Equipment	1.47	0.02
7	Vehicles	3.25	1.92
8	Demand Side Management	1.00	0.00
9	Leasehold Land	5.00	19.12
10	Misc/Contingent Works	8.00	0.00
11	**Sub-Total**	**178.59**	**162.19**
12	Interest Capitalisation	4.22	Included above
13	Salary Capitalisation	11.90	0.00
14	**Sub-Total**	**194.71**	**162.19**
15	Amount paid to UPPTCL for construction of 5 Nos. 33kV Bay at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida	-	25.99
16	Amount paid to UPPTCL for construction of 220kV LILO at 220/132/33kV R C Green Substation connecting 400kV Substation at Pali, Greater Noida	-	20.48
17	**Sub-Total**	**194.71**	**208.67**
18	Add: Assets taken over from GNIDA	1.00	20.01
19	**Grand Total**	**195.71**	**228.68**

Note: Total may not tally due to rounding-off

4.9.2 The Petitioner submitted that it has incurred above capital expenditure solely for the purpose of developing its Distribution Network and supporting facilities to meet its service obligation as defined in Code no. 4.1 and 4.2 of UP Electricity Supply Code, 2005 and also to meet growth in demand of electricity by its existing and future consumers. Further, submitted that the Section 4.5.4 and 4.5.5 details that the above Capital Expenditure do not include any expenditure for the purpose of T&D Loss reduction.

4.9.3 The Petitioner submitted that GNIDA is the local development authority responsible for the development and upkeep of Greater Noida area. Every year the basic electric network developed by GNIDA is handed over to the Petitioner for facilitation of distribution of power to the consumers of Greater Noida and proper maintenance thereof. The ownership of the assets is not transferred to the Petitioner. Hence, for the purpose of accounting, upkeep and insurance, the Petitioner considers these assets at the value declared by GNIDA which is accordingly considered for the purpose of determination of tariff. Since the ownership of these assets is not transferred to the Petitioner, they are not considered in addition to fixed assets. Hence, there is no impact on computation of ROE, interest on Term Loans and depreciation with respect to these assets.

4.9.4 The details of assets taken over from GNIDA amounting to Rs. 20.01 Crore during FY 2019-20 is provided in Table below: -

Table 4-46: Details of GNIDA Assets as submitted by the Petitioner (Rs. Crore.)

Asset Description	Amount (Rs. Cr.)
High-Tension Switchgears	4.63
High-Tension Tower, Poles, Fixtures & Devices	3.54
High-Tension Conductors & Devices	0.14
High-Tension Underground Cable & Ducts	6.30
Meter Board Panel etc.	2.08
Transformer	2.75
Civil work	0.58
Total	**20.01**
Note: Total may not tally due to rounding-off	

4.9.5 The Petitioner had submitted its capital expenditure plan for the Control Period based on the forecast of maximum system demand and anticipated developments in its license area i.e. Greater Noida relating to new load, replacement of existing assets, strengthening and modernization in response to new load which, inter-alia, included construction of 220/33kV Substation as shown in Table below:

Table 4-47: Proposed 220/33 kV Substation as submitted by the Petitioner

Sl. No.	Location	Type	Capacity in MVA

1	BZP- Sector , Greater Noida	GIS	200
2	KP-V- Sector , Greater Noida	GIS	200
	Total		**400**

4.9.6 However, in view of the Commission's Order dated 30th October, 2018 with regard to 220/33 kV RC Green and Gharbara sub-stations, the Petitioner has for the time being not incurred the cost on the above substations and will take necessary action in the matter as per the outcome of the Appeals filed in APTEL. The Petitioner submitted that in its Revised ARR petition for the FY 2018-19, had also sought approval of the Hon'ble Commission for below mentioned augmentation works for efficient and reliable power supply to the consumers of Greater Noida:-

a. Construction of 220 kV LILO connecting 400 kV Substations at Pali, Greater Noida and Sector-148 to 220/132/33kV RC Green substation for enhancement of upstream capacity & reliability to evacuate upto 400 MW power of R C Green Substation

4.9.7 The Petitioner submitted that Commission in its Tariff Order dt. 22nd January, 2019, while approving the Revised ARR for FY 2018-19 also approved the above proposed Capex.

4.9.8 The Petitioner submitted that accordingly, as demanded by UPPTCL, the Petitioner paid Rs. 19.12 Crore for construction of 220kV LILO lines during FY 2017-18 under deposit scheme. Since the work was under progress even as on 31st March, 2019, the Petitioner has included the above amount in CWIP of FY 2017-18 as well as closing CWIP of FY 2018-19. The Petitioner said however, the Commission vide its Tariff Order dated 3rd September, 2019 has disallowed the above mentioned CWIP of Rs. 19.12 Crore in Truing-up of ARR for FY 2017-18 vide Tariff Order dated 3rd September, 2019 on the sole premise that the aforementioned cost of Rs.19.12 Crores were towards the construction of 220 kV RC Green Substation and its associated 220kV lines subject to the final decision of the Hon'ble Appellate Tribunal in the Appeal filed by the Petitioner which is still under *sub-judice.*

4.9.9 The Petitioner has produced the relevant extract of the aforementioned Order dated 3rd

September, 2019 is reproduced herein below for reference:

"3.8.17 The Commission observed that the Petitioner has claimed Rs.19.12 Cr for construction of 220KV sub-station at RC Green and associated 220 kV line to NPCL which is against the Commission's aforesaid decision. Since the work is yet to be completed by UPPTCL, the same has been included in closing CWIP of FY 2017-18 by the Petitioner.

3.8.18 Although, the mater is sub-judice in APTEL, the Commission finds its appropriate to disallow this amount from the closing CWIP subject to final decision of APTEL in this matter. The Petitioner is directed to apprise the Commission about the matter during True-Up of FY 2018-19."

4.9.10 The Petitioner in its submission submitted that it has paid the abovementioned amount of Rs. 19.12 Crore for the purpose of "Construction of 220 kV LILO connecting 400 kV Substations at Pali, Greater Noida and Sector-148 (changed from earlier Sector-129) to 220/132/33kV RC Green substation for enhancement of upstream capacity & reliability to evacuate upto 400 MW power of R C Green Substation" as against "Construction of 220 kV sub-station at RC Green and associated 220 kV line to NPCL" being inadvertently considered by the Commission.

4.9.11 Therefore, the Company filed a Review Petition no. 1512/2019 on 03rd October, 2019 before the Hon'ble Commission for rectification of ex-facie error apparent in its Tariff Order dated 03rd September, 2019. The Commission vide its order dated 04th June, 2020 has dismissed the Review Petition filed by the Company. The Company has filed an Appeal on 20th July 2020 before the Hon'ble APTEL against the Commission aforesaid Order dated 04th June, 2020 which is still pending. The Company has capitalised the aforesaid expenditure of Rs. 19.12 Cr in FY 2019-20 post completion of work and considered the same as part of the Fixed Assets.

4.9.12 The Petitioned said that apart from the above, during FY 2018-19, as demanded by UPPTCL, the Company paid Rs. 20.11 Cr (subsequently revised to Rs. 20.48 Cr) towards the cost of addition of 5 nos. 33kV bays (GIS) at 400 kV Substation at Sector-148, Noida under

ETD-1 for the purpose of distribution of electricity in Greater Noida area under deposit scheme. Since the work was under progress as on 31st March, 2019, the same was included in the closing CWIP of FY 2018-19 and capitalised in FY 2019-20. The Commission vide its Tariff Order dated 04th December, 2020 has disallowed the said expenditure of Rs. 20.48 Cr from CWIP of FY 2018-19. The Company has filed an Appeal on 25th January 2021 before the Hon'ble APTEL against the Tariff Order dated 04th December, 2020 on various matters including the aforesaid disallowance. Since the matter is sub-judice before the Hon'ble APTEL, the Company has considered the aforesaid expenditure of Rs. 20.48 as part of the Fixed Assets in FY 2019-20.

4.9.13 The Petitioner submitted that the Company is engaged in the distribution of electricity in Greater Noida Area spread over 335 Sq. Kms including 118 villages. The demand of the area is rapidly increasing at a CAGR of over 10% from last 5 years in a row, thus in order to serve the area efficiently, the staff / executives / field staff of the Company are required to travel with requisite material / tools etc.in the area 24X7 throughout the year apart from attending to administrative duties for which private vehicle are necessary as even now Greater Noida city lacks adequate public transport facility for local movement. Therefore, during FY 2019-20, the Company has incurred an amount of Rs. 1.92 Cr on the Vehicles.

4.9.14 The Petitioner mentioned that as per Regulation 21.1 of the MYT Regulations, 2014, the capital expenditure is required to be funded in the Debt-Equity ratio of 70:30. Accordingly, based on capex for FY 2019-20, the details of the funding of the aforesaid capital expenditure is given in the Table below:-

Table 4-48: Capital Expenditure Funding for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Particulars	Ref.	Approved Vide T.O. dated 03 September, 2019	Claimed in True Up
Total Additions to Assets	**a**	**194.71**	**208.67**
Add: Closing CWIP	b	0.00	22.93

Particulars	Ref.	Approved Vide T.O. dated 03 September, 2019	Claimed in True Up
Less: Opening CWIP	c	42.30	58.88
Capital Expenditure	**d=a+b-c**	**152.41**	**172.72**
Less: Assets Retired	e	5.15	7.87
Net Capex	**f=d-e**	**147.26**	**164.84**
Consumer Contribution	g	23.92	24.65
Net Capex	**h=f-g**	**123.34**	**140.20**
Debt - 70%	i=h x 70%	86.34	98.14
Equity- 30%	j=h x 30%	37.00	42.06
Note: Total may not tally due to rounding-off			

4.9.15 As detailed above, the Petitioner has requested the Commission to kindly approve the capitalization of Rs. 208.67 Crore for FY 2019-20 as well as funding thereof as submitted above.

Commission's Analysis

4.9.16 In this regard, the UPERC MYT Regulations, 2014 specifies as follows:

Quote

21 Capital Cost of the Project

21.1 The capital cost of the project shall include the following:

a) Expenditure incurred or projected to be incurred on original scope of work, including the interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation, during construction, on the loan – (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed, - up to the date of commercial operation of the project, as admitted by the Commission, after prudence check shall form the basis for determination of Tariff;

……….

23. Debt-Equity Ratio

a. For all capital expenditure incurred after April 1, 2015, debt equity ratio shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan.

Provided that in case actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff.

Provided that in case of existing projects, the actual debt equity shall be used for tariff determination. However, any additional capital expenditure shall be in the abovementioned ratio.

b. The debt and equity amounts arrived at in accordance with clause (a) above shall be used for calculating interest on loan and return on equity.

Unquote

4.9.17 Further the Regulation 23A of UPERC MYT Regulations, 2014 provides that:

Quote

Capital Expenditure

a. Capital expenditure shall be considered on scheme wise basis.

b. For capital expenditure greater than INR 10 Crore, the Distribution Licensee shall seek prior approval of the Commission.

c. The Distribution Licensee shall submit detailed supporting documents while seeking approval from the Commission.

Provided that supporting documents shall include but not limited to purpose of investment, capital structure, capitalization schedule, financing plan and cost-benefit analysis:

d. The approval of the capital expenditure by the Commission for the ensuing year shall be in accordance with load growth, system extension, rural electrification, distribution loss reduction or quality improvement as proposed in the Distribution Licensee's supporting documents.

e. The Commission may also undertake a detailed review of the actual works compared with the works approved in the previous Tariff Order while approving the capital expenditure for the ensuing year.

f. In case the capital expenditure is required for emergency work, the licensee shall submit an application, containing all relevant information along with reasons justifying the emergent nature of the proposed work, seeking post facto approval by the Commission.

g. The Distribution Licensee shall take up the work prior to receiving the approval from the Commission provided that the emergent nature of the scheme has been certified by its Board of Directors.

h. If capital expenditure is less than INR 10 Crore, the Distribution Licensee shall undertake the execution of the plan with simultaneous notification to the Commission with all of the relevant supporting documents.

i. During the true-up exercise, the Commission shall take appropriate action as is mentioned in Regulation 19.1 of these regulations.

j. Consumer's contribution towards cost of capital asset shall be treated as capital receipt and credited in current liabilities until transferred to a separate account on commissioning of the assets.

Unquote

4.9.18 The Regulation 23A of the UPERC (MYT for Distribution Tariff) Regulations, 2014 provides that:

a. "Capital expenditure shall be considered on scheme wise basis.
b. For capital expenditure greater than INR 10 Crore, the Distribution Licensee shall seek prior approval of the Commission.
c. The Distribution Licensee shall submit detailed supporting documents while seeking approval from the Commission.
Provided that supporting documents shall include but not limited to purpose of investment, capital structure, capitalization schedule, financing plan and cost-benefit analysis: "

4.9.19 The Commission, vide deficiency, sought the clarification, whether the licensee has taken any prior approval of any scheme having capital expenditure greater than INR 10 Crore, from the Commission in terms of the Regulation 23A. On enquiry, the Petitioner submitted that none of the project during FY 2019-20 was greater than Rs. 10 Cr requiring prior approval of the Commission. Further, the Petitioner submitted that vide its Petition No.1382 of 2018, it submitted before the Commission ARR for FY 2019-20, APR for FY 2018-19 and True up for FY 2017-18, had duly apprised the Commission of its investment plan for various Capital Expenditure project to be undertaken in FY 2018-19 and FY 2019-20. The Petitioner also provided the Commission its Audited Balance Sheet and Fixed Asset Register since inception till FY 2017-18 along with the True UP Petition. During the process of approving the said Petition the Commission in its Preliminary information Requirement/Discrepancies in the Petition vide letter no. UPERC/ Secy/ D(Tariff)/ 19-1917 dated 8/15 February 2019 for the first time inquired from the Company whether the Capex plan for FY 2019-20 includes any project costing more than Rs. 10 Crores as stated below:

*"**22. Capital Expenditure***

The Commission in UPERC Multi Year Distribution Tariff Regulations, 2014 has made a provision that for "capital expenditure greater than INR 10 Crore, the Distribution Licensee shall seek prior approval of the Commission". Hence, the Petitioner keeping this in view should submit the details of project for which the CAPEX is greater than Rs 10 Crore."

4.9.20 Hence, the Petitioner vide its letter no. P-77A/2019/003 dated 16.04.2019 replied to the aforesaid letter of the Hon'ble Commission wherein it submitted as follows:

*"**22. Capital Expenditure***
It is humbly submitted that the Company had submitted its Business Plan for the Control Period FY 2017-18 to FY 2019-20 in accordance with Regulation 5 of the UPERC Multi Year Tariff Regulations, 2014. In the said Business Plan, detailed explanation of the Capital Expenditure had been provided in the said Chapter1.3. Further, Annexures to the aforesaid chapter 1.3 of the Business Plan contained the information regarding unit, quantity, rate and total cost of a particular Capital Head i.e. substation, panels, cables, transformers, civil and electrical structures etc.:

- *Capital Expenditure for FY 2017-18 - Annexure 3.1.1.1 to 3.1.1.47*
- *Capital Expenditure for FY 2018-19 - Annexure 3.1.2.1 to 3.1.2.43*
- *Capital Expenditure for FY 2019-20 - Annexure 3.1.3.1 to 3.1.3.43.*

Further the Hon'ble Commission vide its letter dated 13th December, 2016 and subsequent letters sought various additional information concerning the Capital expenditure and the same were provided by the Company vide letter dated 30th December, 2016 and other subsequent letters. Based on the above, the Hon'ble Commission vide its order dated 30th November, 2017 had duly approved the capital expenditure for the MYT Period.

Further, post submission of its APR petition for FY 2017-18 on 18th July'18, the Company provided detailed submissions in due course relating to the Capital Expenditure as desired by the Hon'ble Commission , which has since been approved by the Hon'ble Commission vide its Tariff Order dated 22nd January, 2019.

This is to confirm that the capital expenditure as approved by the Hon'ble Commission in its T O dated 22nd Jan 2019 has only been considered in the Revised MYT Formats and has not made any changes therein.

The extract of relevant submissions in business plan, are enclosed herewith as Annexure 10 (colly in soft copy) for ready reference."

4.9.21 Further, the Petitioner submitted that since FY 2000-01 till FY 2018-19 the Petitioner has been providing the complete details of the fixed asset along with its annual ARR/ True-Up which has been duly approved by the Commission from time to time.

4.9.22 The Commission noticed that the Petitioner claimed Rs. 208.67 Crore towards capital expenditure for FY 2019-20. The Commission directed the Licensee to submit the detail breakup project / scheme wise capex approved in the Tariff Order of FY 2019-20 dated September 3, 2019 vis-à-vis capitalisation for each project / scheme and clarify whether the project / scheme is completed in the FY 2019-20 or are they spilling over to the next along with the justification for variance. In response to the query sought, the Petitioner submitted that the projects / schemes details of the total capital expenditure of Rs. 208.67 Cr is already marked in Fixed Asset. Further submitted that all the above projects /schemes have been completed, hence capitalised in FY 2019-20.

4.9.23 The Commission noticed error in the Petitioner's submission where amount paid to

UPPTCL for construction of 5 Nos. 33kV Bay at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida is provided as Rs. 25.99 Crore instead of Rs. 20.48 Crore as submitted in Table 22 of the Petition. The Commission in the query mentioned the Petitioner shall correct and revise the Table 22 of the Petition and the revised table is provided below:

Table 4-49: Revised Details of Capital Expenditure for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Nature of Works	Approved	Actual
1	New Connections, Replacement Stock & Metering	21.90	23.19
2	Substations, Transformers, 33kV , 11 kV & LT Network Development	77.50	86.15
3	Process System Automation	19.79	7.44
4	IT Projects	10.00	7.06
5	Civil Works & Office Infrastructure Facility	30.69	17.30
6	Tools & Testing Equipment	1.47	0.02
7	Vehicles	3.25	1.92
8	Demand Side Management	1.00	0.00
9	Leasehold Land	5.00	25.99
10	Misc/Contingent Works	8.00	0.00
11	**Sub-Total**	**178.59**	**169.07**
12	Interest Capitalisation	4.22	0.00
13	Salary Capitalisation	11.90	Included above
14	**Sub-Total**	**194.71**	**169.07**
15	Amount paid to UPPTCL for construction of 5 Nos. 33kV Bay at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida	-	20.48
16	Amount paid to UPPTCL for construction of 220kV LILO at 220/132/33kV R C Green Substation connecting 400kV Substation at Pali, Greater Noida	-	19.12
17	**Sub-Total**	**194.71**	**208.67**
18	Add: Assets taken over from GNIDA	1.00	20.01
19	**Grand Total**	**195.71**	**228.68**

4.9.24 The Petitioner in Note 9 of the audited accounts for FY 2019-20 mentioned the capital advances of Rs 2.09. In this regard, The Commission sought the details of such advances w.r.t. the assets for which such advances has been provided and details of the party to which such advances has been given. Further, details of projects /schemes under Work in Progress as at end of FY 2019-20, which would be capitalised in subsequent years and the details of capital advances of Rs.2.09 Crores were provided by the Licensee as under:

Table 4-50: Capital Work In Progress including Capital Advance

Sl. No.	Particulars	FY 2019-20 (Actual)		CWIP Nature	Remarks
1	Distribution Management System Project	1.50	15.62	Tangible CWIP	Please refer Note-3 of Audited Accounts for FY 2019-20
2	Back-up Control System	0.95			
3	Building Management System Project	0.24			
4	Customer Care Centre at Techzone-4	0.39			
5	Surveillance & Safety System Project	0.31			
6	Consultancy Service for preparation of DPR and Tender Document for construction of 220KV Substation and Associated 220kV Lines at BZP and KP5, Greater Noida	1.28			
7	Other IT and Automation Projects	0.12			
8	Materials for various Capital Projects	10.83			
9	SAP Hana Project	3.77	5.22	Intangible CWIP	Please refer Note-4 of Audited Accounts for FY 2019-20
10	Outage Management System Project	1.44			
11	Advance for 1 no. 33kV Bay at Surajpur Substation	0.33	2.09	Capital Advance	Please refer Note-9 of Audited Accounts for FY 2019-20
12	Application Money for allotment of 3 Lands for 33/11 kV Substations paid to GNIDA	0.76			
13	Advance for Vehicles	0.14			
14	Other Advances	0.86			
	Total CWIP	**22.93**	**22.93**		**Please refer Form-21 of True-up Formats**

4.9.25 With regards to retirement of asset of Rs. 7.87 Crore for FY 2019-20, the Commission sought the following details from the Petitioner:

i. The useful life of the Asset.
ii. Whether it has simultaneously reduced the depreciation for such assets.
iii. Whether the asset was in warranty / guarantee period.
iv. Whether the asset was insured and provide the details of insurance cost recovered from it.
v. The depreciation charged till date.
vi. Date of put to use & its cost.

4.9.26 In this regard the Petitioner submitted the Fixed asset Register for FY 2019-20.

4.9.27 The Commission sought the Petitioner to break the capex claimed/ Approved for FY 2019-20 in following parts:

i. Capex required for expansion / new connection / network growth;
ii. Capex required for loss reduction;
iii. Capex required for any other work with details
iv. Also submission this information in a Excel.

4.9.28 In response the Petitioner has submitted the desired details of CAPEX claimed and approved is provided in the following:

Sl. No.	Particulars	FY 2019-20	
		Approved	Actual
1	Capex required for expansion/ new connection/network growth	135.08	192.23*
2	Capex required for loss reduction	0.00	0.00
3	Capex required for any other work with details	59.63	16.44
	Total	**194.71**	**208.67**

**Includes payment to UPPTCL of (i) Rs. 20.48 Cr for construction of 5 Nos. 33kV Bays at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida and (ii) Rs. 19.12 Cr for construction of LILO from 400kV Substation at Pali, Greater Noida connecting 220/132/33kV R C Green Substation.*

4.9.29 In the Order dated October 31, 2018 in Petition No. 987 of 2014 and Order dated October 31, 2018 in Petition No. 1020 of 2015, the Commission observed that in UP State, none of the 5 State owned Discoms is having a 132 kV or 220 kV substation yet they are facing no difficulty in their operations.

4.9.30 Further, in the above Orders, it was observed by the Commission that NPCL being a Distribution Licensee in the State, will follow the same principles and the Petition No. 987 of 2014 and Petition No. 1020 of 2015 were in in the matter of denial / delay by Uttar Pradesh Power Transmission Corporation Ltd. (UPPTCL) in handling over the physical possession of the 220/132/33 KV kV R.C Green Substation at Greater Noida to Noida Power Company Ltd. (NPCL) and in the matter of Denial / Delay by UPPTCL in granting connectivity to the 220 kV Gharbara Substation at Noida Power Company Limited at 400 kV Greater Noida (Pali) Substation of UPPTCL respectively, hence specific directives were passed in the orders which were as under:

(A): The Commission vide Order dated October 31, 2018 in Petition No. 987 of 2014 in the matter of Denial /Delay by UPPTCL in handing over the physical possession of the 220 kV R.C. Green Substation at Greater Noida to NPCL has stated that:

Quote

86. Keeping in view the overall efficiency, economical and integrated operations of state transmission sector, interest of consumers of Greater Noida area coupled with the obligation of GNIDA to provide free land and bear the cost of substation up to 220 kV, the Commission decides that

(i). NPCL petition for owning, operating and maintaining 220 kV sub-station as distribution licensee is dismissed.

(ii). NPCL shall claim refund of the amount deposited with Greater Noida Authority towards costs of land and construction of 220 KV sub-station at RC Green and associated 220 kV line to NPCL.

(iii). The investment allowed by this Commission to NPCL in the distribution tariff shall be trued up again after deducting this refund.

(iv). UPPTCL as STU and transmission licensee, shall own, operate and maintain 220 kV Sub-Station at RC Green.

Unquote

(B) : The Commission in Order dated October 31, 2018 in Petition No. 1020 of 2015 in the matter of Denial / Delay by UPPTCL in granting connectivity to the 220 kV Gharbara Substation at NPCL at 400 kV Greater Noida (Pali) Substation of UPPTCL has stated that:

Quote

49. Keeping in view the overall efficiency, economical and integrated operations of state transmission sector, interest of consumers of Greater Noida area coupled with the obligation of GNIDA to provide free land and bear the cost of substation up to 220 kV, the Commission decides that

- *a. NPCL petition for direction to UPPTCL to grant connectivity of Gharbara Substation from 400 kV Greater Noida (Pali) sub-station is dismissed.*
- *b. NPCL shall claim refund of the amount deposited with Greater Noida Authority towards cost of land and construction of 220 kV Gharbara sub station and associated 220 kV line from GNIDA.*
- *c. Since the Petitioner did not comply with the provisions of U.P. Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulation-2006, before making investment in the 220 kV Gharabara sub-station, this expenditure cannot be allowed in distribution ARR. The Commission shall review this investment in the True-up of ARR filed by the Petitioner.*
- *d. UPPTCL as STU and transmission licensee, shall own, operate and maintain 200 kV Sub-Station at village Gharbara.*
- *e. UPPTCL shall arrange adequate transmission capacity for NPCL as per their power distribution plan without creating any obstacle.*

f. NPCL shall be granted connectivity from Gharbara sub-station through 33 kV feeders.

Unquote

4.9.31 Further, Commission vide its Order dated January 22, 2019 in Petition No. 1349 of 2018 ruled that:

5.5.6 In line with the above directions of the Commission in the aforementioned Orders, the Commission has directed the Licensee the following:

1) *To apprise the Commission about the compliance of the above Orders in the next ARR / Tariff and True- Up filing.*

2) *Submit the impact on the allowed year wise ARRs (including True- Up ARRs) in regard to the investments made in the 220 kV Gharbara Sub- Station and RC Green Substation along with the next ARR/Tariff and True- Up filing.*

5.5.7 Also, the Commission on the basis of aforementioned Orders dated October 31, 2018 in regard to 220 kV Gharbara and RC Green Substation has considered it appropriate to disallow the Capital expenditure of Rs 24.00 Crs as submitted by the Petitioner for BZP and KP-V 220 kV Substation and shown in the Table above, for FY 2018-19. The Commission will carry out the detailed prudence check of Capital expenditure for FY 2018-19 while carrying out the truing up for FY 2018-19.

5.5.8 The Commission while working out debt and equity has considered 70% of the capital expenditure financed through loan and 30% of capital expenditure financed through equity after deducting Consumer Contribution from the total capital expenditure in accordance with Clause 23 of the Distribution MYT Regulations, 2014.

Unquote

4.9.32 Also the Commission in its True Up of FY 2017-18 in its Order dated September 03, 2019 ruled that:

Quote

3.7.1 In the Order dated October 31, 2018 in Petition No. 987 of 2014 in the matter of Denial / Delay by UPPTCL in granting connectivity to the 220 kV RC Green Substation at NPCL at Greater Noida, the Commission has stated the following:

Quote

50. Keeping in view the overall efficiency, economical and integrated operations of state transmission sector, interest of consumers of Greater Noida area coupled with the obligation of GNIDA to provide free land and bear the cost of substation up to 220 kV, the Commission decides that:

a. NPCL petition for owning, operating and maintaining 220 kV sub-station as distribution licensee is dismissed.

*b. NPCL shall claim refund of the amount deposited with Greater Noida Authority towards **costs of land and construction of 220 KV sub-station at RC Green and associated 220 kV line to NPCL**.*

c. The investment allowed by this Commission to NPCL in the distribution tariff shall be trued up again after deducting this refund.

d. UPPTCL as STU and transmission licensee, shall own, operate and maintain 220 kV Sub-Station at RC Green.

Unquote

3.7.2 The Commission observed that the Petitioner has claimed Rs 19.12 Cr for construction of 220 KV sub-station at RC Green and associated 220 kV line to NPCL which is against the Commission's aforesaid decision. Since the work is yet to be completed by UPPTCL, the same has been included in closing CWIP of FY 2017-18 by the Petitioner.

*3.7.3 Although, the matter is sub-judice in APTEL, the Commission finds it appropriate to disallow this amount from the closing CWIP subject to final decision of APTEL in this matter. **The Petitioner is directed to apprise the Commission about the matter during the True- Up of FY 2018-19.***

4.9.33 Further the Commission vide its Order dated June 04, 2020 in the Petition No. 1512 of

2019 in the matter of review Petition filed by NPCL under Section 94 (1)(f) of the Electricity Act, 2003 read with Regulations 150 of the UPERC (Conduct of Business) Regulations, 2004 seeking partial Review of the Tariff Order for FY 2019-20 dated September 03, 2019 passed by the Commission in Petition No. 1382 of 2018, in regards to disallowance of 19.12 Crs for "Construction of 220 kV LILO connecting 400 kV Substations at Pali, Greater Noida and Sector-148 (changed from earlier Sector-129) to 220/132/33kV RC Green substation for enhancement of upstream capacity & reliability to evacuate upto 400 MW power of R C Green Substation" directed that:

Quote

25. Keeping in view of interest of consumers of Greater Noida area coupled with the obligation of GNIDA to take care of the development, the Commission decides that:

(i) NPCL shall refund of amount deposited with GNIDA towards the cost of 220 kV LILO amounting to Rs. 14.59 Crore.

(ii) The remaining claim refund to Rs. 4.53 Crore for 2 no.(s) 220 kV bays at R.C Green Substation will be subject to final decision of Hon'ble APTEL in Appeal No. 336 of 2018.

Unquote

4.9.34 Further the Commission vide its Tariff Order for FY 2020-21 dated December 04, 2020, while Truing up of FY 2018-19, ruled as under:

Quote

3.9.29 It has been observed that the Petitioner, over the years has accumulated various 132 kV and above assets and the same was verified from its FAR submitted for FY 2017-18 and FY 2018-19. However, the Commission in its various above said rulings, has ruled that a distribution Licensee cannot own, operate 132 kV and above assets. The Commission sought deficiency from the Petitioner vide mail dated September 08, 2020 details related to 132kV and above assets which have been capitalized *and part of FAR and Financials. Also, it was asked from the Petitioner that if any asset is left to be included in list, the same has to be provided with the details of the same.*

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3.9.33 The Commission with regards to asset Construction of LILO from 220 kV Substation Sec-148 Noida to 220 kV RC Green substation of Rs. 14.59 Crore, Cost of 2 no. 220 kV bays at RC Green Substation of Rs. 4.53 Crore and cost of 5 no. 33 bays at 220/33 kV Substation at Sec-148 Noida of Rs. 20.48 Crore sought the details to provide whether the above assets are capitalized or not. If yes, provide in which year these assets were capitalized and also, provide asset wise detail of CWIP for FY 2019-20 and FY 2020-21.

3.9.34 The Petitioner in this regard submitted that:

"With regards to asset Construction of LILO from 220 kV Substation Sec-148 Noida to 220 kV RC Green substation of Rs. 14.59 Crore, Cost of 2 no. 220 kV bays at RC Green Substation of Rs. 4.53 Crore and cost of 5 no. 33 bays at 220/33 kV Substation at Sec-148 Noida of Rs. 20.48 Crore, the Company hereby states that the said assets have been capitalized. The details of same are provided in Table below:"

Concerning Date of Capitalization of Assets		
S. No.	Asset details	Date of Capitalization
1	LILO from 220 kV Substation Sec-148 Noida to 220 kV RC Green substation of Rs. 14.59 Crore	31st December, 2019
2	Cost of 2 no. 220 kV bays at RC Green Substation of Rs. 4.53 Crore	31st December, 2019

3	Cost of 5 no. 33 bays at 220/33 kV Substation at Sec-148 Noida of Rs. 20.48 Crore	31st March, 2020

3.9.35 The Commission in its various Orders i.e. in Petition No. 987 of 2018, Petition No. 1020 of 2015 and Petition No. 1512 of 2019 has ruled that a distribution licensee cannot establish, own, operate, and maintain a distribution system of 132 and 220 kV assets, however the Petitioner still capitalised 132 kV and above assets in FY 2018-19. The Commission further sought the details of 132 kV and above assets capitalised in FY 2018-19. In this regard the Petitioner submitted the details of 132kV and above assets capitalized in FY 2018-19 as shown in the Table below:

Table 3-57: 220kV /132 kV assets capitalised in FY 2018-19 as submitted by the Petitioner

Asset Category	Asset Description	Capitalized Date	Qty.	Addition in Rs. Cr.	Remarks
Building & Structures	Mild Steel Works at Land for 220KV IT City S/s.	31-03-2019	425 Kg	0.01	The land is for 33/11kV S/s and associated office facilities, inadvertently mentioned as 220kV S/s. The cost incurred is for metal signboard to safeguard the above land from illegal encroachment.
Transmission & Distribution	160 MVA Transformer 220/132 KV	31-03-2019	1 no.	5.76	Cost of new 160 MVA transformers for increasing distribution capacity at R C Green Substation paid to UPPTCL through GNIDA
Transmission & Distribution	132 KV Current Transformer (1000/800/500/1AMP)	31-03-2019	3 no.	0.04	

3.9.36 The Petitioner submitted that the detailed justification for the Capital Expenditure on 160 MVA transformer at RC Green Substation which was required for increasing *distribution capacity for meeting the growing demand of the consumers and has already been provided in Petitions No. 1349 of 2018 and 1382 of 2018. Further, as informed, the Petitioner has filed appeals before the Hon'ble APTEL against the orders dated October 30, 2018 in Petition No. 987 of 2014 and 1020 of 2015 wherein the Commission is also the relevant party. Also, with regard to Order dated June 04, 2020 of the Commission, the Petitioner has filed an appeal before Hon'ble APTEL. Therefore, the Petitioner submitted that, all the aforesaid matters are sub-judice before the Hon'ble APTEL and therefore, any action, which may impinge on such judicial process is not warranted in the matter.*

3.9.37 Since the Petitioner is continuously capitalising the 132 kV and above assets in its FAR, the Commission is constraint to take an adverse decision. ***The assets related to 132 kV and above assets (as per the list above) capitalised till FY 2017-18 and addition in FY 2018-19 are being deducted from GFA. Further 100% depreciation till FY 2017-18 for 132 kV assets and above and from opening balance of Accumulated depreciation of FAR is also being deducted from the accumulated depreciation.***

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3.9.41 It is noted that the Petitioner has not been able substantiate the base of high-end vehicles clearly. Further, such costs of high-end luxury vehicles cannot be passed on to the consumers. Further in the above tables it can be seen that the Petitioner has almost 50 vehicles. Therefore, the rise in number of vehicles is not in proportion to the increase in number of consumers, load and sales. ***The vehicles added till FY 2017-18 are being disallowed and reduced from the opening GFA of FY 2018-19. Further vehicles added in FY 2018-19 are being reduced from the GFA addition***

during the year. Further 100% depreciation till FY 2017-18 for vehicles is also being deducted from the accumulated depreciation.

3.9.42 Further the Commission observed that certain assets such as KP-I and KP-IV are of amount more than Rs. 10 Crore, however, the Petitioner did not take prior approval from the Commission for incurring capex more than Rs. 10 Crore. ***Hence the Commission has reduced the 25% of the opening GFA from the net GFA and corresponding 25% depreciation till FY 2017-18 for opening balance of Accumulated depreciation of FAR is also being deducted….***

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3.9.45 The Commission, from time to time, in its Tariff Orders has directed the Petitioner to submit the Capital investment plan and take prior approval of the schemes greater than INR 10 Crore as per Regulation 23A of the UPERC MYT Regulations, 2014. Further, the Petitioner has claimed an investment of Rs. 125.38 Crore (excluding GNIDA assets) in FY 2018-19, however, the Petitioner did not take prior approval from the Commission for any of the schemes with capital expenditure greater than INR 10 Crore. ***Accordingly, the Commission has decided to disallow 25% of the Capital investment of NPCL Assets for FY 2018-19.***

Unquote

4.9.35 The Commission during the disallowance in FY 2018-19, had applied a filter searching for the assets of 132 kV & above, any transmission assets, including RC Green, Gharbara, BZP, and assets of KP-I, KP-IV in the FAR (Excel file). Further, it came to light that a few related assets had been left out and hence, the Commission directed the Petitioner to reconcile the assets disallowed (132 kV & above, 220 kV, any transmission assets, including RC Green, Gharbara, BZP, and assets of KP-I, KP-IV) in FY 2018-19 with the Fixed Asset

Register. Further, the Commission directed the Petitioner to submit the details of above assets, along with the land and its associated cost and completeness of the list of asset along with details of asset addition in the above in FY 2019-20, FY 2020-21 & FY 2021-22. In response, the Petitioner submitted the details of the assets by segregating it as assets disallowed during FY 2018-19, associated assets not disallowed but part of disallowed assets and assets disallowed at 25%. The summary of the details submitted by the Petitioner for Capex upto FY 2019-20 and Capex disallowed by the Commission is as under:

Particulars	Cost Incurred till FY 2019-20	Disallowance made vide TO dt. 4-Dec-20
33 kV and Above Assets:		
R. C. Green S/s	101.14	58.59
R.C. Green S/s assets covered in 25% Disallowance vide T.O. dt. 4th Dec'20	1.34	0.33
Gharbara S/s	47.67	13.81
KP-5 S/s	27.80	4.08
BZP S/s	11.42	11.42
Assets not related to 132/220 kV	1.31	1.30
Addition of 1 No. 315 MVA Transformer for Greater Noida Area	32.47	-
Capacity Augmentation at Surajpur S/s	2.12	-
Construction of 220kV LILO at 220/132/33kV R C Green Substation connecting 400kV Substation at Pali, Greater Noida	19.12	-
Construction of 5 Nos. 33kV Bay at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida	21.00	-
Subtotal	**265.38**	**89.52**
KP-1 :		
Assets not related to KP-1 Office	0.28	0.07
Assets covered in Table 3-61 of TO dt. 4th Dec'20	34.19	8.80
Assets covered in 25% Disallowance vide T.O. dt. 4th Dec'20	0.06	0.01
Other Assets associated with KP-1 Office	5.79	-
Subtotal	**40.32**	**8.88**

Particulars	Cost Incurred till FY 2019-20	Disallowance made vide TO dt. 4-Dec-20
KP-4 :		
Assets covered in Table 3-62 of TO dt. 4th Dec'20	72.01	17.75
Assets covered in 25% Disallowance vide T.O. dt. 4th Dec'20	0.88	0.04
Other Assets associated with KP-4 Office	15.57	-
Subtotal	**88.46**	**17.80**
Residual Assets covered in 25% Disallowance vide T.O. dt. 4th Dec'20	**81.30**	**19.03**
Total	**475.47**	**135.23**

4.9.36 From the submission of the Petitioner, it was observed that while disallowing assets of 132 kV & above and related assets, any other transmission related assets including RC Green, Gharbara, BZP, and assets of KP-I, KP-4 in FY 2018-19, few assets couldn't be disallowed as those assets couldn't be identified.

4.9.37 Such assets identified from the FAR and the additional information in regard to mapping of assets submitted by the Petitioner, have been disallowed from the Opening GFA of FY 2019-20. Further, certain assets were disallowed at 25% in FY 2018-19, however they were to be disallowed at 100%, therefore remaining 75% of those assets are also being disallowed from Opening GFA of FY 2019-20. Further, certain assets related to KP I, KP 4 were disallowed at 25% in FY 2018-19, however some related assets couldn't be disallowed as those assets couldn't be identified, therefore those assets have now been identified and disallowed at 25% from Opening GFA of FY 2019-20. The details in respect to the disallowance is as under:

	Assets disallowed in FY 2018-19 (from opening GFA)	Disallowance (%) in Tariff Order of FY 2018-19	Disallowance of assets identified that couldn't be disallowed in FY 2018-19 to be disallowed in FY 2019-20 (from opening GFA)
1.	132 kV & above assets disallowed	100%	100%
2.	KP I & KP 4	25%	25%

3.	Vehicles	100%	-
	Assets disallowed in FY 2018-19 (from Addition during the year)	Disallowance (%) in Tariff Order of FY 2018-19	Disallowance of assets left in FY 2018-19 to be given affect in FY 2019-20 (from opening GFA)
1	132 kV & above assets disallowed	100%	100%
2	KP I & KP 4	25%	25%
3	Vehicles	100%	-
4.	Other Assets (132 kV)	25%	
	132 kV & above assets disallowed	25%	75%

4.9.38 Further, the above assets have been disallowed and their corresponding cumulative depreciation as identified from the FAR, has also been disallowed and depreciation has been computed accordingly.

4.9.39 While doing the True-up of of FY 2018-19, three assets of 132 kV & above couldn't be identified and hence couldn't be disallowed, however these have been identified/ mapped this year and same are disallowed. It is observed the Petitioner has capitalised land for the purpose of construction of 132 kV & assets which includes 220/33 kV Gharbara Substation maintained by NPCL (The 220kV/ 33kV Gharbara substation is a subject matter of Appeal no. 40 of 2019 which is pending adjudication before the Hon'ble Appellate), 220/132/33 kV RC Green Substation maintained by UPPTCL (The 220kV/ 132kV/ 33kV R C Green substation is a subject matter of Appeal no. 336 of 2018 which is pending adjudication before the Hon'ble Appellate Tribunal for Electricity) and Lease hold Land allotted for construction of Electric Sub-Station at KP-5 but left unutilized is being disallowed as it pertains to 132 kV and above assets. Also, as the Distribution Licensee cannot possess assets of 132 kV and above, the land pertaining to 220/33 kV Gharbara Substation and 220/132/33 kV RC Green Substation are also being disallowed.

Land Details									
Asset Category	**Asset Description**	**Capex**	**Quantity**	**Depreciation Rate**	**Gross Block (Opening)**	**Addition**	**Retirement**	**Gross Block (Closing)**	**Land Usage**
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT GHARBARA, GR	NPCL Assets	35000	90	8,20,03,420	-	-	8,20,03,420	220/33 kV Gharabara Substation

Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT R C GREEN, GR	NPCL Assets	64000	90	14,99,35,920	-	-	14,99,35,920	220/132/33 kV R C Green Substation
Leasehold Land	LAND AT PLOT NO. ESS-I, KP-5	NPCL Assets	37281.17	90	23,72,39,565	-	-	23,72,39,565	Electric Sub Station

4.9.40 The RC Green, Gharbara, Pali, Surajpur and KP-5 are part of the 132 kV and above assets. The disallowances of the said assets are provided in the following table:

Table 4-51: Disallowance of Asset of RC Green, Gharbara and KP-5 for FY 2019-20

Disallowance of 132 kV and above assets (Rs. Crore)					
Particulars	**Assets Covered in T.O FY 2020-21 dt. 4-12-2021 and disallowed in the Opening of FY 2018-19**	**Assets Disallowed in Add Cap of FY 2018-19 in T.O FY 2020-21 dt. 4-12-2021 (@ 25%)**	**Assets Not Covered in T.O FY 2020-21 dt. 4-12-2021 but to be Disallowed @ 75%**	**Assets (left out) Not Covered in T.O FY 2020-21 dt. 4-12-2021 to be disallowed in FY 2019-20 (Opening)**	**Assets to be disallowed for FY 2019-20 (Opening GFA)**
FORMULA	**A**	**B**	**C**	**D**	**E=C+D**
RC Green	58.59	0.33	1.00	42.55	43.55
Gharbhara	13.81	-	-	33.86	33.86
KP-5	-	-	-	-	23.72
Total	**72.39**	**0.33**	**1.00**	**76.41**	**101.13**

4.9.41 The assets of Pali and Surajpur S/s are 132 kV and above assets worth Rs. 34.59 Crores and the same are being disallowed.

Table 4-52: Assets of Pali S/s considered for disallowance at 100% for FY 2019-20

Pali S/s: Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)
Civil Works for 1 No. 315 MVA ICT-III Bay & const	31-01-2010	NPCL Assets	1	W302	2,42,56,355	-	-	2,42,56,355

Installation of 1 No. 315 MVA Transformer & conts	31-01-2010	NPCL Assets	1	W781	30,04,41,645	-	-	30,04,41,645

Table 4-53: Assets of Surajpur S/s considered for disallowance at 100% for FY 2019-20

Surajpur S/s: Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)
20 MVA LOAD AUGMENTATION - EXECUTIVE ENGG, ELECT	30-11-2006	NPCL Assets	1	W781	2,11,75,309	-	-	2,11,75,309

Table 4-54: Disallowance of Assets of Pali & Sujarpur (132 kV & above assets) for FY 2019-20

Disallowance (Rs. Crore)	
Particulars	**Assets Disallowed from Opening GFA of FY 2019-20**
Pali	32.47
Surajpur	2.12
Total	**34.59**

KP-1 & KP-4

4.9.42 The Commission in the Tariff Order FY 2020-21 for Truing up of FY 2018-19 has disallowed the assets of KP-1 & KP-4 building at 25%.

Quote

Further the Commission observed that certain assets such as KP-I and KP-IV are of amount more than Rs. 10 Crore, however, the Petitioner did not take prior approval from the Commission for incurring capex more than Rs. 10 Crore. Hence the Commission has reduced the 25% of the opening GFA from the net GFA and corresponding 25% depreciation till FY 2017-18 for opening balance of Accumulated depreciation of FAR is also being deducted.

Unquote

4.9.43 The Commission on analysis of the Fixed Asset Register of True-up Petition of FY 2019-20 observed that despite the disallowance by the Commission in FY 2018-19, the Petitioner has mentioned the KP-1 & KP-4 Building assets in the FAR for FY 2019-20. Further capitalized few assets for FY 2019-20.

4.9.44 Since the Commission has identified the assets related to KP-1 & KP-4 from the FAR and the additional information sought from the Petitioner in regard to mapping of assets and has disallowed those assets from the Opening GFA of FY 2019-20. For KP-1 & KP-4, the Commission has taken view that, those associated assets which were not disallowed in FY 2018-19 but part of the disallowed assets and additional capitalization of assets for FY 2019-20 are disallowed at 25% from opening GFA of FY 2019-20.

4.9.45 The details of the assets covered in True-up FY 2018-19, assets not covered but to be disallowed and remaining assets to be disallowed and corresponding disallowance of it is provided in the following table.

Particulars	**Total Value of Assets Covered in T.O FY 2020-21 dt. 4-12-2021 and disallowed in the Opening of FY 2018-19 @ 25%**	**Total Value of Assets Disallowed in Add Cap of FY 2018-19 in T.O FY 2020-21 dt. 4-12-2021 @ 25%**	**Total value of Assets Not Disallowed in T.O FY 2020-21 dt. 4-12-2021 to be disallowed in FY 2019-20 (Opening) at 25%**
KP-1	34.47	0.06	5.63
KP-4	72.01	0.88	15.32

Disallowance (Rs. Crore)			
Particulars	**Assets Covered in T.O FY 2020-21 dt. 4-12-2021 and disallowed in the Opening of FY 2018-19 @ 25%**	**Assets Disallowed in Add Cap of FY 2018-19 in T.O FY 2020-21 dt. 4-12-2021 @ 25%**	**Assets Not Disallowed in T.O FY 2020-21 dt. 4-12-2021 to be disallowed in FY 2019-20 (Opening) at 25%**
KP-1	8.62	0.01	1.41
KP-4	18.00	0.22	3.83
Total	**26.62**	**0.23**	**5.24**

4.9.46 The details of the assets i.e. 132 kv & above assets, KPI & KP IV assets disallowed (based on the FAR and the additional information in regard to mapping of assets submitted by the Petitioner) are as following:

Table 4-55: Assets of RC Green considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
10000021	21101	Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT R C GREEN, GR	25-03-2008	NPCL Assets	64000	90	14,99,35,920	-	-	14,99,35,920	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	14,99,35,920
13000184	21202	Building & Structures	Civil Works for Sub Station	31-01-2013	NPCL Assets	1	W302	47,56,400	-	-	47,56,400	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	47,56,400
13000185	21202	Building & Structures	Boundary Wall, Bulding, Swatichard Rods	31-01-2013	NPCL Assets	1	W302	79,06,250	-	-	79,06,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	79,06,250
13000186	21202	Building & Structures	Civil Work (Stores, Roads, Water supply etc.)	31-01-2013	NPCL Assets	1	W302	2,00,00,000	-	-	2,00,00,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,00,00,000
14001194	21301	Distribution network	250 KVA/33/0.4KV Station Transformer	31-01-2013	NPCL Assets	1	W781	8,42,375	-	-	8,42,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	8,42,375
14001200	21301	Distribution network	33 KV Current Transformer 2000/1250/1A	31-01-2013	NPCL Assets	2	W781	2,22,956	-	-	2,22,956	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,22,956
15000215	21313	Distribution network	33 KV C.T.400/200/1A	31-01-2013	NPCL Assets	15	W784	10,35,000	-	-	10,35,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	10,35,000
15000217	21313	Distribution network	33 KV P.T	31-01-2013	NPCL Assets	3	W784	1,98,375	-	-	1,98,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,98,375

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
15000219	21313	Distribution network	33 KV Lighting Arrester	31-01-2013	NPCL Assets	6	W784	86,250	-	-	86,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	86,250
15000221	21313	Distribution network	Relay Panel 1 No. (DPP)	31-01-2013	NPCL Assets	1	W784	7,47,500	-	-	7,47,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	7,47,500
15000222	21313	Distribution network	ACDB	31-01-2013	NPCL Assets	1	W784	15,45,313	-	-	15,45,313	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	15,45,313
15000223	21313	Distribution network	Bus Bar & Insulators	31-01-2013	NPCL Assets	1	W784	9,34,375	-	-	9,34,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	9,34,375
15000224	21313	Distribution network	Substation Lighting Arrangement	31-01-2013	NPCL Assets	1	W784	8,62,500	-	-	8,62,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	8,62,500
15000225	21313	Distribution network	Earthmat & Earthing	31-01-2013	NPCL Assets	1	W784	43,12,500	-	-	43,12,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	43,12,500
15000234	21313	Distribution network	Fire Fighting Equipment	31-01-2013	NPCL Assets	1	W784	5,75,000	-	-	5,75,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	5,75,000
15000235	21313	Distribution network	Fencing	31-01-2013	NPCL Assets	1	W784	11,50,000	-	-	11,50,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	11,50,000
15000243	21313	Distribution network	Bus Bar & Insulators	31-01-2013	NPCL Assets	1	W784	9,34,375	-	-	9,34,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	9,34,375
15000244	21313	Distribution network	Earthing, Eartmat & Pale Fencing	31-01-2013	NPCL Assets	1	W784	5,75,000	-	-	5,75,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	5,75,000
15000245	21313	Distribution network	Carrier Equipment	31-01-2013	NPCL Assets	1	W784	17,25,000	-	-	17,25,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	17,25,000

Table 4-56: Assets of RC Green considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
10000021	21101	Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT R C GREEN, GR	25-03-2008	NPCL Assets	64000	90	14,99,35,920	-	-	14,99,35,920	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	14,99,35,920
13000184	21202	Building & Structures	Civil Works for Sub Station	31-01-2013	NPCL Assets	1	W302	47,56,400	-	-	47,56,400	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	47,56,400
13000185	21202	Building & Structures	Boundary Wall, Bulding, Swatichard Rods	31-01-2013	NPCL Assets	1	W302	79,06,250	-	-	79,06,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	79,06,250
13000186	21202	Building & Structures	Civil Work (Stores, Roads, Water supply etc.)	31-01-2013	NPCL Assets	1	W302	2,00,00,000	-	-	2,00,00,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,00,00,000
14001194	21301	Distribution network	250 KVA/33/0.4KV Station Transformer	31-01-2013	NPCL Assets	1	W781	8,42,375	-	-	8,42,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	8,42,375
14001200	21301	Distribution network	33 KV Current Transformer 2000/1250/1A	31-01-2013	NPCL Assets	2	W781	2,22,956	-	-	2,22,956	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,22,956
15000215	21313	Distribution network	33 KV C.T.400/200/1 A	31-01-2013	NPCL Assets	15	W784	10,35,000	-	-	10,35,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	10,35,000
15000217	21313	Distribution network	33 KV P.T	31-01-2013	NPCL Assets	3	W784	1,98,375	-	-	1,98,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,98,375
15000219	21313	Distribution network	33 KV Lighting Arrester	31-01-2013	NPCL Assets	6	W784	86,250	-	-	86,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	86,250

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
15000221	21313	Distribution network	Relay Panel 1 No. (DPP)	31-01-2013	NPCL Assets	1	W784	7,47,500	-	-	7,47,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	7,47,500
15000222	21313	Distribution network	ACDB	31-01-2013	NPCL Assets	1	W784	15,45,313	-	-	15,45,313	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	15,45,313
15000223	21313	Distribution network	Bus Bar & Insulators	31-01-2013	NPCL Assets	1	W784	9,34,375	-	-	9,34,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	9,34,375
15000224	21313	Distribution network	Substation Lighting Arrangement	31-01-2013	NPCL Assets	1	W784	8,62,500	-	-	8,62,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	8,62,500
15000225	21313	Distribution network	Earthmat & Earthing	31-01-2013	NPCL Assets	1	W784	43,12,500	-	-	43,12,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	43,12,500
15000234	21313	Distribution network	Fire Fighting Equipment	31-01-2013	NPCL Assets	1	W784	5,75,000	-	-	5,75,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	5,75,000
15000235	21313	Distribution network	Fencing	31-01-2013	NPCL Assets	1	W784	11,50,000	-	-	11,50,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	11,50,000
15000243	21313	Distribution network	Bus Bar & Insulators	31-01-2013	NPCL Assets	1	W784	9,34,375	-	-	9,34,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	9,34,375
15000244	21313	Distribution network	Earthing, Eartmat & Pale Fencing	31-01-2013	NPCL Assets	1	W784	5,75,000	-	-	5,75,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	5,75,000
15000245	21313	Distribution network	Carrier Equipment	31-01-2013	NPCL Assets	1	W784	17,25,000	-	-	17,25,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	17,25,000

Table 4-57: Assets of RC Green considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
15000248	21313	Distribution network	33 KV Lighting Arrester	31-01-2013	NPCL Assets	2	W784	28,463	-	-	28,463	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	28,463
15000251	21313	Distribution network	Earthing & shielding	31-01-2013	NPCL Assets	1	W784	15,81,250	-	-	15,81,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	15,81,250
15000252	21313	Distribution network	Cost of Making Double Control Bus on 33KV	31-01-2013	NPCL Assets	1	W784	31,62,500	-	-	31,62,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	31,62,500
15000253	21313	Distribution network	Sub Station lighting arrangement	31-01-2013	NPCL Assets	1	W784	18,97,500	-	-	18,97,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	18,97,500
15000254	21313	Distribution network	Bus Bar & Insulator	31-01-2013	NPCL Assets	1	W784	18,97,500	-	-	18,97,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	18,97,500
15000257	21313	Distribution network	33 KV CT (2000/1250/1) Amp	31-01-2013	NPCL Assets	8	W784	8,53,875	-	-	8,53,875	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	8,53,875
15000259	21313	Distribution network	33 KV PT	31-01-2013	NPCL Assets	2	W784	99,619	-	-	99,619	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	99,619
15000260	21313	Distribution network	198 KV Lighting Arresters	31-01-2013	NPCL Assets	6	W784	12,33,375	-	-	12,33,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	12,33,375
15000261	21313	Distribution network	120 KV Lighting Arresters	31-01-2013	NPCL Assets	2	W784	1,66,031	-	-	1,66,031	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,66,031
15000262	21313	Distribution network	30 KV Lighting Arresters	31-01-2013	NPCL Assets	5	W784	71,156	-	-	71,156	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	71,156
15000271	21313	Distribution network	33 KV Triple feeder Panel	31-01-2013	NPCL Assets	1	W784	3,19,413	-	-	3,19,413	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	3,19,413
15000272	21313	Distribution network	Ratational under frequncy Relay Panel	31-01-2013	NPCL Assets	1	W784	7,90,625	-	-	7,90,625	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	7,90,625

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
15000273	21313	Distribution network	110V Battery Charger and DCBs	31-01-2013	NPCL Assets	1	W784	10,59,438	-	-	10,59,438	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	10,59,438
15000274	21313	Distribution network	Earthing & Shielding	31-01-2013	NPCL Assets	1	W784	47,43,750	-	-	47,43,750	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	47,43,750
15000275	21313	Distribution network	Sub Station Lighting arrangement	31-01-2013	NPCL Assets	1	W784	30,04,375	-	-	30,04,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	30,04,375
15000276	21313	Distribution network	Multifire System & Water HYDENT	31-01-2013	NPCL Assets	1	W784	79,06,250	-	-	79,06,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	79,06,250
15000277	21313	Distribution network	Bus Bar & Insulators	31-01-2013	NPCL Assets	1	W784	23,71,875	-	-	23,71,875	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	23,71,875
15000278	21313	Distribution network	Fencing	31-01-2013	NPCL Assets	1	W784	31,62,500	-	-	31,62,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	31,62,500
15000279	21313	Distribution network	Bus Bar & Protection	31-01-2013	NPCL Assets	1	W784	30,04,375	-	-	30,04,375	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	30,04,375

Table 4-58: Assets of RC Green considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
15000280	21313	Distribution network	Fault Locator and	31-01-2013	NPCL Assets	1	W784	23,71,875	-	-	23,71,875	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	23,71,875

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
			Disturbance Recorders										
15000282	21313	Distribution network	33 KV Capacitor Bank with associated equipments	31-01-2013	NPCL Assets	1	W784	1,27,18,728	-	-	1,27,18,728	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,27,18,728
15000283	21313	Distribution network	Substation Automation System	31-01-2013	NPCL Assets	1	W784	1,20,44,250	-	-	1,20,44,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,20,44,250
15000284	21313	Distribution network	Optical Fibre for SAS System	31-01-2013	NPCL Assets	1	W784	13,38,250	-	-	13,38,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	13,38,250
15000285	21313	Distribution network	63 KVA DG Set with auto start	31-01-2013	NPCL Assets	1	W784	10,70,600	-	-	10,70,600	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	10,70,600
15000286	21313	Distribution network	110 V 300 AH Battery Set	31-01-2013	NPCL Assets	1	W784	7,49,420	-	-	7,49,420	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	7,49,420
15000287	21313	Distribution network	110 V Battery Charger & DCDB	31-01-2013	NPCL Assets	1	W784	11,33,765	-	-	11,33,765	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	11,33,765
15000288	21313	Distribution network	Air Conditioning As per SAS requirement	31-01-2013	NPCL Assets	1	W784	48,17,700	-	-	48,17,700	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	48,17,700
16000493	21304	Distribution network	145 SF-6 Circuit Breaker	31-01-2013	NPCL Assets	2	W784	54,62,500	-	-	54,62,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	54,62,500
16000494	21304	Distribution network	33 KV SF-6/Vacuum Circuit Breaker	31-01-2013	NPCL Assets	5	W784	43,12,500	-	-	43,12,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	43,12,500
16000496	21304	Distribution network	33 KV Line Isolator	31-01-2013	NPCL Assets	4	W784	4,60,000	-	-	4,60,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,60,000

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
16000499	21304	Distribution network	33 KV Bus Isolator	31-01-2013	NPCL Assets	6	W784	5,86,500	-	-	5,86,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	5,86,500
16000514	21304	Distribution network	33 K/V Circuit Breaker	31-01-2013	NPCL Assets	1	W784	3,68,431	-	-	3,68,431	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	3,68,431
16000517	21304	Distribution network	33 KV Bus Isolator 2000A	31-01-2013	NPCL Assets	1	W784	58,506	-	-	58,506	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	58,506
16000520	21304	Distribution network	33 KV Circuit Breakers	31-01-2013	NPCL Assets	5	W784	41,55,525	-	-	41,55,525	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	41,55,525
16000527	21304	Distribution network	33 KV Bus Isolator	31-01-2013	NPCL Assets	8	W784	8,34,900	-	-	8,34,900	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	8,34,900
16000528	21304	Distribution network	33 KV Line Isolator	31-01-2013	NPCL Assets	4	W784	4,31,681	-	-	4,31,681	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,31,681
19003556	21401	Distribution network	Towers including Bolts & Nuts	31-01-2013	NPCL Assets	9865	W784	1,38,00,037	-	-	1,38,00,037	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,38,00,037
19003564	21401	Distribution network	Structure	31-01-2013	NPCL Assets	30000	W784	51,75,000	-	-	51,75,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	51,75,000

Table 4-59: Assets of RC Green considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
19003565	21401	Distribution network	Structures	31-01-2013	NPCL Assets	7500	W784	12,93,750	-	-	12,93,750	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	12,93,750

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
19003566	21401	Distribution network	Main & Aux Structure	31-01-2013	NPCL Assets	12250	W784	33,20,625	-	-	33,20,625	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	33,20,625
19003567	21401	Distribution network	Structure (Main & Auxiliary)	31-01-2013	NPCL Assets	30030	W784	1,13,85,000	-	-	1,13,85,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,13,85,000
20001534	21402	Distribution network	Zebra ACSR	31-01-2013	NPCL Assets	3	W784	1,81,89,384	-	-	1,81,89,384	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,81,89,384
21002689	21407	Distribution network	Control & Power Cable	31-01-2013	NPCL Assets	1	W527	31,62,500	-	-	31,62,500	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	31,62,500
21002690	21407	Distribution network	Control Cable	31-01-2013	NPCL Assets	1	W527	4,67,188	-	-	4,67,188	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,67,188
21002691	21407	Distribution network	Control & Power Cable	31-01-2013	NPCL Assets	1	W527	20,55,625	-	-	20,55,625	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	20,55,625
21002692	21407	Distribution network	Control & Power Cable	31-01-2013	NPCL Assets	1	W527	79,06,250	-	-	79,06,250	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	79,06,250
24000206	21310	Plant & Machinery	Communication Equipments	31-01-2013	NPCL Assets	1	W127	1,17,00,000	-	-	1,17,00,000	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,17,00,000
12000041	21201	Building & Structures	Civil Work	31-03-2015	NPCL Assets	166	W302	20,31,518	-	-	20,31,518	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	20,31,518
14001317	21302	Distribution network	33KV CT	31-03-2015	NPCL Assets	2	W781	1,97,360	-	-	1,97,360	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,97,360
14001318	21302	Distribution network	33KV PT	31-03-2015	NPCL Assets	1	W781	65,787	-	-	65,787	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	65,787
15000355	21314	Distribution network	Lightning Arrester	31-03-2015	NPCL Assets	2	W784	92,101	-	-	92,101	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	92,101
15000356	21314	Distribution network	33KV Tripple fdr. Control Panel	31-03-2015	NPCL Assets	1	W784	14,88,243	-	-	14,88,243	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	14,88,243
16000686	21305	Distribution network	33KV Circuit Breaker	31-03-2015	NPCL Assets	1	W784	9,21,015	-	-	9,21,015	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	9,21,015
16000687	21305	Distribution network	33KV LI (Line Insulator)	31-03-2015	NPCL Assets	1	W784	2,06,132	-	-	2,06,132	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,06,132

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
16000688	21305	Distribution network	33KV BI (Bus Insulator)	31-03-2015	NPCL Assets	1	W784	2,39,756	-	-	2,39,756	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,39,756
19003959	21403	Distribution network	Structure	31-03-2015	NPCL Assets	8	W784	32,58,200	-	-	32,58,200	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	32,58,200
13000352	21202	Building & Structures	ABT Metering Rooms RC Greens	31-03-2017	NPCL Assets	156.34	W302	18,87,990	-	-	18,87,990	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	18,87,990

Table 4-60: Assets of RC Green considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
13000375	21203	Building & Structures	Civil works (with main gantries)	31-03-2018	NPCL Assets	1	W302	84,88,640	-	-	84,88,640	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	84,88,640
15000491	21314	Distribution network	Lightning Arrestors (198 KV)	31-03-2018	NPCL Assets	3	W784	1,44,271	-	-	1,44,271	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,44,271
15000494	21314	Distribution network	Lightning Arrestors (120 KV)	31-03-2018	NPCL Assets	3	W784	2,14,346	-	-	2,14,346	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,14,346
14001463	21301	Distribution network	63 MVA Transformer	31-03-2018	NPCL Assets	2	W781	3,71,48,495	-	-	3,71,48,495	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	3,71,48,495
14001464	21301	Distribution network	Current Transformers (33 KV CT (2000-1250/1A)	31-03-2018	NPCL Assets	6	W781	2,87,742	-	-	2,87,742	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,87,742

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
16000904	21305	Distribution network	Circuit Breaker (33 KV CB)	31-03-2018	NPCL Assets	2	W784	4,58,255	-	-	4,58,255	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,58,255
16000905	21305	Distribution network	Isolator (33 KV - 2000 Amp)	31-03-2018	NPCL Assets	2	W784	72,468	-	-	72,468	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	72,468
15000492	21314	Distribution network	Lightning Arrestors (120 KV)	31-03-2018	NPCL Assets	6	W784	2,17,405	-	-	2,17,405	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,17,405
15000493	21314	Distribution network	Lightning Arrestors (33 KV)	31-03-2018	NPCL Assets	6	W784	25,577	-	-	25,577	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	25,577
13000376	21203	Building & Structures	Civil Works	31-03-2018	NPCL Assets	2	W302	9,74,058	-	-	9,74,058	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	9,74,058
Total								42,54,88,807					42,54,88,807

Table 4-61: Assets of RC Green disallowed at 25%, remaining assets considered for disallowance for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Disallowance made vide TO dt. 4-Dec-20	Disallowance to be made for FY 2019-20
13000417	21202	Building & Structures	Civil Works	31-03-2019	NPCL Assets	1	W302	50,74,591	-	-	50,74,591	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	12,68,648	38,05,943
14001516	21301	Distribution network	33 KV Current Transformer	31-03-2019	NPCL Assets	12	W781	2,56,437	-	-	2,56,437	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	64,109	1,92,328

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Disallowance made vide TO dt. 4-Dec-20	Disallowance to be made for FY 2019-20
15000519	21313	Distribution network	33 KV Lighting Arrester	31-03-2019	NPCL Assets	12	W784	78,046	-	-	78,046	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	19,512	58,535
16000952	21304	Distribution network	33 KV Circuit Breaker	31-03-2019	NPCL Assets	4	W784	14,11,201	-	-	14,11,201	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	3,52,800	10,58,401
16000953	21304	Distribution network	33 KV BI-Metalic Connector	31-03-2019	NPCL Assets	8	W784	4,45,978	-	-	4,45,978	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	1,11,495	3,34,484
19004754	21401	Distribution network	33 KV Lines	31-03-2019	NPCL Assets	8	W784	5,38,359	-	-	5,38,359	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	1,34,590	4,03,769
19004755	21401	Distribution network	33 KV Triple Feeder Panel	31-03-2019	NPCL Assets	2	W784	17,47,277	-	-	17,47,277	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	4,36,819	13,10,458
19004756	21401	Distribution network	Structures	31-03-2019	NPCL Assets	28	W784	29,06,820	-	-	29,06,820	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	7,26,705	21,80,115
21004760	21407	Distribution network	Control Cables	31-03-2019	NPCL Assets	164183	W527	9,06,291	-	-	9,06,291	Not Covered in Table 3-55 and 3-56 of TO dt. 4th Dec'20 but disallowed @ 25% being Capex for FY 2018-19	2,26,573	6,79,718
Total								1,33,65,000					33,41,250	1,00,23,750

Table 4-62: Assets of Gharabara considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
10000015	21101	Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT GHARBARA, GR	25-03-2008	NPCL Assets	35000	90	8,20,03,420	-	-	8,20,03,420	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	8,20,03,420
12000042	21201	Building & Structures	Civil Work	31-03-2015	NPCL Assets	492	W302	88,57,557	-	-	88,57,557	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	88,57,557
12000043	21201	Building & Structures	Civil Works for Sub Station	31-03-2015	NPCL Assets	3712	W302	6,66,40,846	-	-	6,66,40,846	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	6,66,40,846
15000358	21313	Distribution network	33 kV Lighting Arrestor	31-03-2015	NPCL Assets	9	W784	4,71,489	-	-	4,71,489	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,71,489
15000360	21313	Distribution network	33 KV CT 3000-2000A	31-03-2015	NPCL Assets	2	W784	13,18,732	-	-	13,18,732	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	13,18,732
15000361	21313	Distribution network	33 KV CT 800-400A	31-03-2015	NPCL Assets	7	W784	10,17,317	-	-	10,17,317	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	10,17,317
15000362	21313	Distribution network	33 KV CT 2000A	31-03-2015	NPCL Assets	1	W784	4,59,606	-	-	4,59,606	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,59,606
15000364	21313	Distribution network	33 KV PT	31-03-2015	NPCL Assets	2	W784	2,63,749	-	-	2,63,749	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,63,749
15000365	21313	Distribution network	33 KV Capacitor Bank with associated equipments	31-03-2015	NPCL Assets	1	W784	35,26,506	-	-	35,26,506	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	35,26,506
15000371	21313	Distribution network	33 KV twin feeders Control Protection panel	31-03-2015	NPCL Assets	1	W784	34,57,960	-	-	34,57,960	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	34,57,960

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
15000372	21313	Distribution network	33 KV twin feeders Control Protection panel	31-03-2015	NPCL Assets	1	W784	22,96,300	-	-	22,96,300	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	22,96,300
15000373	21313	Distribution network	33 KV Bus Coupler Control Panel	31-03-2015	NPCL Assets	1	W784	3,51,199	-	-	3,51,199	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	3,51,199
15000374	21313	Distribution network	Substation automation system	31-03-2015	NPCL Assets	1	W784	2,34,32,560	-	-	2,34,32,560	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,34,32,560
15000375	21313	Distribution network	AC Distribution Panel	31-03-2015	NPCL Assets	1	W784	5,75,141	-	-	5,75,141	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	5,75,141
15000376	21313	Distribution network	DC Distribution Board	31-03-2015	NPCL Assets	1	W784	1,38,021	-	-	1,38,021	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,38,021
16000690	21304	Distribution network	33 kV VCBs 3000/2000A	31-03-2015	NPCL Assets	1	W784	4,06,826	-	-	4,06,826	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,06,826
16000691	21304	Distribution network	33 kV VCBs 2000A	31-03-2015	NPCL Assets	1	W784	4,11,850	-	-	4,11,850	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,11,850
16000692	21304	Distribution network	33 kV VCBs 800A	31-03-2015	NPCL Assets	3	W784	34,99,995	-	-	34,99,995	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	34,99,995
16000697	21304	Distribution network	33 KV 2000A Isolator with Single EarthSwitch	31-03-2015	NPCL Assets	1	W784	3,48,313	-	-	3,48,313	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	3,48,313
16000698	21304	Distribution network	33 KV 2000A Isolator w/o EarthSwitch	31-03-2015	NPCL Assets	1	W784	1,25,948	-	-	1,25,948	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,25,948

Table 4-63: Assets of Gharabara considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Value of Disallowance to made FY 2019-20	Value of Disallowance to made FY 2019-20
16000699	21304	Distribution network	33 KV 3000A Isolator with Single EarthSwitch	31-03-2015	NPCL Assets	1	W784	4,32,295	-	-	4,32,295	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,32,295
16000700	21304	Distribution network	33 KV 800A Isolator with Single EarthSwitch	31-03-2015	NPCL Assets	3	W784	11,80,539	-	-	11,80,539	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	11,80,539
16000701	21304	Distribution network	33 KV 800A Isolator w/o EarthSwitch	31-03-2015	NPCL Assets	5	W784	19,56,805	-	-	19,56,805	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	19,56,805
16000702	21304	Distribution network	33 KV Isolator Mannual Opearated w/o EarthSwitch	31-03-2015	NPCL Assets	1	W784	2,11,002	-	-	2,11,002	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,11,002
19003960	21401	Distribution network	Tower including Bolts & Nuts	31-03-2015	NPCL Assets	493	W784	2,10,56,598	-	-	2,10,56,598	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,10,56,598
19003961	21401	Distribution network	Insulators	31-03-2015	NPCL Assets	1	W784	51,17,914	-	-	51,17,914	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	51,17,914
19003962	21401	Distribution network	Disc Insulators	31-03-2015	NPCL Assets	1054	W784	38,75,423	-	-	38,75,423	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	38,75,423
19003963	21401	Distribution network	Structure (Main & Auxiliary)	31-03-2015	NPCL Assets	6813	W784	2,06,64,017	-	-	2,06,64,017	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,06,64,017
20001726	21402	Distribution network	Zebra ACSR Conductor	31-03-2015	NPCL Assets	2	W784	2,59,00,309	-	-	2,59,00,309	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,59,00,309
20001727	21402	Distribution network	ACSR MOOSE Conductor	31-03-2015	NPCL Assets	2625	W784	31,59,898	-	-	31,59,898	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	31,59,898

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Value of Disallowance to made FY 2019-20	Value of Disallowance to made FY 2019-20
13000237	21202	Building & Structures	Civil Switchyard	31-03-2015	NPCL Assets	25000	W302	53,08,672	-	-	53,08,672	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	53,08,672
13000238	21202	Building & Structures	Civil Building	31-03-2015	NPCL Assets	341	W302	33,98,567	-	-	33,98,567	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	33,98,567
13000239	21202	Building & Structures	Civil Boundary Wall	31-03-2015	NPCL Assets	750	W302	4,73,944	-	-	4,73,944	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,73,944
14001279	21302	Distribution network	33/0.4KV 250KVA Transformer	31-03-2015	NPCL Assets	1	W781	37,482	-	-	37,482	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	37,482
15000329	21314	Distribution network	Earthing Materials	31-03-2015	NPCL Assets	823	W784	98,36,192	-	-	98,36,192	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	98,36,192
15000330	21314	Distribution network	Galvanised Nut Bolts for Structures	31-03-2015	NPCL Assets	673	W784	2,46,257	-	-	2,46,257	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,46,257
16000621	21306	Distribution network	Battery Operated Light	31-03-2015	NPCL Assets	1	W784	6,802	-	-	6,802	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	6,802
16000623	21304	Distribution network	33KV Bay Marshalling Kiosk	31-03-2015	NPCL Assets	3	W784	7,07,400	-	-	7,07,400	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	7,07,400
16000625	21306	Distribution network	LT AC Panel	31-03-2015	NPCL Assets	1	W784	19,979	-	-	19,979	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	19,979
16000628	21306	Distribution network	48V Battery VRLA	31-03-2015	NPCL Assets	1	W784	1,11,169	-	-	1,11,169	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,11,169

Table 4-64: Assets of Gharabara considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
16000629	21306	Distribution network	48V Battery Charger	31-03-2015	NPCL Assets	1	W784	3,35,146	-	-	3,35,146	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	3,35,146
16000671	21305	Distribution network	2c X 2.5 Sqmm Copper Control Cable	31-03-2015	NPCL Assets	1250	W784	6,97,725	-	-	6,97,725	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	6,97,725
19003812	21401	Distribution network	33KV Bus Post Insulator	31-03-2015	NPCL Assets	55	W784	46,800	-	-	46,800	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	46,800
19003813	21403	Distribution network	Clamps & Connectors	31-03-2015	NPCL Assets	1	W784	1,303	-	-	1,303	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,303
19003815	21403	Distribution network	Yard Lighting Fixtures Including Light	31-03-2015	NPCL Assets	76	W784	19,56,584	-	-	19,56,584	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	19,56,584
19003816	21403	Distribution network	Lighting Pillar Box for Switchyard	30-03-2015	NPCL Assets	1	W784	135	-	-	135	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	135
19003818	21401	Distribution network	33KV Insulator String Hardware	31-03-2015	NPCL Assets	6776	W784	14,65,835	-	-	14,65,835	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	14,65,835
19003904	21401	Distribution network	Stay Set	31-03-2015	NPCL Assets	54	W784	1,30,275	-	-	1,30,275	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,30,275
19003905	21401	Distribution network	Danger Board	31-03-2015	NPCL Assets	19	W784	4,266	-	-	4,266	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,266
19003906	21401	Distribution network	Clamp & nut Bolt	31-03-2015	NPCL Assets	39	W784	9,750	-	-	9,750	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	9,750

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
19003907	21401	Distribution network	Binding Wire	31-03-2015	NPCL Assets	4	W784	3,666	-	-	3,666	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	3,666
19003908	21401	Distribution network	Barbed Wire	31-03-2015	NPCL Assets	9	W784	8,291	-	-	8,291	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	8,291
20001661	21404	Distribution network	7/3.66mm GI Wire	31-03-2015	NPCL Assets	386	W784	2,70,733	-	-	2,70,733	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,70,733
21003117	21409	Distribution network	PVC Pipe	31-03-2015	NPCL Assets	3541	W527	6,59,166	-	-	6,59,166	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	6,59,166
21003118	21408	Distribution network	Control Cable 12C x 2.5 Sqmm and acsoris	31-03-2015	NPCL Assets	2154	W527	20,02,573	-	-	20,02,573	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	20,02,573
21003119	21408	Distribution network	Control Cable 10C x 2.5 Sqmm and acsoris	31-03-2015	NPCL Assets	5085	W527	37,76,683	-	-	37,76,683	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	37,76,683
21003120	21408	Distribution network	Control Cable 7C x 2.5 Sqmm and acsoris	31-03-2015	NPCL Assets	4329	W527	28,56,406	-	-	28,56,406	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	28,56,406
21003121	21408	Distribution network	Control Cable 5C x 2.5 Sqmm and acsoris	31-03-2015	NPCL Assets	7879	W527	28,16,806	-	-	28,16,806	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	28,16,806
21003122	21408	Distribution network	Control Cable 4C x 2.5 Sqmm and acsoris	31-03-2015	NPCL Assets	513	W527	1,99,393	-	-	1,99,393	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,99,393

Table 4-65: Assets of Gharabara considered for disallowance at 100% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
21003123	21409	Distribution network	Power Cable 3.5C x 300 Sqmm and acsoris	31-03-2015	NPCL Assets	243	W527	2,12,034	-	-	2,12,034	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,12,034
21003124	21409	Distribution network	Power Cable 3.5C x 35 Sqmm and acsoris	31-03-2015	NPCL Assets	3056	W527	4,79,093	-	-	4,79,093	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,79,093
21003125	21409	Distribution network	Power Cable 4C x 16 Sqmm and acsoris	31-03-2015	NPCL Assets	2435	W527	2,49,482	-	-	2,49,482	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,49,482
21003126	21409	Distribution network	Power Cable 4C x 6 Sqmm and acsoris	31-03-2015	NPCL Assets	6484	W527	4,53,353	-	-	4,53,353	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	4,53,353
22009056	21501	Meters	33KV Outdoor CT	31-03-2015	NPCL Assets	3	W127	2,04,405	-	-	2,04,405	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,04,405
25000075	21311	Plant & Machinery	Fire Fighting Equipment	31-03-2015	NPCL Assets	32	100	72,911	-	-	72,911	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	72,911
25000076	21311	Plant & Machinery	DG Set	31-03-2015	NPCL Assets	1	W784	22,97,612	-	-	22,97,612	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	22,97,612
27000054	21602	Office Equipment	Air Conditioner	31-03-2015	NPCL Assets	8	W334	2,61,795	-	-	2,61,795	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	2,61,795
13000258	21202	Building & Structures	Civil Structure for Control Room	31-03-2016	NPCL Assets	375	W302	11,51,664	-	-	11,51,664	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	11,51,664

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
13000257	21202	Building & Structures	Boundary Wall	31-03-2016	NPCL Assets	550	W302	21,25,309	-	-	21,25,309	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	21,25,309
13000256	21202	Building & Structures	Civil Structure for Switch Yard	31-03-2016	NPCL Assets	20000	W302	1,05,80,120	-	-	1,05,80,120	Not Covered under Table 3-55 and 3-56 of TO dt. 4th Dec'20	1,05,80,120
Total								33,86,33,909					33,86,33,909

Table 4-66: Assets of KP-1 considered for disallowance at 25% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
12000047	21201	Building & Structures	Civil Construction	31-03-2017	NPCL Assets	2848.43	W302	89,61,011	-	-	89,61,011	Not Covered in Table 3-61 of TO dt. 4th Dec'20	22,40,253
12000080	21201	Building & Structures	Civil Construction	31-03-2017	NPCL Assets	2071.73	W302	82,18,886	-	-	82,18,886	Not Covered in Table 3-61 of TO dt. 4th Dec'20	20,54,721
28000574	21603	Computers	Networking Equipment	31-03-2017	NPCL Assets	11000	W015	12,29,361	-	-	12,29,361	Not Covered in Table 3-61 of TO dt. 4th Dec'20	3,07,340
26000627	21601	Furniture & Fixtures	Table	31-03-2017	NPCL Assets	17	W127	4,55,945	-	-	4,55,945	Not Covered in Table 3-61 of TO dt. 4th Dec'20	1,13,986
26000628	21601	Furniture & Fixtures	Chair	31-03-2017	NPCL Assets	73	W127	8,63,626	-	-	8,63,626	Not Covered in Table 3-61 of TO dt. 4th Dec'20	2,15,906
26000629	21601	Furniture & Fixtures	Electrical Wirings & Fittings	31-03-2017	NPCL Assets	722	W127	19,55,287	-	-	19,55,287	Not Covered in Table 3-61 of TO dt. 4th Dec'20	4,88,822
26000630	21601	Furniture & Fixtures	Furnitures & Fixture	31-03-2017	NPCL Assets	86	W127	62,15,137	-	-	62,15,137	Not Covered in Table 3-61 of TO dt. 4th Dec'20	15,53,784
26000637	21601	Furniture & Fixtures	Table	31-03-2017	NPCL Assets	9	W127	62,668	-	-	62,668	Not Covered in Table 3-61 of TO dt. 4th Dec'20	15,667
26000631	21601	Furniture & Fixtures	Table	31-03-2017	NPCL Assets	57	W127	6,58,476	-	-	6,58,476	Not Covered in Table 3-61 of TO dt. 4th Dec'20	1,64,619
26000632	21601	Furniture & Fixtures	Chair	31-03-2017	NPCL Assets	90	W127	10,48,941	-	-	10,48,941	Not Covered in Table 3-61 of TO dt. 4th Dec'20	2,62,235
26000639	21601	Furniture & Fixtures	Table	31-03-2017	NPCL Assets	13	W127	11,65,020	-	-	11,65,020	Not Covered in Table 3-61 of TO dt. 4th Dec'20	2,91,255
26000633	21601	Furniture & Fixtures	Electrical Wirings & Fittings	31-03-2017	NPCL Assets	720.23	W127	18,08,085	-	-	18,08,085	Not Covered in Table 3-61 of TO dt. 4th Dec'20	4,52,021
26000640	21601	Furniture & Fixtures	Electrical Wirings & Fittings	31-03-2017	NPCL Assets	907.56	W127	25,45,729	-	-	25,45,729	Not Covered in Table 3-61 of TO dt. 4th Dec'20	6,36,432
26000638	21601	Furniture & Fixtures	Wood work	31-03-2017	NPCL Assets	499	W127	58,47,239	-	-	58,47,239	Not Covered in Table 3-61 of TO dt. 4th Dec'20	14,61,810
26000634	21601	Furniture & Fixtures	Furnitures & Fixture	31-03-2017	NPCL Assets	55	W127	64,26,855	-	-	64,26,855	Not Covered in Table 3-61 of TO dt. 4th Dec'20	16,06,714
26000636	21601	Furniture & Fixtures	Wood work	31-03-2017	NPCL Assets	697.98	W127	87,92,207	-	-	87,92,207	Not Covered in Table 3-61 of TO dt. 4th Dec'20	21,98,052
35000605	21605	Office Equipment	Dough Kneader	19-03-2018	NPCL Assets	1	W127	69,773	-	-	69,773	Not Covered in Table 3-61 of TO dt. 4th Dec'20	17,443

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Remarks	Value of Disallowance to made FY 2019-20
12000111	21201	Building & Structures	Civil Construction works for KP-1 Office	31-03-2020	NPCL Assets	1	W302	-	12,63,659	-	12,63,659	Not Covered in Table 3-61 of TO dt. 4th Dec'20	-
12000112	21201	Building & Structures	Wood work KP-1 Office	31-03-2020	NPCL Assets	1	W302	-	66,265	-	66,265	Not Covered in Table 3-61 of TO dt. 4th Dec'20	-
12000113	21201	Building & Structures	Electrical work KP-1 Office	31-03-2020	NPCL Assets	1	W302	-	2,38,367	-	2,38,367	Not Covered in Table 3-61 of TO dt. 4th Dec'20	-
Total								**5,63,24,246**	**13,29,924**	**-**	**5,76,54,170**		**1,40,81,061**

Table 4-67: Assets of KP-4 considered for disallowance at 25% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Identification Remarks	Value of Disallowance to be made FY 2019-20
13000245	21202	Building & Structures	Civil Structure for Control Room	31-03-2015	NPCL Assets	1173	W302	4,75,33,792	-	-	4,75,33,792	Not Covered in Table 3-62 of TO dt. 4th Dec'20	1,18,83,448
13000312	21203	Building & Structures	Green Building certification Consultatio	31-03-2016	NPCL Assets	2	W302	3,50,181	-	-	3,50,181	Not Covered in Table 3-62 of TO dt. 4th Dec'20	87,545
13000361	21203	Building & Structures	Control Room Civil Work	31-03-2017	NPCL Assets	1503.84	W302	47,96,730	-	-	47,96,730	Not Covered in Table 3-62 of TO dt. 4th Dec'20	11,99,182
12000046	21201	Building & Structures	Civil Construction	31-03-2017	NPCL Assets	5924	W302	2,50,70,298	-	-	2,50,70,298	Not Covered in Table 3-62 of TO dt. 4th Dec'20	62,67,575
12000078	21201	Building & Structures	Civil Construction	31-03-2017	NPCL Assets	4305.83	W302	1,72,45,462	-	-	1,72,45,462	Not Covered in Table 3-62 of TO dt. 4th Dec'20	43,11,365
14001401	21302	Distribution network	Civil work Granite,Wall	31-03-2017	NPCL Assets	1271.35	W781	1,35,54,594	-	-	1,35,54,594	Not Covered in Table 3-62 of TO dt. 4th Dec'20	33,88,648

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Identification Remarks	Value of Disallowance to be made FY 2019-20
			Tile,SS Railing										
26000648	21601	Furniture & Fixtures	Control Room Chair	31-03-2017	NPCL Assets	26	W127	3,11,601	-	-	3,11,601	Not Covered in Table 3-62 of TO dt. 4th Dec'20	77,900
26000650	21601	Furniture & Fixtures	Control Room Sofa	31-03-2017	NPCL Assets	6	W127	3,28,052	-	-	3,28,052	Not Covered in Table 3-62 of TO dt. 4th Dec'20	82,013
26000647	21601	Furniture & Fixtures	Control Room Table	31-03-2017	NPCL Assets	10	W127	3,37,205	-	-	3,37,205	Not Covered in Table 3-62 of TO dt. 4th Dec'20	84,301
26000625	21601	Furniture & Fixtures	Sofa Set	31-03-2017	NPCL Assets	31	W127	9,42,370	-	-	9,42,370	Not Covered in Table 3-62 of TO dt. 4th Dec'20	2,35,593
26000622	21601	Furniture & Fixtures	Woodwork	31-03-2017	NPCL Assets	40	W127	16,44,820	-	-	16,44,820	Not Covered in Table 3-62 of TO dt. 4th Dec'20	4,11,205
26000624	21601	Furniture & Fixtures	Chair	31-03-2017	NPCL Assets	167	W127	21,23,839	-	-	21,23,839	Not Covered in Table 3-62 of TO dt. 4th Dec'20	5,30,960
26000623	21601	Furniture & Fixtures	Table	31-03-2017	NPCL Assets	47	W127	24,64,641	-	-	24,64,641	Not Covered in Table 3-62 of TO dt. 4th Dec'20	6,16,160
26000649	21601	Furniture & Fixtures	Control Room Electrical Work	31-03-2017	NPCL Assets	324.16	W127	25,47,767	-	-	25,47,767	Not Covered in Table 3-62 of TO dt. 4th Dec'20	6,36,942
26000620	21601	Furniture & Fixtures	Electrical Wirings & Fittings Basement	31-03-2017	NPCL Assets	1120	W127	69,09,294	-	-	69,09,294	Not Covered in Table 3-62 of TO dt. 4th Dec'20	17,27,323
26000626	21601	Furniture & Fixtures	Electrical Wirings & Fittings	31-03-2017	NPCL Assets	1210.6	W127	95,88,997	-	-	95,88,997	Not Covered in Table 3-62 of TO dt. 4th Dec'20	23,97,249
26000646	21601	Furniture & Fixtures	Control Room Wood Work	31-03-2017	NPCL Assets	580.23	W127	1,54,77,438	-	-	1,54,77,438	Not Covered in Table 3-62 of TO dt. 4th Dec'20	38,69,360
35000574	21605	Office Equipment	Chapatti Srvc Counter With 1 Under Shelf-Srvc Area	16-02-2018	NPCL Assets	1	W127	24,480	-	-	24,480	Not Covered in Table 3-62 of TO dt. 4th Dec'20	6,120

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Identification Remarks	Value of Disallowance to be made FY 2019-20
35000584	21605	Office Equipment	Chapatti Service Counter - 1 Under Shelf-Cafetaria	16-02-2018	NPCL Assets	1	W127	28,224	-	-	28,224	Not Covered in Table 3-62 of TO dt. 4th Dec'20	7,056

Table 4-68: Assets of KP-4 considered for disallowance at 25% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Identification Remarks	Disallowance to be made FY 2019-20
35000580	21605	Office Equipment	Tray Slide For Crokery Counter-Cafetaria Counter	16-02-2018	NPCL Assets	1	W127	29,088	-	-	29,088	Not Covered in Table 3-62 of TO dt. 4th Dec'20	7,272
35000570	21605	Office Equipment	Tray Silde For Crockery Counter (900x300)	16-02-2018	NPCL Assets	2	W127	42,624	-	-	42,624	Not Covered in Table 3-62 of TO dt. 4th Dec'20	10,656
35000547	21605	Office Equipment	S.S Rack (4 Tier) 1050x500x1650	16-02-2018	NPCL Assets	2	W127	71,309	-	-	71,309	Not Covered in Table 3-62 of TO dt. 4th Dec'20	17,827
35000546	21605	Office Equipment	S.S Rack (4 Tier) 900x500x1650	16-02-2018	NPCL Assets	8	W127	1,99,987	-	-	1,99,987	Not Covered in Table 3-62 of TO dt. 4th Dec'20	49,997
35000549	21605	Office Equipment	S.S Storage Rack (5 Tier) 900x450x1800	16-02-2018	NPCL Assets	10	W127	2,93,760	-	-	2,93,760	Not Covered in Table 3-62 of TO dt. 4th Dec'20	73,440
35000582	21605	Office Equipment	Tray Slide For Bain Marie-Cafetaria Counter	28-02-2018	NPCL Assets	1	W127	10,089	-	-	10,089	Not Covered in Table 3-62 of TO dt. 4th Dec'20	2,522

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Identification Remarks	Disallowance to be made FY 2019-20
35000548	21605	Office Equipment	Potato / Onion Bin (Wiremesh)	28-02-2018	NPCL Assets	1	W127	23,895	-	-	23,895	Not Covered in Table 3-62 of TO dt. 4th Dec'20	5,974
35000553	21605	Office Equipment	Plateform Trolley (900x600x900)	28-02-2018	NPCL Assets	2	W127	26,125	-	-	26,125	Not Covered in Table 3-62 of TO dt. 4th Dec'20	6,531
35000554	21605	Office Equipment	G. N Pan Trolley Without Pans (600x450x1800)	28-02-2018	NPCL Assets	2	W127	44,392	-	-	44,392	Not Covered in Table 3-62 of TO dt. 4th Dec'20	11,098
35000543	21605	Office Equipment	Flour Bin	28-02-2018	NPCL Assets	2	W127	52,038	-	-	52,038	Not Covered in Table 3-62 of TO dt. 4th Dec'20	13,010
35000515	21605	Office Equipment	Low Ht. Burner	28-02-2018	NPCL Assets	4	W127	65,844	-	-	65,844	Not Covered in Table 3-62 of TO dt. 4th Dec'20	16,461
35000581	21605	Office Equipment	Bain Marie (o4 Hot + 02 Ambient)- Cafetaria Counter	28-02-2018	NPCL Assets	1	W127	74,340	-	-	74,340	Not Covered in Table 3-62 of TO dt. 4th Dec'20	18,585
35000527	21605	Office Equipment	Chapatti Plate With Puffer	28-02-2018	NPCL Assets	2	W127	81,774	-	-	81,774	Not Covered in Table 3-62 of TO dt. 4th Dec'20	20,444
35000551	21605	Office Equipment	Ingredient Bin (600x600x600)	28-02-2018	NPCL Assets	6	W127	1,01,952	-	-	1,01,952	Not Covered in Table 3-62 of TO dt. 4th Dec'20	25,488
35000521	21605	Office Equipment	Idly Steamer (Electric)	19-03-2018	NPCL Assets	1	W127	40,356	-	-	40,356	Not Covered in Table 3-62 of TO dt. 4th Dec'20	10,089
35000538	21605	Office Equipment	Potato Peeler	19-03-2018	NPCL Assets	1	W127	48,321	-	-	48,321	Not Covered in Table 3-62 of TO dt. 4th Dec'20	12,080
35000540	21605	Office Equipment	Wet Grinder	19-03-2018	NPCL Assets	1	W127	52,038	-	-	52,038	Not Covered in Table 3-62 of TO dt. 4th Dec'20	13,010
35000539	21605	Office Equipment	Pulveriser	19-03-2018	NPCL Assets	1	W127	55,224	-	-	55,224	Not Covered in Table 3-62 of TO dt. 4th Dec'20	13,806
35000542	21605	Office Equipment	Dough Kneader	19-03-2018	NPCL Assets	1	W127	69,773	-	-	69,773	Not Covered in Table 3-62 of TO dt. 4th Dec'20	17,443

Table 4-69: Assets of KP-4 considered for disallowance at 25% for FY 2019-20

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Identification Remarks	Disallowance to be made FY 2019-20
35000525	21605	Office Equipment	S.S Tandoor	19-03-2018	NPCL Assets	2	W127	81,774	-	-	81,774	Not Covered in Table 3-62 of TO dt. 4th Dec'20	20,444
35000536	21605	Office Equipment	Veggietable Cutting Machine With Blade Set	19-03-2018	NPCL Assets	1	W127	1,85,850	-	-	1,85,850	Not Covered in Table 3-62 of TO dt. 4th Dec'20	46,463
35000523	21605	Office Equipment	Shallow Fryer	30-03-2018	NPCL Assets	1	W127	38,763	-	-	38,763	Not Covered in Table 3-62 of TO dt. 4th Dec'20	9,691
35000517	21605	Office Equipment	Tilting Bulk Cooker	30-03-2018	NPCL Assets	1	W127	80,181	-	-	80,181	Not Covered in Table 3-62 of TO dt. 4th Dec'20	20,045
35000519	21605	Office Equipment	Tilting Brat Pan	30-03-2018	NPCL Assets	1	W127	1,09,386	-	-	1,09,386	Not Covered in Table 3-62 of TO dt. 4th Dec'20	27,347
35000689	21605	Office Equipment	Sennheiser MA120 Mixing amplifier	31-03-2018	NPCL Assets	1	W127	48,970	11,800	-	60,770	Not Covered in Table 3-62 of TO dt. 4th Dec'20	12,243
35000771	21605	Office Equipment	Hawkins Bigboy (22 ltr) Cooker	14-08-2019	NPCL Assets	1	W127	-	5,299	-	5,299	Not Covered in Table 3-62 of TO dt. 4th Dec'20	-

Asset No.	GL No	Asset Category	Asset Description	Date of Capitalisation	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Identification Remarks	Disallowance to be made FY 2019-20
12000114	21201	Building & Structures	Civil Construction works for KP-4 Office	31-03-2020	NPCL Assets	2.14	W302	-	17,98,790	-	17,98,790	Not Covered in Table 3-62 of TO dt. 4th Dec'20	-
12000115	21201	Building & Structures	Wood work KP-4 Office	31-03-2020	NPCL Assets	3.42	W302	-	4,65,120	-	4,65,120	Not Covered in Table 3-62 of TO dt. 4th Dec'20	-
12000116	21201	Building & Structures	Electrical work KP-4 Office	31-03-2020	NPCL Assets	1	W302	-	2,38,367	-	2,38,367	Not Covered in Table 3-62 of TO dt. 4th Dec'20	-
Total								**15,32,07,637**					**3,83,01,909**

4.9.47 Further, the Commission directed the Petitioner provide the details of land asset capitalized. In response the Petitioner submitted the following:

Table 4-70: Details of Land (FY 2019-20)

Sl. No.	Asset No.	Asset Description	Date of Capitalisation	Cost * (in Rs. Cr.)	Purpose of Land	Whether used for 132 KV or 220 KV or above	Cost at present Circle Rate (in Rs. Cr.)
1	10000058	Land for Electric Sub/Stn at Sector Ecotech-1,Extn - 1	22-01-2020	3.48	Construction of 33/11 kV Electric sub-station, Office, Store etc.	No	4.23
2	10000059	Land for Electric Sub/Stn at Sector - 16B	22-01-2020	1.74		No	1.80
3	10000060	Land for Electric Sub/Stn at Ecotech - 3, (Phase - 1)	22-01-2020	2.79		No	4.18
4	10000061	Land for Electric Sub/Stn at Ecotech - 3, (Phase - 2)	22-01-2020	2.89		No	4.35
5	10000062	Land for Electric Sub/Stn at Sector - Techzone (It City)	22-01-2020	11.61		No	12.01
6	10000063	Land for Electric Sub/Stn at Sector - Techzone - 2	22-01-2020	3.48		No	3.60

**The land cost includes basic cost, location charges,One time Lease Charge for 90 Years @ 27.5% and Stamp Duty @ 5%.*

4.9.48 The Commission directed the petitioner to submit the details of the land as per FAR. Also mentioned that the lands (provided in the above table) have to be categorised into three parts:

- 132 kV/22kV Lands
- Lands bought, empty and not being used
- Land put to use along with details of usage.

4.9.49 The Petitioner submitted the details as under:

Table 4-71: Land Details submitted by the Petitioner for FAR of FY 2019-20

Asset Category	Asset Description	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Land Usage
Freehold Land	Land at Village Hatewa (Near Bilaspur) for 33/11	NPCL Assets	843	0	24,00,830		-	24,00,830	33/11kV Substation Constructed
Freehold Land	Land at Jalpura, Greater Noida for 33/11KV	NPCL Assets	2508	0	1,49,41,230	-	-	1,49,41,230	33/11kV Substation Constructed
Freehold Land	LAND AT VILLAGE LAKHNAWALI FOR 33/11 KV SUBSTATION	NPCL Assets	2508.3	0	1,62,55,460	-	-	1,62,55,460	33/11kV Substation Constructed
Freehold Land	LAND AT VILLAGE KHERI FOR 33/11 KV SUBSTATION	NPCL Assets	1421.37	0	57,95,640	-	-	57,95,640	33/11kV Substation Constructed
Freehold Land	33/11KV ELECTRIC SUB/STN AT KHERI	NPCL Assets	120	0	5,16,020	-	-	5,16,020	
Leasehold Land	Leasehold Land (Alpha-I)	NPCL Assets	1500	90	25,84,687	-	-	25,84,687	33/11kV Substation Constructed
Leasehold Land	Leasehold Land (Udyog Kendra)	NPCL Assets	1482.5	90	25,51,704	-	-	25,51,704	33/11kV Substation Constructed
Leasehold Land	LAND FOR EPIP SUB/STN	NPCL Assets	2104.75	90	2,57,730	-	-	2,57,730	33/11kV Substation Constructed
Leasehold Land	Leasehold Land Delta SubStation	NPCL Assets	1516.54	90	24,95,011	-	-	24,95,011	33/11kV Substation Constructed
Leasehold Land	COST OF LAND FOR 33/11KV ELECTRIC SUB/STN AT BUIL	NPCL Assets	1471.5	90	26,61,765	-	-	26,61,765	33/11kV Substation Constructed
Leasehold Land	COST OF LAND FOR 33/11KV ELECTRIC SUB/STN AT SECTOR-37	NPCL Assets	1500	90	27,26,957	-	-	27,26,957	33/11kV Substation Constructed
Leasehold Land	COST OF LAND FOR KNOWLEDGE PARK-II G.NOIDA	NPCL Assets	1500.2	90	28,44,766	-	-	28,44,766	33/11kV Substation Constructed
Leasehold Land	COST OF LAND FOR KNOWLEDGE PARK-III G.NOIDA	NPCL Assets	1500	90	28,44,696	-	-	28,44,696	33/11kV Substation Constructed
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT XU-I, GR NOID	NPCL Assets	2400	90	58,67,420	-	-	58,67,420	33/11kV Substation cum Switching Station Constructed
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT ETA-I, GR NOI	NPCL Assets	2423.74	90	56,93,323	-	-	56,93,323	Land at Sl. No. 2 of Query 10

Asset Category	Asset Description	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Land Usage
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT ECOTECH-II, G	NPCL Assets	2400	90	48,35,420	-	-	48,35,420	33/11kV Substation cum Switching Station Constructed
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT PI-I, GR NOID	NPCL Assets	1500	90	24,09,420	-	-	24,09,420	Land at Sl. No. 4 of Query 10
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT CHI-IV, GR NO	NPCL Assets	2207.55	90	51,87,110	-	-	51,87,110	33/11kV Substation cum Switching Station Constructed
Leasehold Land	LAND FOR ELECTRIC SUB/STN AT PHI-II/III, GR No	NPCL Assets	837	90	20,86,671	-	-	20,86,671	Land at Sl. No. 3 of Query 10
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT GHARBARA, GR	NPCL Assets	35000	90	8,20,03,420	-	-	8,20,03,420	220/33 kV Gharabara Substation *(Refer Note-1 below)*
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT OMEGA-II, GR	NPCL Assets	1500	90	35,29,670	-	-	35,29,670	33/11kV Substation cum Switching Station Constructed
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT SIGMA-IV, GR	NPCL Assets	2400	90	56,37,920	-	-	56,37,920	33/11kV Substation cum Switching Station Constructed
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT ZETA-I, GR NO	NPCL Assets	2628.05	90	61,73,418	-	-	61,73,418	33/11kV Substation cum Switching Station Constructed
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT PI-II, GR NOI	NPCL Assets	1547.17	90	24,84,675	-	-	24,84,675	33/11kV Substation cum Switching Station Constructed
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT BZP, GR NOIDA	NPCL Assets	2487.5	90	50,21,994	-	-	50,21,994	Land at Sl. No. 1 of Query 10
Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT R C GREEN, GR	NPCL Assets	64000	90	14,99,35,920	-	-	14,99,35,920	220/132/33 kV R C Green Substation *(Refer Note-2 below)*
Leasehold Land	COST OF LAND AT SITE B FOR 33/11kV SUB/STN (25% OF	NPCL Assets	1215	90	61,04,868	-	-	61,04,868	33/11kV Substation Constructed
Leasehold Land	Leasehold Land (Surajpur South)	NPCL Assets	1500.48	90	18,09,165	-	-	18,09,165	33/11kV Substation Constructed
Leasehold Land	Leasehold Land (Girdharpur)	NPCL Assets	2020	29	9,60,100	-	-	9,60,100	33/11kV Substation Constructed

Asset Category	Asset Description	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Land Usage
Leasehold Land	LAND AT INDUSTRIAL AREA SURAJPUR SITE-C HOUSING	NPCL Assets	3400.28	90	3,16,91,539	-	-	3,16,91,539	33/11kV Substation Constructed
Leasehold Land	LAND AT PLOT NO. ESS-6, SECTOR-KP-V	NPCL Assets	1500	90	1,40,68,145	-	-	1,40,68,145	33/11kV Substation cum Switching Station Constructed
Leasehold Land	LAND AT PLOT NO. ESS-2, SECTOR-KP-V	NPCL Assets	1500	90	1,40,68,145	-	-	1,40,68,145	33/11kV Substation cum Switching Station Constructed
Leasehold Land	LAND AT PLOT NO. ESS-10, SECTOR-KP-V	NPCL Assets	1500	90	1,40,68,145	-	-	1,40,68,145	33/11kV Substation cum Switching Station Constructed
Leasehold Land	LAND AT PLOT NO.-ESS, ECOTECH-6	NPCL Assets	2400	90	2,29,96,421	-	-	2,29,96,421	33/11kV Substation cum Switching Station Constructed
Leasehold Land	LAND AT PLOT NO. 37/A, KP-I	NPCL Assets	2560	90	1,46,68,056	-	-	1,46,68,056	11/0.4 kV Substation and Customer Care Centre Constructed
Leasehold Land	LAND AT PLOT NO. ESS, KP-IV	NPCL Assets	2400	90	1,36,96,392	-	-	1,36,96,392	11/0.4 kV Substation & Associated Office Building Constructed
Leasehold Land	LAND AT PLOT NO. POWER PLANT, ECOTECH-16 (JAUN	NPCL Assets	109000	90	16,97,20,283	-	-	16,97,20,283	Land at Sl. No. 5 of Query 10
Leasehold Land	LAND AT PLOT NO. ESS-I, KP-5	NPCL Assets	37281.2	90	23,72,39,565	-	-	23,72,39,565	Land at Sl. No. 6 of Query 10
Leasehold Land	220 KV S.STN - BZP AREA	NPCL Assets	16806.8	90	10,92,64,246	-	-	10,92,64,246	Land at Sl. No. 7 of Query 10
Leasehold Land	33/11 K.V S.STN OMICRON-3	NPCL Assets	2400	90	1,70,62,904	-	-	1,70,62,904	33/11kV Substation Constructed
Leasehold Land	LAND FOR 33/11KV ELECTRIC SUB/STN AT DELTA-III	NPCL Assets	1630	90	1,03,23,401	-	-	1,03,23,401	33/11kV Substation cum Switching Station Constructed
Leasehold Land	LAND AT PLOT NO. ESS, SECTOR-XU-III	NPCL Assets	2400	90	2,95,09,194	-	-	2,95,09,194	33/11kV Substation cum Switching Station Constructed
Leasehold Land	LAND AT PLOT NO. ESS, OMICRON - 1A	NPCL Assets	3616.74	90	4,44,56,631	-	-	4,44,56,631	Land at Sl. No. 8 of Query 10

Asset Category	Asset Description	Capex	Quantity	Depreciation Rate	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Land Usage
Leasehold Land	LAND AT PLOT NO. ESS, SECTOR - 16	NPCL Assets	2400	90	2,95,09,194	-	-	2,95,09,194	33/11kV Substation cum Switching Station Constructed
Leasehold Land	LAND AT PLOT NO. ESS, ECOTECH - 15	NPCL Assets	1500	90	1,84,52,861	-	-	1,84,52,861	33/11kV Substation Constructed
Leasehold Land	LAND AT PLOT NO. ESS, TECHZONE - IV	NPCL Assets	1500	90	1,84,52,861	-	-	1,84,52,861	33/11kV Substation Constructed
Leasehold Land	LAND AT PLOT NO. ESS, BETA - II	NPCL Assets	1469.37	90	1,72,05,479	-	-	1,72,05,479	33/11kV Substation Constructed
Leasehold Land	LAND FOR ELECTRIC SUB/STN AT KP-IV	NPCL Assets	1640	90	1,84,18,681	-	-	1,84,18,681	11/0.433 kV Substation and Office Building Constructed
Leasehold Land	Land for 33/11 KV Elec Subtation Sector-2, G.Noida	NPCL Assets	1500	90	1,81,11,965	-	-	1,81,11,965	33/11kV Substation Constructed
Leasehold Land	Land for 33/11 KV Elec Subtation Sector-3, G.Noida	NPCL Assets	1500	90	1,72,22,824	-	-	1,72,22,824	33/11kV Substation Constructed
Leasehold Land	Plot No 33/11 KV ESS, Sector-10	NPCL Assets	2400	90	2,67,75,050	-	-	2,67,75,050	Land at Sl. No. 10 of Query 10
Leasehold Land	Plot No 33/11 KV ESS, Sector Ecotech-11	NPCL Assets	3000	90	3,51,92,439	-	-	3,51,92,439	Land at Sl. No. 9 of Query 10
Leasehold Land	Land for ESS, Sector Ecotech-1, Extension-1	NPCL Assets	3000	90	-	3,48,20,800	-	3,48,20,800	Land at Sl. No. 13 of Query 10
Leasehold Land	Land for ESS, Sector 16B	NPCL Assets	1500	90	-	1,74,23,901	-	1,74,23,901	Land at Sl. No. 14 of Query 10
Leasehold Land	Land for ESS, Sector Ecotech-III (Phase-1)	NPCL Assets	2400	90	-	2,78,62,030	-	2,78,62,030	Land at Sl. No. 11 of Query 10
Leasehold Land	Land for ESS, Sector Ecotech-III (Phase-2)	NPCL Assets	2400	90	-	2,89,47,530	-	2,89,47,530	Land at Sl. No. 12 of Query 10
Leasehold Land	Land for ESS, Sector Techzone (IT City)	NPCL Assets	10004	90	-	11,60,52,809	-	11,60,52,809	Land at Sl. No. 15 of Query 10
Leasehold Land	Land for ESS, Sector Techzone 2 Greater Noida	NPCL Assets	3000	90	-	3,48,20,800	-	3,48,20,800	Land at Sl. No. 16 of Query 10
Total Land					**1,29,07,91,430**	**2,59,92,780**		**1,55,07,19,300**	

4.9.50 The Petitioner submitted the details of 58 lands, of which 42 lands are utilised for various purposes and 16 lands are non-utilised. The Commission in the True-up Order of FY 2018-19 has observed that the Petitioner has land parcels which are not utilised and has high market rates. So, the Petitioner was directed the Petitioner to submit the details regarding optimum utilisation of all the lands which remain unutilised failing which appropriate treatment may be done. Complying to the directions of the Commission the Petitioner has submitted the details of utilisation of lands in the following:

Table 4-72: Details of the lands available for FY 2019-20

Sl. No.	Capitalized on	Location	Area (Sq. Mtr.)
1	25-Mar-08	BZP	2,488
2	25-Mar-08	ETA1	2,424
3	25-Mar-08	PHI - II/III	837
4	25-Mar-08	PI – I	1,500
5	29-Dec-13	JAUN SAMANA, ECOTECH-16	109,000
6	27-Mar-14	Knowledge Park 5, ESS - 1	37,281
7	6-Feb-15	BZP AREA	16,807
8	22-Jan-16	OMICRON - 1 A	3,617
9	14-Feb-19	ECOTECH-11	3,000
10	14-Feb-19	SECTOR-10	2,400
11	22-Jan-20	Ecotech-III (Phase-1)	2,400
12	22-Jan-20	Ecotech-III (Phase-2)	2,400
13	22-Jan-20	Ecotech-1, Extension-1	3,000
14	22-Jan-20	SECTOR-16B	1,500
15	22-Jan-20	Techzone (IT City)	10,004
16	22-Jan-20	Techzone-2	3,000

4.9.51 The Petitioner submitted that 8 Nos. of lands (Sl. no. 9 to 16) were allotted to the Company during FY 2018-19 (2 nos.) and 2019-20 (6 nos.). However, due to COVID-19, there was a severe hit on the load growth which otherwise has been around 10% CAGR and therefore, the construction of 33/11 kV Sub-stations on some of the lands has been deferred. Further submitted that the Petitioner plans to construct Electric Substation on lands with Sl. No. 9, 12 and 13 during FY 2021-22.

4.9.52 The Commission directed the Petitioner to provide the cost of each land parcel and the details of the project for which the particular land was purchased/capitalized. In response the Petitioner has submitted the following:

Table 4-73: Details of Non-Utilized Land

<table>
<tr><th>Sl. No.</th><th>Start date/ Capitalized on</th><th>Location</th><th>Total Cost
(Rs. Crs)</th><th>Scheme/Project for which land was purchased
(along with voltage level)</th><th>Status of scheme/project i.e. start date, capitalization date etc</th></tr>
<tr><td>1</td><td>25-Mar-08</td><td>BZP</td><td>0.50</td><td colspan="2" rowspan="5">The Greater Noida Industrial Development Authority (GNIDA) has earmarked land parcels for Electric Substations & associated facilities in its Master Plan. Based on the roll out of the development in a particular area, the Company is advised to seek allotment of land for construction of Electrical Sub-station etc. At times, the Company is also advised to secure allotment of earmarked lands for Electric Substation etc in advance in order that these are not allotted for other purposes under pressure due to scarcity of land in the given areas.

For Example, the Company has been seeking allotment of land from UPSIDC in its area since 2017 but still to be allotted. Resultantly, the supply to the concerned area is getting affected due to overloading and saturation of existing network.

It is pertinent to mention that with the fast development of the Greater Noida area, it is prudent to seek allotment of land well in advance so that Electric Substation and other associated facilities can be created without any hindrances as per the requirement. It is generally seen that with the fast pace of development of the city, the land parcels become scarce and costly also.

For example, the Company did not get suitable land for construction of Electric Substation in Greater Noida West. After lot of efforts & follow-up, the Company was constrained to accept allotment in Green Belt and / or in an area not appropriate / suitable for Electric Sub-station leading to higher construction cost apart from safety issues etc.

It is pertinent to mention that the total cost per square meter including registration charges etc. of the lands (at sl. no. 1 to 4 and 6 to 8) procured prior to FY 2015 is Rs. 1,600 – Rs. 6,500 per sq. meter whereas the prevailing rates are more than Rs. 11,500/- per sq. meter. Similarly, the total cost per square meter including registration charges etc. of the lands (at sl. no. 5 and from 9 to 16) procured recently is around Rs. 12,000 per sq. meter whereas the prevailing rates are going upto Rs. 16,800 per sq. meter. Apart from the increasing rates of the land, the availability thereof would also be a big challenge in time to come.</td></tr>
<tr><td>2</td><td>25-Mar-08</td><td>ETA1</td><td>0.57</td></tr>
<tr><td>3</td><td>25-Mar-08</td><td>PHI - II/III</td><td>0.21</td></tr>
<tr><td>4</td><td>25-Mar-08</td><td>PI – I</td><td>0.24</td></tr>
<tr><td>5</td><td>22-Jan-16</td><td>OMICRON - 1 A</td><td>4.45</td></tr>
<tr><td>6</td><td>29-Dec-13</td><td>JAUN SAMANA, ECOTECH-16</td><td>16.97</td><td colspan="2">This Land was allotted in 1998 for setting up power plant, Distribution Substation, stores, staff quarters etc. The Petitioner submitted that the 75 MW plant was to be constructed and lease deed dated 27.12. 2013 was submitted, along with MoU and Agreements. However, due to various reasons, the thermal power plant could not be set-up.
In 2018, the Company had submitted a petition no. 1293 of 2018 for approval of setting up 8 MW Solar Power Plant on the above land to the Hon’ble Commission, however, the same was not approved. In order to promote consumption of green energy and meeting its increasing RPO obligations, the Company has re-initiated discussions with Solar Power Project Developers on competitive bidding Basis. Upon finalisation of the above, the Company would submit the proposal for approval of the Hon’ble Commission.</td></tr>
</table>

Sl. No.	Start date/ Capitalized on	Location	Total Cost (Rs. Crs)	Scheme/Project for which land was purchased (along with voltage level)	Status of scheme/project i.e. start date, capitalization date etc
7	27-Mar-14	Knowledge Park 5, ESS - 1	23.72	Keeping in view the rapid growth in power demand in Greater Noida Area, particularly from industrial investments and non-construction of requisite 220/132 kV substations in Greater Noida by UPPTCL for meeting such fast rising demand, the Company, in terms of the provisions of the Electricity Act 2003 and rules and regulations made thereunder, decided to set-up the same like R C Green, Gharbara Substations in consultation with GNIDA so that reliable power supply can be provided to the consumers as per their demand. It is in this backdrop, these lands were allotted by GNIDA to the Company. However, in view of the Order dt 31.10.2018 in petition no. 987 of 2014 (220/132/33 kV R C Green Substation matter) and Order dt 31.10.2018 in petition no. 1020 of 2015 (Connectivity of 220/33 kV Gharbara Substation Matter) of the Hon'ble Commission, the same has been kept in abeyance pending adjudication thereof. It is pertinent to mention that in view of the above, the Hon'ble Commission had duly approved the cost of these lands in its earlier Tariff Orders In addition to the above, as stated earlier, these lands would also be utilised for construction of 33/11 kV Substation, stores, customer care office (at KP V), offices etc. as per the company's requirements in time to come.	
8	06-Feb-15	BZP AREA	10.93		
9	14-Feb-19	ECOTECH-11	3.52	The Hon'ble Commission will kindly observe that these 8 Nos. of lands (Sl. no. 9 to 16) were allotted to the Company during FY 2018-19 (2 nos.) and 2019-20 (6 nos.). In certain cases, due to ongoing dispute between the erstwhile land owners, generally farmers, and GNIDA on account of determination of adequate compensation, the possession of land gets delayed which is beyond the control of the Company. This in turn delays construction of substation on such lands. Furthermore, the Hon'ble Commission is kindly aware that due to COVID-19, there was a severe hit on the load growth which otherwise has been around 10% CAGR and therefore, the construction of 33/11 kV Sub-stations on some of the lands was deferred. The Company is constructing 33/11 kV Electric Substation on lands at Sl. No. 9, 12 and 13 during FY 2021-22 as submitted in the ARR for the year.	
10	14-Feb-19	SECTOR-10	2.68		
11	22-Jan-20	Ecotech-III (Phase-1)	2.79		
12	22-Jan-20	Ecotech-III (Phase-2)	2.89		
13	22-Jan-20	Ecotech-1, Extension-1	3.48		
14	22-Jan-20	SECTOR-16B	1.74		
15	22-Jan-20	Techzone (IT City)	11.61		
16	22-Jan-20	Techzone-2	3.48		

4.9.53 The Petitioner submitted that, with regards utilization of the land at Sl. No. 6 & 7, Construction of 220/132 kV sub-station has been deferred in view of the Order dt 31.10.2018 in petition no. 987 of 2014 (220/132/33 kV R C Green Substation matter) and Order dt 31.10.2018 in petition no. 1020 of 2015 (Connectivity of 220/33 kV Gharbara Substation Matter) of the Hon'ble Commission. Further necessary action would be taken once the matter is decided by the Hon'ble APTEL.

4.9.54 The Petitioner submitted that, in accordance with the Commission's Order on conversion of Single Point Multi-Story Societies in to Multi Point individual connections results in lacs of Consumers and in order to deal them construction of a Consumer Care Centre closure to Greater Noida West is necessary. Accordingly, the Petitioner mentioned that it has decided to construct a Consumer Care Centre on part of the land at KP-V (i.e. Sl. No. 6) for which a detailed scheme will be submitted to the Commission for prior approval in terms of the provisions UPERC MYT Regulations 2019. In addition, the Petitioner mentioned that it will also undertake construction of 33 kV sub-stations, stores, staff quarters etc. on the above lands as per its requirement.

4.9.55 The Petitioner mentioned that the Land at Sl. No. 5 is for power plant, Distribution Substation, Stores, staff quarters etc. This Land was allotted in 1998 for setting up power plant, Distribution Substation, stores, staff quarters etc. The Petitioner submitted that the 75 MW plant was to be constructed and lease deed dated 27.12. 2013 was submitted, along with MoU and Agreements. However, due to various reasons, the thermal power plant could not be set-up. Thereafter the Petitioner submitted that it submitted to the Commission a proposal for setting up an 8 MW Solar Power Plant on the above land vide petition no. 1293 of 2018, however, the same was not approved and the Company was asked to procure solar power from SECI. However, despite repeated follow-ups, SECI did not allot any power to the Company. In order to fulfil the increasing RPO obligations as well to promote Green Energy, the Company has re-initiated discussions with Solar Power Project Developers on competitive bidding Basis. Upon finalisation of the above, the Company would submit the same for approval of the Commission. With respect to the land purchased for Power plant/ electrical installations at Jaun Samana Village, Greater Noida, being older in nature, the Petitioner requested the Commission to allow a week time to submit the relevant details. The Petitioner submitted that it is pertinent to mention that the total cost per square meter including registration charges etc. of the above lands (from sl. no. 1 to 7 procured prior to FY 2015) is Rs. 1,600 – Rs. 6,500 per sq. meter whereas the prevailing rates are more than Rs. 11,500/- per sq. meter. Further submitted that, the total cost per square meter including registration charges etc. of the lands (from sl. no. 8 to 16 procured recently) is around Rs. 12,000 per sq. meter whereas the prevailing rates are going upto Rs. 16,800 per sq. meter.

4.9.56 The Commission observed that the Petitioner has capitalised land assets of Rs.25.99 Crores and land capitalised worth of Rs. 89.78 Crores till FY 2019-20 left unutilised due to various reasons.

Un-Utilized Land Details							
S. No.	**Asset Category**	**Asset Description**	**Gross Block (Opening)**	**Addition* during the FY 2019-20**	**Retirement**	**Gross Block (Closing)**	**Land Usage**
1	Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT ETA-I, GR NOIDA	5,693,323	-	-	5,693,323	Un-Utilized Land
2	Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT PI-I, GR NOIDA	2,409,420	-	-	2,409,420	Un-Utilized Land
3	Leasehold Land	LAND FOR ELECTRIC SUB/STN AT PHI-II/III, GR No	2,086,671	-	-	2,086,671	Un-Utilized Land
4	Leasehold Land	COST OF LAND FOR ELECTRIC SUB/STN AT BZP, GR NOIDA	5,021,994	-	-	5,021,994	Un-Utilized Land
5	Leasehold Land	LAND AT PLOT NO. POWER PLANT, ECOTECH-16 (JAUN	169,720,283	-	-	169,720,283	Un-Utilized Land
6	Leasehold Land	LAND AT PLOT NO. ESS-I, KP-5	237,239,565	-	-	237,239,565	Un-Utilized Land
7	Leasehold Land	220 KV S.STN - BZP AREA	109,264,246	-	-	109,264,246	Un-Utilized Land
8	Leasehold Land	LAND AT PLOT NO. ESS, OMICRON - 1A	44,456,631	-	-	44,456,631	Un-Utilized Land
9	Leasehold Land	Plot No 33/11 KV ESS, Sector-10	26,775,050	-	-	26,775,050	Un-Utilized Land
10	Leasehold Land	Plot No 33/11 KV ESS, Sector Ecotech-11	35,192,439	-	-	35,192,439	Un-Utilized Land
11	Leasehold Land	Land for ESS, Sector Ecotech-1, Extension-1	-	34,820,800	-	34,820,800	Un-Utilized Land
12	Leasehold Land	Land for ESS, Sector 16B	-	17,423,901	-	17,423,901	Un-Utilized Land
13	Leasehold Land	Land for ESS, Sector Ecotech-III (Phase-1)	-	27,862,030	-	27,862,030	Un-Utilized Land
14	Leasehold Land	Land for ESS, Sector Ecotech-III (Phase-2)	-	28,947,530	-	28,947,530	Un-Utilized Land
15	Leasehold Land	Land for ESS, Sector Techzone (IT City)	-	116,052,809	-	116,052,809	Un-Utilized Land
16	Leasehold Land	Land for ESS, Sector Techzone 2 Greater Noida	-	34,820,800	-	34,820,800	Un-Utilized Land
	Total Non-Utilised Land		63.79	25.99	-	89.78	

4.9.57 The Cost of the land capitalised for FY 2019-20 is Rs. 25.99 Crores. However, it is observed that the Petitioner has capitalised the land of Rs. 89.78 Crores till FY 2019-

20 but left unutilised due to various reasons. Further, the Auditor (CA) appointed by the Commission observed as under:

"During the course of audit it is observed that NPCL has total 58 Nos of Land (53 Leasehold and 5 Freehold) which are meant for various projects. As per explanation provided to us and verified by us, it is observed that the policy of the NPCL is to capitalize the Leasehold and Freehold Land as al1d when the same is purchased / acquired, It is further observed that there are 16 Leasehold hands which are lying vacant and on which no project has been implemented/started.

Out of the above 16 vacant lands,6 vacant Lands (Sr. No 11 to 16 above) were procured in F.Y. 2019-20 for which total amount capitalized is Rs.25,99,27,870/-. Further, 10 Lands (Sr. No 1 to 10 above) which are lying vacant till date, were acquired and capitalized before-F.Y 2019-20. The total amount so capitalized prior to F.Y 2019-20 was Rs. 63,78,59,622"

4.9.58 As regard to the un-utilized lands, it is to be noted that the Commission approves the Capital expenditure in form of scheme/ projects. Once the project is completed and put-to use, the assets pertaining to the project (including land) are capitalized and the benefits can be realised by the customers.

4.9.59 However, in this particular case, the Petitioner has capitalized the lands (16. No) in its FAR whereas no project has been commissioned/started in regards to these land parcels. Once an asset is capitalized and put in use, then only the consumers benefit and are liable to pay for the asset. It can be observed (from the lease deeds submitted by the Petitioner) that a lease land purchased, having a lease of 90 years, has to be depreciated accordingly from the day it was purchased, as per the accounting standards. However, the Regulatory accounting is different, wherein the cost can be loaded on the consumers, only once it is put in use.

4.9.60 Accordingly, the Commission has disallowed the un-utilised lands and corresponding corresponding cumulative depreciation as identified from the FAR. The Petitioner may approach the Commission when the projects on the corresponding land parcels are completed and put to use.

Un-Utilized Land Details

S. No.	Asset name	FAR capitalization date	Asset Description	Gross Block (Opening)	Addition* during the FY 2019-20	Retirement	Gross Block (Closing)	Land Usage	View taken
1	ETA1	25-Mar-08	COST OF LAND FOR ELECTRIC SUB/STN AT ETA-I, GR NOIDA	5,693,323	-	-	5,693,323	Un-Utilized Land	**Disallowed from opening GFA of FY 2019-20.**
2	PHI - I	25-Mar-08	COST OF LAND FOR ELECTRIC SUB/STN AT PI-I, GR NOIDA	2,409,420	-	-	2,409,420	Un-Utilized Land	
3	PHI - II/III	25-Mar-08	LAND FOR ELECTRIC SUB/STN AT PHI-II/III, GR No	2,086,671	-	-	2,086,671	Un-Utilized Land	
4	BZP	25-Mar-08	COST OF LAND FOR ELECTRIC SUB/STN AT BZP, GR NOIDA	5,021,994	-	-	5,021,994	Un-Utilized Land	
5	JAUN SAMANA, ECOTECH-16	29-Dec-13	LAND AT PLOT NO. POWER PLANT, ECOTECH-16 (JAUN	169,720,283	-	-	169,720,283	Un-Utilized Land	
6	Knowledge Park 5, ESS - 1	27-Mar-14	LAND AT PLOT NO. ESS-I, KP-5	237,239,565	-	-	237,239,565	Un-Utilized Land	**Disallowed from GFA of FY 2019-20 as pertains to 132 kV & above assets**
7	BZP AREA	06-Feb-15	220 KV S.STN - BZP AREA	109,264,246	-	-	109,264,246	Un-Utilized Land	**Was disallowed in FY 2018-19, as pertains to 132 kV & above assets**
8	OMICRON - 1A	22-Jan-16	LAND AT PLOT NO. ESS, OMICRON - 1A	44,456,631	-	-	44,456,631	Un-Utilized Land	**Disallowed from opening GFA of FY 2019-20**
9	SECTOR-10	14-Feb-19	Plot No 33/11 KV ESS, Sector-10	26,775,050	-	-	26,775,050	Un-Utilized Land	**25% disallowed in FY 2018-19, balance 75% disallowed from opening GFA**
10	ECOTECH-11	14-Feb-19	Plot No 33/11 KV ESS, Sector Ecotech-11	35,192,439	-	-	35,192,439	Un-Utilized Land	
11	Ecotech-III (Phase-1)	22-Jan-20	Land for ESS, Sector Ecotech-1, Extension-1	-	34,820,800	-	34,820,800	Un-Utilized Land	**Disallowed & Removed from addition capitalization of FY 2019-20**
12	Ecotech-III (Phase-2)	22-Jan-20	Land for ESS, Sector 16B	-	17,423,901	-	17,423,901	Un-Utilized Land	
13	Ecotech-1, Extension-1	22-Jan-20	Land for ESS, Sector Ecotech-III (Phase-1)	-	27,862,030	-	27,862,030	Un-Utilized Land	

Un-Utilized Land Details									
S. No.	**Asset name**	**FAR capitalization date**	**Asset Description**	**Gross Block (Opening)**	**Addition* during the FY 2019-20**	**Retirement**	**Gross Block (Closing)**	**Land Usage**	**View taken**
14	SECTOR-16B	22-Jan-20	Land for ESS, Sector Ecotech-III (Phase-2)	-	28,947,530	-	28,947,530	Un-Utilized Land	
15	Techzone (IT City)	22-Jan-20	Land for ESS, Sector Techzone (IT City)	-	116,052,809	-	116,052,809	Un-Utilized Land	
16	Techzone-2	22-Jan-20	Land for ESS, Sector Techzone 2 Greater Noida	-	34,820,800	-	34,820,800	Un-Utilized Land	
Total Cost of Lands (Rs. Crore)				**63.79**	**25.99**	**-**	**89.78**		

4.9.61 In view of above discussions, the unutilized lands, asset of 132 kV & above, KP I & KP IV have been disallowed from the opening GFA of FY 2019-20. The consolidated disallowance from the opening GFA is provided in the table below:

Total Disallowance of 132/220kV Assets, un-utilized land, KP-1 & KP-4 (Rs. Crore)						
Particulars	**Assets Not Covered in T.O to be disallowed in FY 2019-20 (from Opening GFA)**					
	KP-1(1) & KP-4 (2)	**RC Green (1) & Gharbhara (2)**	**Pali(1) & Surajpur(2)**	**KP-5 (1)**	**Leasehold Land (un-utilized)**	**Total Disallowance**
1	1.41	43.55	32.47	23.72	27.59	128.74
2	3.83	33.86	2.12			39.81
Total	**5.24**	**77.41**	**34.59**	**23.73**	**27.59**	**168.55**

GFA Asset addition during FY 2019-20

4.9.62 It was observed that the Petitioner has paid certain amount to UPPTCL for construction of assets related to 132 kV and above and has capitalized the same in the FAR. The assets details are 'Payment to UPPTCL for construction of 220kV LILO from 400kV Substation at Pali, Greater Noida connecting at 220/132/33kV R C Green Substation' of Rs. 19.12 Crores and 'Payment to UPPTCL for construction of 5 Nos. 33kV Bays at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida in FY 2019-20' of Rs. 21 Crores.

4.9.63 Further, the Commission vide its Order dated June 04, 2020 in the Petition No. 1512 of 2019 in the matter of review Petition filed by NPCL under Section 94 (1)(f) of the Electricity Act, 2003 read with Regulations 150 of the UPERC (Conduct of Business) Regulations, 2004 seeking partial Review of the Tariff Order for FY 2019-20 dated September 03, 2019 passed by the Commission in Petition No. 1382 of 2018, in regards to disallowance of 19.12 Crs for “Construction of 220 kV LILO connecting 400 kV Substations at Pali, Greater Noida and Sector-148 (changed from earlier Sector-129) to 220/132/33kV RC Green substation for enhancement of upstream capacity & reliability to evacuate upto 400 MW power of R C Green Substation” directed that:

Quote

25. Keeping in view of interest of consumers of Greater Noida area coupled with the obligation of GNIDA to take care of the development, the Commission decides that:

(i) NPCL shall refund of amount deposited with GNIDA towards the cost of 220 kV LILO amounting to Rs. 14.59 Crore.

(ii) The remaining claim refund to Rs. 4.53 Crore for 2 no.(s) 220 kV bays at R.C Green Substation will be subject to final decision of Hon’ble APTEL in Appeal No. 336 of 2018.

Unquote

4.9.64 The Commission in its various Orders has observed that the distribution licensee cannot own, operate assets of 132 kV and above and associated assets. Further, the Commission has also directed the Petitioner that even though in view of interest of consumers of Greater Noida area the such asset construction is necessary, however has to be coupled with the obligation of GNIDA to take care of the development in the area, hence any payment done to UPPTCL for construction of such assets i.e. 132 kV and above and associated assets are to be done, by GNIDA to UPPTCL and NPCL need not claim the same. Hence, such asset addition wrt 132 kV and above & associated assets, of Rs. 40 Crores in FY 2019-20 detailed in the two tables below, have been disallowed.

Table 4-74: List of 132 kV and above assets as submitted by Petitioner for FY 2019-20

Payment to UPPTCL for construction of 5 Nos. 33kV Bays at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida in FY 2019-20							
Asset Category	**Asset Description**	**Quantity**	**Depreciation Rate**	**Gross Block (Opening)**	**Addition**	**Retirement**	**Gross Block (Closing)**
Building & Structures	Civil Work	1	W302	-	63,34,000	-	63,34,000
Distribution network	Fire fighting equipments, Air cond. & other works	1	W784	-	14,86,732	-	14,86,732
Distribution network	Simplex type 33KV tripple fdr. Control Panel SAS	3	W784	-	54,02,414	-	54,02,414
Distribution network	36 KV, 1250A SF6 gas insulated Circuit Breaker	5	W784	-	2,39,27,101	-	2,39,27,101
Distribution network	36KV,1250A 31.5kA,3phase SF6 gas insulated bus bar	2	W784	-	95,70,840	-	95,70,840
Distribution network	36KV,2500A,31.5kA,SF6 gas insulatd switchgear panl	1	W784	-	81,77,029	-	81,77,029
Distribution network	36KV,2500A,31.5kA,SF6 gas insulatd switchgear panl	1	W784	-	1,05,22,349	-	1,05,22,349
Distribution network	ISOLATOR-arrngmnt fr conncting outgoing 33KV Feedr	5	W784	-	25,64,614	-	25,64,614
Distribution network	Cable - 1Cx500 Sq. mm (single length per phase)	5000	W527	-	13,09,53,254	-	13,09,53,254
Distribution network	Control Cables	1	W527	-	14,86,732	-	14,86,732
Meters	Energy Meter 0.2 acc Class ABT	5	W127	-	16,26,114	-	16,26,114
Plant & Machinery	Integration of Automation System of New addnl bays	1	W127	-	27,87,821	-	27,87,821
Building & Structures	Cont of 33kV Cable Trench at Sec-148 SS	146	W302		51,75,241	-	51,75,241
Total (Rs.)		**5026**			**21,00,14,241**		**21,00,14,241**

Table 4-75: List of 132 kV and above assets as submitted by Petitioner for FY 2019-20

Amount paid to UPPTCL for construction of 220kV LILO at 220/132/33kV R C Green Substation connecting 400kV Substation at Pali, Greater Noida							
Asset Category	**Asset Description**	**Quantity**	**Depreciation Rate**	**Gross Block (Opening)**	**Addition**	**Retirement**	**Gross Block (Closing)**
Building & Structures	Civil Works	1	W302	-	1,19,48,541	-	1,19,48,541
Distribution network	220 KV Current Transformer	6	W781	-	21,52,578	-	21,52,578
Distribution network	220 KV Current Voltage Transformer	6	W781	-	14,35,052	-	14,35,052
Distribution network	220 KV CB	2	W784	-	1,06,72,677	-	1,06,72,677
Distribution network	220 KV Isolator	8	W784	-	12,70,100	-	12,70,100
Distribution network	Tower	358260	W784	-	9,99,19,659	-	9,99,19,659

Distribution network	198 KV Lighting Arrestor	6	W784	-	4,45,362	-	4,45,362
Distribution network	Simplex Type 220 KV Feeder	2	W784	-	28,42,610	-	28,42,610
Distribution network	ACSR Zebra Conductor	36540	W784	-	4,31,17,591	-	4,31,17,591
Distribution network	220 KV Polycon Insulator	1	W784	-	67,51,890	-	67,51,890
Distribution network	OPGW - Cable	6090	W527	-	28,22,750	-	28,22,750
Distribution network	Control Cables	14	W527	-	11,46,392	-	11,46,392
Plant & Machinery	Power Line Carrier Comm. (PLCC) Equipments	2	W127	-	66,52,798	-	66,52,798
Total (Rs.)		**400938**			**19,11,78,000**		**19,11,78,000**

4.9.65 In the True-up of FY 2018-19 the Commission had disallowed the vehicles accumulated by the Petitioner till FY 2018-19. The extract of the same is provided below:

Quote

3.9.38 Further during proceedings, in the public hearing several objections were raised issue regarding purchase of high number of vehicles every year by NPCL which includes many high end vehicles. In this regard, the Petitioner submitted that:

"The Petitioner submitted that the company vehicles are provided to the Senior Officers for discharging their official duties efficiently including travelling within NCR and destinations within 300 Kms. The Petitioner mentioned that the licensed area of the Company is spread over 335 Sq. Kms. and vehicles are required for smooth movement of these officers for discharging their duties. The Petitioner also mentioned that such vehicles are also necessary for 24x7 availability as well as safety of the employees and the vehicles provided to the officers varies as per their seniority/designation. The Petitioner also submitted that, as per the policy, these vehicles are generally replaced after 5 years period. Further, the Petitioner submitted that the field duties and shift-based duties in call center,

control room etc. pooled vehicles are provided to the officers/staff. Also, it was submitted that, Greater Noida city lacks adequate public transport facility for local movement."

3.9.39 The Commission analysed the FAR of FY 2018-19 submitted by the Petitioner as shown below:

Table 4-76: Details of Vehicles till FY 2018-19 as per Fixed Asset Register (FAR) submitted by the Petitioner

Asset Description	Quantity	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Accumulated Depreciation (Opening)	Depreciation for the year	Depreciation on Retired Assets	Accumulated Depreciation (Closing)
PURCHASE OF BIKE PASSION PRO (HERO HONDA MAKE)	1	50,700	-	-	50,700	45,630	-	-	45,630
HYUNDAI ACCENT 1.5 EXECUTIVE BS IV-(UP16AC1277)	-	-	-	-	-	-	-	-	-
YO STYLE ER BIKE	1	28,417	-	-	28,417	25,575	-	-	25,575
ACCESSORIES FOR VEHICLES- GPS SYSTEM	15	2,59,098	-	-	2,59,098	2,33,188	-	-	2,33,188
HONDA ACCORD M/T	1	21,09,534	-	-	21,09,534	18,98,581	-	-	18,98,581
HONDA CITY 1.5 VMT (AVN)	1	10,10,085	-	-	10,10,085	9,09,077	-	-	9,09,077
HONDA CITY VX MT PETROL (DL 13 CC 3323)	-	9,94,806	-	9,94,806	-	8,95,325	-	8,95,325	-
HONDA CITY VX(MT) UP16AW6863	-	10,93,705	-	10,93,705	-	9,55,854	28,480	9,84,335	-
HONDA AMAZE 1.2 REGN.NO.UP-16 AX 2536	-	7,43,732	-	7,43,732	-	6,37,301	20,160	6,57,461	-
HONDA ACTIVA 125 SCOOTER REGN.NO.UP-16 AY 3336	1	61,968	-	-	61,968	49,966	4,009	-	53,974
HONDA DREAM NEO BIKE REGN.NO.UP-16 AY 3376	1	60,482	-	-	60,482	48,767	3,913	-	52,680
HONDA DREAM NEO BIKE REGN.NO.UP-16 AY 3375	1	60,481	-	-	60,481	48,767	3,913	-	52,679
MARUTI ECCO FLEXI CAR (REGN.NO.UP-16 CT 6626)	1	4,59,971	-	-	4,59,971	3,74,244	28,633	-	4,02,877
MARUTI SWIFT DZIRE ZXI REGN.NO.UP16AY9416	1	7,42,974	-	-	7,42,974	5,80,958	54,114	-	6,35,071

Asset Description	Quantity	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Accumulated Depreciation (Opening)	Depreciation for the year	Depreciation on Retired Assets	Accumulated Depreciation (Closing)
HONDA CITY VXMT (DSL) METALIC REGN NP.UP16AY 9761	-	12,19,071	-	12,19,071	-	9,55,463	61,270	10,16,733	-
MAHINDRA SCORPIO S4 7 SEATER REGN.NO.UP16AY9925	1	10,14,130	-	-	10,14,130	7,89,894	74,895	-	8,64,789
Honda City 1.5 VX UP16-BA-6182	1	11,65,840	-	-	11,65,840	8,22,323	1,14,735	-	9,37,057
HYUNDAI CRETA 1.6CRDI SX+ POLAR WHITE	-	12,23,380	-	12,23,380	-	8,19,040	83,250	9,02,290	-
MARUTI CIAZ VDI+ UP16BB1148	1	9,34,387	-	-	9,34,387	6,44,870	96,699	-	7,41,569
Honda Amaze 1.2 VX(O) (UP16BC3399	1	7,80,438	-	-	7,80,438	4,95,933	95,025	-	5,90,957
Maruti Suzuki Ciaz Zxi (UP16BC2027)	1	7,62,429	-	-	7,62,429	4,86,342	92,213	-	5,78,555
Maruti Suzuki Ertiga Zdi+ (UP16BC2939)	1	7,70,444	-	-	7,70,444	4,90,518	93,495	-	5,84,014
Maruti S-Cross Alpha-SCRDCL2 UP16BF6556	1	10,13,120	-	-	10,13,120	5,07,558	1,68,858	-	6,76,416
Mahindra TUV300 (UP16BH6154)	1	7,58,726	-	-	7,58,726	3,47,281	1,37,423	-	4,84,703
Mahindra TUV300 (UP16BH6153)	1	7,58,726	-	-	7,58,726	3,47,281	1,37,423	-	4,84,703
Mahindra TUV300 (UP16BH6152)	1	7,58,726	-	-	7,58,726	3,47,281	1,37,423	-	4,84,703
Mahindra TUV300 (UP16BH6008)	1	7,58,726	-	-	7,58,726	3,47,281	1,37,423	-	4,84,703
Mahindra TUV300 (UP16BH6169)	1	7,58,726	-	-	7,58,726	3,47,281	1,37,423	-	4,84,703
XUV 500 W4 (UP1BH7831)	1	12,46,712	-	-	12,46,712	5,65,321	2,27,585	-	7,92,905
Maruti Suzuki Ertiga VDI Hybrid (UP16BJ0588)	1	7,88,802	-	-	7,88,802	3,48,067	1,47,205	-	4,95,273
Maruti Suzuki Ciaz Vxi + (AT)	1	7,85,409	-	-	7,85,409	3,50,399	1,45,293	-	4,95,693
Maruti Suzuki Ciaz Vxi + (UP16BJ0778)	1	7,88,468	-	-	7,88,468	3,47,920	1,47,143	-	4,95,063
Nissan Terrano XL D (O) (UP16BK3085)	1	10,27,549	-	-	10,27,549	4,10,207	2,06,192	-	6,16,400
Hyundai Creta 1.6 VTVT E+ (UP16BJ9241)	1	9,98,151	-	-	9,98,151	4,28,887	1,90,134	-	6,19,021
Ashok Leyland DOST-2350MM (UP16ET0905)	1	6,10,889	-	-	6,10,889	2,59,137	1,17,485	-	3,76,622
Maruti Suzuki Ciaz VXI+ (UP16BH9146)	1	7,87,683	-	-	7,87,683	3,51,414	1,45,714	-	4,97,128
Honda Jazz CVT	1	9,77,388	-	-	9,77,388	3,30,022	2,16,220	-	5,46,242
HONDA DREAM REGN NO.UP16BM8390	1	54,692	-	-	54,692	16,415	12,784	-	29,200

Asset Description	Quantity	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Accumulated Depreciation (Opening)	Depreciation for the year	Depreciation on Retired Assets	Accumulated Depreciation (Closing)
Mercedes Benz (DL2CAW8598)	1	69,02,516	-	-	69,02,516	21,79,115	15,77,616	-	37,56,731
Mahindra TUV300 T4 Silver (UP16BM9025)	1	7,85,676	-	-	7,85,676	2,27,187	1,86,535	-	4,13,723
Toyota Innova Crysta 2.8 ZX (AT)Regn.No.UP16BS 6488	1	24,16,781	-	-	24,16,781	1,43,749	7,59,193	-	9,02,942
TUV 300 T4	1	8,65,555	-	-	8,65,555	34,850	2,77,456	-	3,12,305
TUV 300 T4+mHAWK100	1	8,65,555	-	-	8,65,555	34,850	2,77,456	-	3,12,305
TUV 300 T4+mHAWK100	1	8,65,555	-	-	8,65,555	34,850	2,77,456	-	3,12,305
TUV 300 T4+mHAWK100	1	8,65,555	-	-	8,65,555	34,850	2,77,456	-	3,12,305
Maruti Wagon R Green LXI- REGN NO.UP16BU8204	1	4,93,088	-	-	4,93,088	7,900	1,61,979	(221)	1,70,100
S Cross (Zeta) 1.3 D REGN.NO.UP16BW42 08	1	-	9,90,522	-	9,90,522	-	2,66,480	-	2,66,480
New Dzire Zxi (+) REGN.NO.UP16BW31 01	1	-	7,69,463	-	7,69,463	-	2,11,233	-	2,11,233
Vento Highline (P) MT (UP16BZ2208)	-	-	10,78,876	10,78,876	-	-	1,55,985	1,55,985	-
MARUTI CIAZ ALPHA MT (P) REGN.NO.UP16BZ362 2	1	-	11,06,260	-	11,06,260	-	1,59,944	-	1,59,944
Hyundai Creta SX (P) UP16BZ9659	1	-	11,58,685	-	11,58,685	-	1,43,137	-	1,43,137
Ciaz Alpha MT(P) 1.5 (UP16BZ6453)	1	-	10,97,757	-	10,97,757	-	1,46,660	-	1,46,660
Innova Crysta 2.4 MT (D) (UP16CA8107)	1	-	22,66,768	-	22,66,768	-	2,17,796	-	2,17,796
Honda City VMT (P) UP16BZ9426	1	-	10,92,438	-	10,92,438	-	1,35,953	-	1,35,953
Corolla Altis VL CVT(P) (UP16CA4091)	1	-	17,40,967	-	17,40,967	-	1,94,359	-	1,94,359
Corolla Altis VL CVT(P) (UP16CB1329)	1	-	21,76,105	-	21,76,105	-	1,77,224	-	1,77,224
Marrazo M6 (D) 7STR (UP16CA070)	1	-	13,98,016	-	13,98,016	-	1,70,144	-	1,70,144
Ciaz Alpha MT(P) 1.5 (UP16CA4022)	1	-	11,00,860	-	11,00,860	-	1,23,906	-	1,23,906
Marazzo M4 (D) 7STR (UP16CA0062)	1	-	11,32,654	-	11,32,654	-	1,37,849	-	1,37,849
Skoda Superb Style 1.8 (MT) (P) UP16CA6737	1	-	21,56,070	-	21,56,070	-	2,20,971	-	2,20,971
Total	**67**	**4.25**	**1.93**	**0.64**	**5.54**	**2.06**	**0.95**	**0.46**	**2.55**

3.9.40 It was analysed that over the years, NPCL has accumulated large number of vehicles. The usual business of the Petitioner is of *distribution of electricity to its consumers and purchasing high number of luxury vehicles is not in synchronisation with its core / usual business. Hence the Commission for True Up of FY 2018-19 has disallowed the vehicles accumulated by the Petitioner till FY 2018-19. A query vide mail dated October 07, 2020 related to number of vehicles accumulated by NPCL was sought. The Petitioner vide mail dated October 08, 2020 submitted the details as shown in the Table below:*

Table 3-59 : Details of Two-Wheelers as submitted by the Petitioner (Rs. Crore)

Year	Opening		Addition during the year		Retirement / deletion during the year		Closing balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
FY 2013-14	2	0.01	0	0	0	0	2	0.01
FY 2014-15	2	0.01	3	0.02	0	0	5	0.03
FY 2015-16	5	0.03	0	0	0	0	5	0.03
FY 2016-17	5	0.03	0	0	0	0	5	0.03
FY 2017-18	5	0.03	1	0.01	0	0	6	0.03
FY 2018-19	6	0.03	0	0	0	0	6	0.03

Table 3-60: Details of Four-Wheelers as submitted by the Petitioner (Rs. Crore)

Year	Opening		Addition during the year		Retirement / deletion during the year		Closing balance		No. of Consumer	Connected Load	Sales
	No.	Amount	No.	Amount	No.	Amount	No.	Amount		(MW)	(MU)
FY 2013-14	22	1.59	9	0.67	4	-0.2	27	2.05	60,484	561.14	1,128.67
FY 2014-15	27	2.05	7	0.61	6	-0.36	28	2.3	64,981	645.34	1,309.89
FY 2015-16	28	2.3	9	0.84	5	-0.44	32	2.69	70,994	707.53	1,377.16
FY 2016-17	32	2.69	15	1.29	10	-0.76	37	3.22	75,918	600.78	1,500.40
FY 2017-18	37	3.22	8	1.41	7	-0.41	38	4.22	82,231	832.37	1,667.60
FY 2018-19	38	4.22	14	1.93	6	-0.64	46	5.51	91,234	934.6	1,850.07

3.9.41 It is noted that the Petitioner has not been able substantiate the base of high-end vehicles clearly. Further, such costs of high-end luxury vehicles cannot be passed on to the consumers. Further in the above tables it can be seen that the Petitioner has almost 50 vehicles. Therefore, the rise in number of vehicles is not in proportion to the increase in number of consumers, load and sales. The vehicles added till FY 2017-18 are being disallowed and reduced from the opening GFA of FY 2018-19. Further vehicles added in FY 2018-19 are being reduced from the GFA addition during the year. Further 100%

depreciation till FY 2017-18 for vehicles is also being deducted from the accumulated depreciation.

Unquote

4.9.66 In respect to the vehicles, the FAR of FY 2019-20 submitted by the Petitioner is shown below:

Table 4-77: Details of Vehicles till FY 2019-20 as per Fixed Asset Register (FAR) submitted by the Petitioner

Asset Description	Quantity	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Accumulated Depreciation (Opening)	Depreciation for the year	Depreciation on Retired Assets	Accumulated Depreciation (Closing)
Maruti Suzuki XL6 Alpha MT(P) Regn No.UP16CJ2179	1	-	11,31,744	-	11,31,744	-	1,83,837	-	1,83,837
Honda Civic ZX CVT (P) Regn No.UP16CJ8534	1	-	21,60,507	-	21,60,507	-	3,11,514	-	3,11,514
MG Hector Sharp (D)	1	-	18,33,123	-	18,33,123	-	2,97,767	-	2,97,767
TATA Hexa XM+ (D) (UP16CJ8222)	1	-	14,31,740	-	14,31,740	-	2,07,743	-	2,07,743
HYUNDAI VERNA 1.6 VTVT (AT) REGN NO.UP16CK6928	1	-	11,20,186	-	11,20,186	-	1,35,959	-	1,35,959
KIA SELTOS G1.5 6MT HTK PLUS REGN.NO.UP16CL6730	1	-	11,32,253	-	11,32,253	-	94,027	-	94,027
KIA SELTOS D1.5 6AT HTX PLUS REGN NO.UP16CL6777	1	-	14,65,619	-	14,65,619	-	1,21,710	-	1,21,710
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4594	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM6081	1	-	8,15,544	-	8,15,544	-	40,933	-	40,933
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4590	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4592	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4593	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4602	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4595	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399

Asset Description	Quantity	Gross Block (Opening)	Addition	Retirement	Gross Block (Closing)	Accumulated Depreciation (Opening)	Depreciation for the year	Depreciation on Retired Assets	Accumulated Depreciation (Closing)
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4597	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4591	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4598	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399
MAHINDRA BOLERO POWER+SLE REGN NO.UP16CM4596	1	-	8,15,544	-	8,15,544	-	45,399	-	45,399

4.9.67 A query vide mail dated June 30, 2021 related to number of vehicles accumulated by NPCL was sought. The Petitioner vide mail dated July 07, 2021 submitted the details as shown in the Table below:

Table 4-78: Details of Vehicles as submitted by the Petitioner (Rs. Crore)

Year	Opening		Addition during the year		Retirement / deletion during the year		Closing balance	
	No.	Rs. Cr.	No.	Rs. Cr.	No.	Rs. Cr.	No.	Rs. Cr.
FY 2019-20	53	5.54	18	1.92	10	0.85	61	6.61

4.9.68 In accordance with the above, the Commission has noticed that the Petitioner has capitalised vehicles in the similar manner in FY 2019-20 as in FY 2018-19, as is evident from the Fixed Asset Register. Hence, the Commission for True Up of FY 2019-20 has disallowed the vehicles addition of Rs. 1.92 Crore in FY 2019-20.

4.9.69 In view of the above discussions, the Commission has disallowed the assets pertaining to 132 kV and above and associated assets, vehicles and un-utilized lands capitalised in FY 2019-20, whose summary is provided below:

Disallowance of asset addition in FY 2019-20		
Particular	Reference	Amount (Rs. Crore)

Payment to UPPTCL for construction of 220kV LILO from 400kV Substation at Pali, Greater Noida connecting at 220/132/33kV R C Green Substation	A	19.12
Addition of vehicles in FY 2019-20	B	1.92
Total additional Payment to UPPTCL for construction of 5 Nos. 33kV Bays at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida in FY 2019-20	C	21.00
Land un-utilized	D	25.99
Net Additional of assets to be considered for disallowance	**E=A+B+C+D**	**68.04**

4.9.70 Further, The Commission observed that the closings of FAR are not matching with the Openings of FAR e.g. the closing in FAR for the FY 2018-19. In this regard the Commission viewed that this is a serious matter and directed the Petitioner to match the each & every assets in FAR for the last 5 years & submit the corrected FARs along with a detailed report. In response the Petitioner submitted that during the preparations of Financial Statements for FY 2019-20, previous years (i.e FY 2018-19) figures were reclassified/regrouped/reinstated as per accounting practices. Further submitted that there is no gap in the total closing and opening balances of the FAR.

4.9.71 The Commission, from time to time, in its Tariff Orders has repeatedly directed the Petitioner to submit the Capital investment plan and take prior approval of the schemes/projects greater than INR 10 Crore as per Regulation 23A of the UPERC MYT Regulations, 2014.

4.9.72 Further, the Commission observed that in the FAR of FY 2019-20, there are few assets which are above Rs. 10 cr and the Petitioner has not taken an prior approval for the same. The Petitioner has claimed an investment of Rs. 208.67 Crore (excluding GNIDA assets) in FY 2019-20, the Commission vide 3rd deficiency had directed the Petitioner to submit the approval orders in regard to assets No. 14000205, 21005169 & 14001202 etc. with costs above Rs. 10 cr, however the Petitioner did not submit the same.

4.9.73 The Petitioner has submitted that they have no scheme/project with cost greater than INR 10 Crore. The Commission, however on examining the fixed asset register is convinced that there must be projects/schemes along with the associated land cost, which are more than the stipulated cap of Rs. 10 Crores, but have been broken down by the Petitioner to escape the cap. Since the Petitiner did not take prior approval from the Commission for any of the schemes with capital expenditure greater than INR 10 Crore. **Accordingly, the Commission has decided to disallow 25% of the Capital investment of NPCL Assets in FY 2019-20**.

Table 4-79: Net Impact of disallowance considered in GFA

Particulars	Ref	Rs. Crore
Addition / Capitalisation (claimed during the year)	A	208.67
Disallowance of Total additional of 132/220 kV Assets / vehicles in FY 2019-20	B	68.04
Addition / Capitalisation (during the year)	C=A-B	140.63
Consumer Contribution for FY 2019-20	D	24.65
Asset without CC	E=C-D	115.19
Disallowance of remaining assets 25%	F= E*25%	29.00
Net Addition / Capitalisation (considered during the year)	G=E-F	111.64

Particular	Reference	Amount (Rs. Crore)
Opening GFA	A	1,337.99
Addition / Capitalisation (during the year) as per audited accounts	B	208.67
Deduction / Retirement during the year as per audited accounts	C	7.87
Closing GFA	D=A+B-C	1,538.79
Disallowance of Total 132/220 kV Assets, KP-1 & KP-4 till FY 2019-20 from the Opening GFA (additional which were left last year)	E	168.55
Disallowance of Total additional of 132/220 kV Assets / vehicles in FY 2019-20	F	68.04
Disallowance of 25% of additional capitalization in FY 2019-20	G	29.00
Net Opening Balance of GFA	**H=A-E**	**1,169.44**
Addition / Capitalisation during the year	**I=B-F-G**	**111.64**
Retirement during the year	**J**	**7.87**
Closing balance of GFA	**K=H+I-J**	**1,273.21**

4.9.74 The Gross Fixed Assets after the disallowance are shown in the Table below:

Table 4-80: Gross Fixed Asset after disallowance of 132kV / 220 kV assets and vehicles for FY 2019-20 (Rs. Crore)

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
Opening Balance	1,525.98	1,479.40	1,169.44

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
Addition during the Year	194.71	208.67	111.64
Retirement during the Year	5.15	7.87	7.87
Closing Balance	1,715.54	1,680.20	1,273.21

4.9.75 Based on the above, the details of Capital expenditure allowed by the Commission for FY 2019-20 as per the norms specified in UPERC MYT Regulations, 2014 are as shown in the Table below:

Table 4-81: Details of capex for FY 2019-20 as approved by the Commission (Rs. Crore)

Particulars	Reference	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
Total Additions to Assets (excluding interest capitalisation)	A	190.50	208.67	111.64
Add: Closing CWIP	B	0.00	22.93	21.50
Less: Opening CWIP	C	18.30	58.88	18.00
Total Capex (excluding interest capitalisation)	D=A+B-C	172.20	172.72	115.14
Add: Interest Capitalisation	E	4.22	0.00	0.00
Total Capex	F=D+E	**176.41**	**172.72**	**115.14**
Less: Consumer Contribution & GNIDA	G	23.92	24.65	24.65
Net Capex	H=F-G	**152.49**	**148.07**	**90.50**
Debt	I=70%of H	106.74	103.65	63.35
Equity	J=30% of H	45.75	44.42	27.15

4.10 INTEREST AND FINANCE CHARGES

4.10.1 The Petitioner stated that interest and Finance Charges covers the following cost elements: -

a. Interest on Long Term Loans
b. Interest on Working Capital
c. Interest on Consumer Security Deposits
d. Finance Charges
e. Carrying Cost of Regulatory Asset.

Each of the above elements are discussed separately below:

4.11 INTEREST ON LONG TERM LOANS

4.11.1 The Petitioner has submitted that the Commission in Tariff Order dated 3rd

September, 2019 approved the interest on term loan at Rs. 51.97 Crore based on additional debt requirement of Rs. 86.34 Crore for FY 2019-20. Accordingly, as mentioned earlier, pending decision of the **Appeal filed on 25th January 2021 with APTEL,** based on actual net capital expenditure of Rs. 208.67 Cr and consumer contribution of Rs. 24.65 Cr and stipulated debt equity of 70:30, normative debt is worked out to Rs. 98.14 Cr for FY 2019-20 the summary of interest on Term Loan (normative) for the purpose of funding the capital expenditure for FY 2019-20 is given in the Table below:

Table 4-82: Interest on Term Loan for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Loan Computation	Ref.	Approved	Claimed in True Up
1	Gross Normative loan – Opening	a	924.59	910.91
2	Cumulative repayment of Normative Loan – Opening	b	428.26	437.37
3	**Net Normative loan – Opening**	**c=a-b**	**496.34**	**473.54**
4	Increase/Decrease due to ACE during the Year	d	86.34	98.14
5	Repayments of Normative Loan during the year	e	64.99	60.14
6	**Net Normative loan – Closing**	**f=c+d-e**	**517.68**	**511.54**
7	Average Normative Loan*	g=(c+f)/2	507.01	492.54
8	Weighted average Rate of Interest on actual Loans	h	10.25%	9.91%
9	**Interest on Normative loan**	**i=g x h**	**51.97**	**48.82**

4.11.2 The Petitioner submitted that Opening balances of normative loans are as per Company's submissions for True-up of FY 2018-19 while repayments has been considered as equivalent to the depreciation in accordance with Regulation 27(e) of the MYT Regulation, 2014.

4.11.3 Accordingly, the total normative interest on Term Loan comes at Rs. 48.82 Crore for True-up ARR of FY 2019-20, which is submitted for the approval of the Commission.

Commission's Analysis:

4.11.4 The provisions for treatment of Interest on Loans as per UPERC (Multi Year

Distribution Tariff) Regulations, 2014 are as follows:

Quote

27 Treatment of Interest on Loan:

………..

(d) The normative loan outstanding as of April 1 of transition period/control period shall be computed by deducting the cumulative repayment as approved by the Commission (basis as mentioned below) up to March 31 of current period (year before transition period / control period as applicable) from the gross normative loan.

(e) The repayment for the transition / control period as applicable shall be deemed to be equal to the depreciation allowed for the year.

(f) Notwithstanding any moratorium period availed by the Distribution Licensee, the repayment of the loan shall be considered for the transition / control period, as applicable, as per annual depreciation allowed.

(g) The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of each year of the transition / control period, in accordance with terms and conditions of relevant loan agreements, or bonds or non-convertible debentures…

Unquote

4.11.5 The Commission observed that the Petitioner for does not have any loan for FY 2019-20. In this regard the Regulation 27(g) MYT Regulations, 2014 provides that:

Quote

The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of each year of the transition / control period, in accordance with terms and conditions of relevant loan agreements, or bonds or non-convertible debentures:

Provided that if no actual loan is outstanding but normative loan is still outstanding, the last available weighted average rate of interest shall be applicable.

Provided further that the interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

Provided also that exception shall be made for the existing loans which may have different terms as per the agreements already executed if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects.

Unquote

4.11.6 The Commission has gone through the interest expenses claimed by the Petitioner for FY 2019-20. The opening balance of loan true-up for FY 2019-20 has not been considered as per trued-up closing balance of loan for FY 2018-19. The Petitioner submitted that due to the pending decision of the Appeal filed on 25th January 2021 with APTEL, based on actual net capital expenditure of Rs. 208.67 Cr and consumer contribution of Rs. 24.65 Cr and stipulated debt equity of 70:30, normative debt is worked out to Rs. 98.14 Cr for FY 2019-20.

4.11.7 However, the Commission for the purpose of computation of loan has considered the closing of FY 2018-19 as Opening of FY 2019-20, which has been further reduced by the corresponding assets disallowed from the opening GFA & their corresponding cumulative depreciation. Further, the disallowance of the assets from the actual capitalization for the year has also been done.

4.11.8 The Commission approves the long- term loan so availed as per audited accounts @ 70% of the actual capital expenditure incurred during the year at the time of truing-up for that financial year, irrespective of the actual term loans borrowed by the Petitioner. Thus, the term loan actually borrowed and approved by the Commission varies almost every year. The debt component has been considered at 70%.

4.11.9 Since there is no actual loan, the interest rate has been considered as allowed by the Commission in the True Up for FY 2018-19.

4.11.10 Hence, the Interest on Long term loans are approved as per claimed loan portfolio for FY 2019-20 as shown in the Table below:

Table 4-83: Interest on Loan as approved by the Commission for FY 2019-20 (Rs. Crore)

Sl. No	Particular	Reference	Approved vide T.O. 03/09/2019	True Up Petition	Approved upon Truing up
1	Gross Normative Loan Opening	A	924.59	910.91	658.50

Sl. No	Particular	Reference	Approved vide T.O. 03/09/2019	True Up Petition	Approved upon Truing up
2	Cumulative repayment of Normative Loan upto previous year	B	428.26	437.37	306.10
3	Net Normative Loan-Opening	C	**496.34**	**473.54**	**352.40**
4	Loan addition during the year (70% of Net GFA Addition after deducting Consumer Contribution and asset deletion)	D=70% of C	86.34	98.14	63.35
5	Repayments of Normative Loan during the year	H	64.99	60.14	41.01
6	Net Normative loan – Closing	I=F+G-H	**517.68**	**511.54**	**374.74**
7	Average Normative Loan	J=(I+F)/2	507.01	492.54	363.57
8	Weighted average Rate of Interest on actual Loans	K	10.25%	9.91%	9.91%
9	Interest on Normative loan	L=K*J	**51.97**	**48.82**	**36.04**

*The Opening Loan has been recomputed based on disallowances from Opening Balance of GFA as on 01.04.2019

4.12 INTEREST ON WORKING CAPITAL

4.12.1 The Petitioner submitted that as per MYT Regulations, 2014, it is allowed interest on Working Capital requirement on the basis of one month's O&M expenses, 60 days of Revenue after netting off Security Deposit received from the Consumers and 40% of the R&M Expenses for 2 months.

4.12.2 The Petitioner submitted that Commission in its Tariff Order dated 3rd September, 2019 has considered weighted average SBI-PLR at 13.80% p.a. for the purpose of allowing Interest on Working Capital for FY 2019-20 being SBI –PLR prevailing on date of Admittance of petition for determination of tariff (viz. 1st July, 2019) in line with Regulation 28 of MYT Regulations, 2014.

4.12.3 Accordingly, it has considered the considered the SBI-PLR as approved by the Commission in its Tariff Order dated 03rd September, 2019 for the purpose of computation of interest on working capital for FY 2019-20. Accordingly, the computation of interest on working capital for FY 2019-20 is shown in the Table below:

Table 4-84: Interest on Working Capital for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Particulars	Approved Vide T.O. Dated 03 September, 2019	Claimed in True Up
O&M expenses for 1 month	7.30	9.57
Two months equivalent of expected revenue	282.14	297.81
Maintenance spares @ 40% of R&M expenses for two month's	3.27	3.35
Gross Total	**292.71**	**310.74**
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003:		
Opening Balance	253.47	255.81
Received during the year (Net of Refunds)	30.00	4.30
Closing Balance	**283.47**	**260.11**
Average Security Deposit	**268.47**	**257.96**
Less: Security Deposit with UPPCL	11.28	11.28
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	**257.19**	**246.68**
Net Working Capital	**35.52**	**64.05**
Rate of Interest for Working Capital (SBI - PLR)	13.80%	13.80%
Interest on Total Working Capital	**4.90**	**8.84**

4.12.4 The Petitioner said that it is pertinent to mention here that while approving the amount of receivables in its Tariff Order dated 3rd September, 2019, the Commission had not considered the Electricity Duty as part of the billed Revenue which ultimately forms part of receivables. However, the Petitioner in its computation has considered the amount of Electricity Duty as part of the Revenue for computation of two months' receivables as per past practice followed by the Commission in its various Tariff Orders while approving the amount of receivables as part of working capital latest being the Tariff Order dated 3rd September 2019.

4.12.5 The Petitioner stated that as per the practice followed by the Commission in its various Tariff Orders, latest being dated 3rd September, 2019 in case of the Petitioner, the security deposit of Rs. 11.28 Crore passed on to UPPCL till FY 2005-06 in accordance with past arrangement, has been deducted from the total Security Deposit available with the Petitioner while computing working capital requirement as the same are not available at the disposal of the Petitioner for meeting its working capital requirements.

4.12.6 The above Table does not include the amount of Rs. 10.00 Crore. paid to UPPCL based on the Orders of Commission and Hon'ble Allahabad High Court in FY 2006-07 in the matter of providing 10 MVA additional supply of power by UPPCL

Commission's Analysis:

4.12.7 As per the UPERC (Multi Year Distribution Tariff) Regulations, 2014, interest rate on the working capital loan shall be equal to the State Bank Advance Rate (SBAR) as on the date of acceptance of Petition for determination of tariff by the Commission. In this regard, the relevant provision of the Regulation 28 of the UPERC (Multi Year Distribution Tariff Regulations), 2014 is reproduced below:

Quote

The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:

a) O&M expenses for one month.
b) Two months equivalent of expected revenue.
c) Maintenance spares @ 40% of R&M expenses for two months.

Less:
Security deposits from consumers, if any.

Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank Advance Rate (SBAR) as of the date on which petition for determination of tariff is accepted by the Commission.
Provided further that interest shall be allowed on consumer security deposits as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments / addendums & the new regulations made after repeal of the same.

Unquote

4.12.8 As per the provisions of aforesaid Regulations, the Commission for the purpose of computing interest on working capital for FY 2019-20 has considered SBAR (SBI-PLR) as on July 01, 2019 (the date of admittance of Tariff Petition for determination of Tariff for FY 2019-20), i.e., 13.80%.

(Source: https://www.sbi.co.in/web/interest-rates/interest-rates/benchmark-prime-lending-rate-historical-data) last accessed on 25.05.2021.

4.12.9 In the Truing up Petition for FY 2019-20, the Petitioner has considered the security deposit passed to UPPCL amounting to Rs. 11.28 Crore. Such amount has been deducted while computing the total working capital requirement for FY 2019-20, as had been done in previous years.

4.12.10 The Commission noticed that the Petitioner while computing two months revenue for Interest on Working capital has considered the revenue as Rs. 1737.98 Crore while as per Note 26 of the Audited Accounts provides the revenue as Rs. 1698.84 Crore. In this the Petitioner submitted the reconciliation for the same as shown in the Table below:

Table 4-85: Reconciliation of Revenue from sale of electricity as submitted by the Petitioner

Sl. No.	Description	Amount (Rs. Cr.)	Remark
1	Revenue from Sale of Electricity for FY 2019-20	1698.84	Please refer to Note-27 of Audited Accounts
2	Less: Regulatory Surcharge shown separately	48.91	Please refer to Form-F1
3	**Net Revenue from Sale of Electricity excluding Regulatory Surcharge**	**1649.96**	Please refer to Form-F1
4	Add: Electricity Duty	88.02	Please refer to Note-27 of Audited Accounts and Form F-1
5	**Gross Revenue from Sale of Electricity for FY 2019-20**	**1737.98**	Please refer to Form-F1

4.12.11 The Commission is of the view that the UPERC (MYT for Distribution Tariff) Regulations, 2014 provides for only revenue for two months and not the electricity duty. The Commission for True-Up of FY 2019-20 wherein the Electricity duty would not be considered while determining revenue for two months. Also, Electricity Duty is the domain of GoUP and is not a part of the ARR or Revenue of the Petitioner in its regulatory accounts.

4.12.12 The Commission has worked out the working capital and interest on working capital for FY 2019-20 as given in Table below:

Table 4-86: Interest on Working Capital as approved by the Commission for FY 2019-20 (Rs. Crore)

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
One Month's O&M Expenses	7.30	9.57	6.47
Maintenance spares @ 40% of R&M expenses for two months	3.27	3.35	2.57
Receivables equivalent to 60 days of expected revenue	282.14	297.81	274.99
Gross Total	292.71	310.74	284.03
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003			
Opening Balance	253.47	255.81	255.81
Received during the year	30.00	4.30	4.30
Closing Balance	283.47	260.11	260.11
Less: Security Deposit with UPPCL	11.28	11.28	11.28
Net Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	257.19	246.68	246.68
Net Working Capital	35.52	64.06	37.35
Rate of Interest for Working Capital	13.80%	13.80%	13.80%
Interest on Total Working Capital	**4.90**	**8.84**	**5.15**

4.13 INTEREST ON CONSUMER SECURITY DEPOSITS

4.13.1 The Petitioner mentioned that Regulation 21 of the MYT Regulation, 2014 provides that the Petitioner shall pay interest equivalent to the bank rate or more on the consumer security deposits, as may be specified by the Commission. The Commission vide its Tariff Order dated 3rd September,2019 has approved the Interest on Security Deposit @ 6.50% p.a. being RBI's Bank Rate prevailing on the 1st April'19.

4.13.2 The Petitioner submitted that during FY 2019-20, the Commission approved revised Cost Data Book being effective from 8th July, 2019, wherein the requirement for providing security deposit by consumers to Discoms has been reduced from prevailing 60 days of consumption to 45 days of consumption. Consequently, the Company implemented the revised Cost Data Book from 9th July, 2019 and thereafter received security deposit from its consumers equivalent to 45 days of consumption. Apart from above, the Company along with the bills for the month of

March, 2020 also refunded the security deposit to the existing Consumers, whose security deposit exceeded 45 days of consumption.

4.13.3 The Petitioner submitted that the amount of interest payable on security deposit considering RBI's Bank Rate at 6.50% p.a. prevailing on the 1st April, 2019 to consumers during FY 2019-20 is shown in the Table below:

Table 4-87: Details of Interest on Security deposit as submitted by the Petitioner for FY 2019-20 (Rs. Crore)

Period	Opening	Addition	Deletion	Closing	Average	Intt. Rate	Intt. Amt.
	a	b	c	d=a+b-c	e=(a+d)/2	f	g=e x f
Apr-Jun'19	255.81	24.77	0.56	280.02	267.92	6.50%	4.36
Jul-Sep'19	280.02	9.05	1.59	287.48	283.75	6.50%	4.62
Oct-Dec'19	287.48	5.57	0.94	292.11	289.80	6.50%	4.72
Jan'20	292.11	1.93	0.12	293.92	293.02	6.50%	1.60
Feb'20	293.92	3.39	0.50	296.81	295.37	6.50%	1.60
Mar'20*	296.81	3.06	39.76	260.11	278.46	6.50%	1.51
Total	**255.81**	**47.77**	**43.47**	**260.11**	**257.96**	**6.50%**	**18.41**
Approved	**253.47**		**30.00**		**283.47**	**268.47**	**6.50%**

** surplus security deposit over 45 days of consumption as per revised Cost Data Book 2019 of Rs. 37 Cr approx. refunded alongwith the bill for the month of Mar'20*

4.13.4 The Petitioner submitted that the interest on consumer security deposit is computed on outstanding balance of each individual customer for the period during which his security deposit was available with the Company and such computation is done by the automated ERP System of the Company (viz. SAP). Hence, the computation of interest on the basis of average Consumer Security Deposit might not tally with the amount of interest on Security deposit actually paid.

4.13.5 Accordingly, the total interest on consumer security deposit for FY 2019-20 on the basis of each individual customer's outstanding security deposit on daily balance basis and the tenure for which the same was outstanding works out to Rs. 18.41 Cr. Needless to mention that the aforesaid interest on security deposit has been duly audited by the Statutory Auditors of the Company with respect to its provision and computation. Therefore, the Commission is requested to kindly consider interest on security deposit actually paid to consumers @ 6.50% amounting to Rs. 18.41 Cr. in full.

Commission's Analysis

4.13.6 In this regard, the relevant provision of the Regulation 28 of the UPERC (Multi Year Distribution Tariff Regulations), 2014 is reproduced below:

Quote

…………
Provided further that interest shall be allowed on consumer security deposits as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments / addendums & the new regulations made after repeal of the same.

Unquote

4.13.7 In the Order dated 3rd September, 2019, the Commission based on the submission of the Petitioner approved the rate of interest to be paid on security deposits at 6.50% for FY 2019-20. However, as per the provisions of the UPERC (Multi Year Distribution Tariff Regulations), 2014 the applicable interest rate (Bank Rate as on 1st April, 2019) for security deposit is 6.50%. (last accessed on 25.07.2021).

(Source: *5T_120420199B5BA480814245F8BB5B909C580E6C6F.PDF (rbi.org.in)*)

4.13.8 The Commission observed that interest on security deposit of Rs. 18.41 Crore is as per the audited accounts. In this regard the Petitioner submitted that it has already paid interest of security deposit amounting to Rs. 18.41 Crore.

4.13.9 The details of the interest on security deposits Trued-up by Commission for FY 2019-20 are given in the Table below:

Table 4-88: Interest on Security Deposit as approved by the Commission for FY 2019-20 (Rs. Crore)

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved upon Truing up
Interest payable on Security Deposit	17.45	18.41	18.41

4.14 FINANCE CHARGES

4.14.1 The Petitioner stated that it has to incur various finance charges for availing of financial products and services for the purpose of meeting its financial and other business needs. These charges are genuine business expenditure and has been explained in details as under:

Loan Processing Charges:

4.14.2 The Petitioner stated that during, FY 2019-20, the Petitioner incurred expenses on renewal of the existing Working Capital Facilities including LC facilities for providing payment security under various Power Purchase Agreements in accordance with their respective PPAs in order to maintain liquidity to meet its short-term financial obligations.

4.14.3 The Petitioner further submitted that, based on the existing facilities and the facilities to be tied up for meeting the LC facilities and other Working Capital requirements for the ensuing year, the Petitioner has incurred processing fee during FY 2019-20 for renewal of working capital facilities as summarized in Table below:-

Table 4-89: Details of Processing charges as submitted by the Petitioner for FY 2019-20

Sl. No.	Financing Activity	Facility Amount	Charges	Charges as % of Facility
1	Fund Based WCF Renewal and CP Issue	85.00	0.31	0.36%
2	Non- Fund Based WCF Renewal & CP Issue	130.00	0.47	0.36%
3	**Total**	**215.00**	**0.78**	**0.36%**

4.14.4 Apart from the above the Petitioner has to incur other financing and ancillary charges which have been elaborated in detail in the subsequent paragraphs:

Credit Rating Charges:

4.14.5 The Petitioner submitted that credit rating of banking facilities (Fund / Non-Fund based) has become imperative under the Basel II Norms. As per these norms, unrated facilities will be financed at least 4.50% higher as per credit adequacy requirements in comparison with rated facilities. In order to comply with the above requirement of RBI and also to save additional 4.50% p.a. interest cost, the Petitioner has been getting its credit rating from India Rating & Research (P) Limited.

Collection facilitation charges:

4.14.6 Continuing its efforts to provide maximum possible facilities to the consumers, the Petitioner started various new initiatives for enabling consumers to make payment via Internet, Payment – kiosks, retail counters at their nearby grocery shop, through NEFT / RTGS etc. Commission has also vide its Order dated 29th May, 2015 directed the Petitioner to provide more avenues to the consumers for payment of electricity dues through Online Mode and has also directed it to bear charges for such service upto an amount of Rs. 4,000/- per transaction. Provisions of these facilities require some expenditure which has been included in Collection Facilitation Charges. Apart from being cost of new initiative these charges are directly related to revenue and with increase in tariff and revenue, there is an increase in these charges.

SBLC and Other Finance Charges:

4.14.7 The Petitioner submitted that there are other bank charges as well like loan documentation charges, LC Issue Charges, banking charges and other miscellaneous charges etc. It is pertinent to mention here that the Ministry of Power vide its order no. 23/22/2019-R&R dated 28th June, 2019 mandated every Distribution Company to open a letter of credit for desired quantum of power in favour of the Generating Company. The relevant extract of the order is reproduced below for reference of the Hon'ble Commission:

> *" i. In accordance with Section 28 (3) (a) the NRLDC & RLDC shall despatch power only after it is intimated by the Generating Company and /Distribution Companies that a Letter of Credit for the desired quantum of power has been opened and copies made available to the concerned Generating Company."*

4.14.8 The Petitioner submitted that it has incurred additional expenses on issuance of Letter of Credit in favour of Generating Companies which was not their earlier and hence impacted the expenses.

4.14.9 The Commission has been allowing the processing fees on all facilities including working capital and other finance charges in its preceding Tariff orders. Thus, it is a well settled principle of allowing finance charges including processing fees on actual paid basis.

4.14.10 The summary of the Finance Charges as approved and actually incurred during FY 2019-20 is provided in Table below:-

Table 4-90: Finance Charges for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Financing Activity	Approved	Claimed in True Up
1	Processing Fee	1.30	0.78
2	Credit Rating Charges	0.07	0.07
3	Collection Facilitation Charges	0.75	0.81
4	SBLC & Other Finance Charges	0.08	0.09
	Total	**2.20**	**1.74**

4.14.11 The Petitioner further submitted that therefore, as explained above, all the charges have been incurred to meet the ongoing funding requirement of the Petitioner and are well within the approved limits. Hence, the Petitioner requested Commission to approve the same in full.

Commission's Analysis:

4.14.12 The Commission noticed that the Petitioner has claimed Rs. 1.74 Crore as Finance charges for FY 2019-20. The Commission verified the same from Note 31 of the audited accounts and hence approves the same as shown in the Table below:

Table 4-91: Finance Charges as approved by the Commission for True Up of FY 2019-20 (Rs. Crore)

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
Processing Fee	1.30	0.78	0.78
Credit Rating Charges	0.07	0.07	0.07
Collection Facilitation Charges	0.75	0.81	0.81
LC & Other Finance Charges	0.08	0.09	0.09
Total Finance Charges	**2.20**	**1.74**	**1.74**

4.15 TOTAL INTEREST & FINANCE COST.

4.15.1 The Petitioner has submitted the details of total interest and finance charges incurred during FY 2019-20 in the Table below:

Table 4-92: Total Interest and Finance charges claimed for FY 2019-20 (Rs. Crore)

Sl. No.	Description	Approved	Claimed in True Up
1	Interest on Long term loans	51.97	48.82
2	Interest on working capital facilities	4.90	8.84
3	Interest on security deposit	17.45	18.41
4	Finance Charges	2.20	1.74
5	**Total Interest & Finance Charges**	**76.52**	**77.81**

4.15.2 The Petitioner stated that keeping the above in view and pressing needs of the business, the Commission is requested to approve the above interest and finance charges as claimed.

Commission's Analysis

4.15.3 The summary of Interest and Finance Charges trued-up by the Commission for FY 2019-20 is given in the Table below:

Table 4-93: Summary of Interest and Finance charges as approved by the Commission for FY 2019-20 (Rs. Crore)

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
Interest on Long term loans	51.97	48.82	36.04
Interest on short term loans/working capital	4.90	8.84	5.15
Finance charges	2.20	1.74	1.74
Interest on security deposit	17.45	18.41	18.41
Total Interest & Finance charges	76.52	77.81	61.34
Less: Interest capitalization	4.22	0.00	0.00
Net Interest & Finance charges	**72.30**	**77.81**	**61.34**

4.16 EFFICIENCY GAIN ON LOAN SWAPING

4.16.1 The Petitioner stated that in its continuous endeavour to minimize the cost of borrowing, the Petitioner in preceding years renegotiated various loan facilities by swapping of these loan facilities with new facilities bearing lower cost. Such, swapping of loans resulted in accrual of saving in interest cost to be shared with its consumers.

4.16.2 The Petitioner has estimated the accrual of such efficiency gain while preparing MYT ARR Petition for Control Period and has submitted the details for the same and claimed part of the above efficiency gains pertaining to FY 2019-20 in its MYT

ARR petition, which has since been approved by the Commission in its Tariff Order dated 3rd September, 2019.

4.16.3 The Petitioner stated that it has considered the efficiency gains accrued on swapping of loans for FY 2019-20 as already approved by the Commission and shown in Table below:

Table 4-94: Efficiency Gain on Term Loan Swapping as for FY 2018-19 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Bank	Loan Amount	Approved	Actual
1	ICICI Bank (FY 14)	40	0.01	0.01
2	ICICI Bank (FY 17)	40	0.01	0.01
3	ICICI Bank (FY 17)	100	0.21	0.21
4	**Total**		**0.23**	**0.23**
5	**50% Efficiency Gain claimed/approved**		**0.12**	**0.12**

4.16.4 The Petitioner requested the Commission to allow the above efficiency gains in true-up of ARR for FY 2019-20.

Commission's Analysis

3.15.1 The relevant provisions of the UPERC (Multi Year Distribution Tariff) Regulations, 2014 in this regard are reproduced below:

Quote

27 Treatment of Interest on loan

……..

The Distribution Licensee shall make every effort to refinance the loan as long as it results in net benefit to the consumers.

Provided that the cost associated with such refinancing shall be eligible to be passed through in tariffs and the benefit on account of refinancing of loan and interest on loan shall be shared in the ratio of 50:50 between the Distribution Licensee and the consumers.

Provided further that the Distribution Licensee shall submit the calculation of such benefit to the Commission for its approval.

Unquote

4.16.5 The Commission sought the details of approval and detailed computation of saving claimed through loan swapping in Excel with all linkages and related supporting documents from the Petitioner which was submitted by the Petitioner in excel. The Petitioner in this regard submitted that:

*The details of efficiency on swapping of loans as claimed is provided in **Annexure-13** (**Soft copy in Excel**) for the kind perusal and consideration of the Commission.*

The Commission, in its Multi Year Tariff Order dated 30.11.2017, has allowed trajectory of Efficiency Gain for loan swapping as it stated as follows.

"5.6.1The petitioner submitted that in order to to minimize the cost of borrowing, during FY 2013-14 the Company 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 resulted in accrual of saving in interest cost of Rs. 4.31 Cr. to be shared with its consumers in accordance with regulation 4.8 and 4.11 of UPERC Distribution Tariff Regulations, 2006 and also Regulation 27 (h) of Distribution MYT Regulations 2014.

5.6.2 The petitioner further submitted that during FY 2015-16 the Company prepaid its existing term loan facilities with Central Bank of India and replaced the same with term loans facilities of Rs. 20.00 Cr from State Bank of Mysore and Rs. 28.81 Cr from IDBI Bank both bearing lower cost and resulting in accrual of saving in interest cost of Rs. 1.14 Cr. to be shared with its consumers. The petitioner has worked out the out the savings in the interest cost amounting to Rs. 0.47 Crore, 0.24 Crore and 0.12 Crore for FY 2017-18, FY 2018-19 and FY 2019-20 respectively.

5.6.3 In accordance to Regulation 27(h) of the Distribution MYT Regulations, 2014, the Commission has provisionally considered the efficiency gain of Rs. 0.47 Crore, 0.24 Crore and 0.12 Crore for FY 2017-18, FY 2018-19 and FY 2019-20 respectively, due to loan swapping as claimed by the Petitioner which shall be subject to True-up as per the Audited Accounts of the Petitioner."

The Commission in its Order dated 22.01.2019 again followed the same practice as follows:

"5.12.1 The Petitioner has considered the efficiency gain of Rs. 0.24 Crore accrued on swapping of loans for FY 2018-19 as already approved by the Commission in its Tariff Order dated November 30, 2017.

5.12.2 In accordance with the Clause 27(h) of the Distribution MYT Regulations, 2014, the Commission has provisionally considered the efficiency gain of Rs

0.24 Crore due to loan swapping as claimed by the Petitioner which shall be subject to True-up as per the Audited Accounts of the Petitioner."

Further, the Commission in its Order dated 22.01.2019 and Order dated 03.09.2019 again allowed the same while Truing up accounts of FY 2016-17 and FY 2017-18 as follows:

FY 2016-17

"3.16.3 It is clear that the consumers as well as Licensee should be benefited by the swapping of the loans. The relevant provision of Clause 4.8.1(f) of the Distribution Tariff Regulations, 2006 in this regard is reproduced below:

Quote

(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 Aggregate 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

Unquote

The relevant provision of Clause 4.11 of the Distribution Tariff Regulations, 2006 is reproduced below:

Quote

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.

Unquote

3.16.4 Since the reduction in interest is more than the processing cost of swapping of the loans, the Commission, in line with the provisions of the Distribution Tariff Regulation, 2006 stated above, has approved efficiency gain of Rs 0.35 Crore for FY 2016-17 on account of swapping of term loan undertaken during FY 2016-17 as claimed by the Petitioner."

<u>FY 2017-18</u>

3.15.3 It is clear that the consumers as well as Licensee are benefited by resetting or swapping of term loans, if such loans result in lowering the net interest rate. In this regard, the relevant provisions of the UPERC (Multi Year Distribution Tariff) Regulations, 2014 in this regard are reproduced below:

Quote

27 Treatment of Interest on loan

……..

The Distribution Licensee shall make every effort to refinance the loan as long as it results in net benefit to the consumers.

Provided that the cost associated with such refinancing shall be eligible to be passed through in tariffs and the benefit on account of refinancing of loan and interest on loan shall be shared in the ratio of 50:50 between the Distribution Licensee and the consumers.

Provided further that the Distribution Licensee shall submit the calculation of such benefit to the Commission for its approval.

Unquote

3.15.4 The Commission enquired from the Petitioner regarding the break-up of Efficiency gains claimed for FY 2017-18 and directed it to submit the same. The Petitioner vide mail submitted the break- up of Efficiency gains claimed for FY 2017-18 as shown in the table below:

Table 3-45: Summary of Efficiency Gain for FY 2017-18 on Refinancing of loan

S.	Particulars	Interest Reset/ Loan Swap	Old Interest	Revised Interest	Annual Accrual of Efficiency Gains (Rs Cr)									
					FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	Total
1	ICICI Bank Limited-125 Cr	Interest Reset	13.90%	11.75%	0.30	0.60	0.45	0.31	0.16	0.03	-	-	-	1.85
2	ICICI Bank Limited-40 CR	Interest Reset	12.75%	11.75%	0.10	0.21	0.17	0.13	0.09	0.05	0.01	-	-	0.77
3	IDBI Bank Limited-75 Cr	Interest Reset	13.25%	11.85%	0.42	0.44	0.29	0.12	-	-	-	-	-	1.27
4	Bank of Maharashtra-55 Cr	Interest Reset	13.50%	12.25%	0.12	0.17	0.11	0.02	-	-	-	-	-	0.42
5	Central Bank of Inida-80 Cr	Loan Swap	12.00%	10.85%	-	-	0.51	0.36	0.21	0.06	-	-	-	1.14
6	ICICI Bank Limited-125 Cr	Interest Reset	11.10%	10.60%	-	-	-	0.02	0.04	0.01				0.06
7	ICICI Bank Limited-40 CR	Interest Reset	11.10%	10.60%	-	-	-	0.02	0.05	0.03	0.01			0.10
8	ICICI Bank Limited-100 CR	Interest Reset	11.20%	10.60%	-	-	-	0.15	0.40	0.30	0.21	0.11	0.01	1.18
9	Yes Bank Ltd- 30 Cr	Loan Swap	12.50%	10.00%	0.14	0.03								
	Total				**1.08**	**1.46**	**1.54**	**1.12**	**0.95**	**0.48**	**0.23**	**0.11**	**0.01**	**6.79**

3.15.5 It can be observed from the above Table that the Licensee has shown Rs 0.95 Cr of efficiency gains due to interest resetting and loan swapping. The Petitioner has shown two cases of Loan swapping, i.e., Rs 80 Cr from Central Bank of India and Rs 30 Cr from Yes Bank Ltd., as shown in the table above was done by the Petitioner in FY 2014-15 and FY 2012-13, respectively.

3.15.6 Further the Commission enquired to the Petitioner that whether the reduction in interest rate/ resetting of interest rate was because of any change in the regulatory regime. The Commission also asked the Petitioner that why should the efficiency gains be allowed in FY 2017-18 when the interest gains were allowed in FYs prior to FY 2017-18. The Petitioner vide E-mail submitted his replies as shown below:

Quote

The change in the rates of interest with respect to loans from ICICI Bank is clearly because of effort done by the Company for renegotiating the prevailing interest rates on loans from ICICI Bank Limited and it was not because of any change in the regulatory regime. We are enclosing a mail conversation held *with ICICI Bank Limited during Sep'2016 which clearly shows the acceptance by ICICI Bank Limited for reducing the rates on all Term Loans which was later implemented through revised sanction letter.*

With respect to claim of the Company that the efficiency gains do arise in FY 2017-18 as the company has negotiated loan in FY 2016-17, we humbly submits that a term loan spreads over a period of 6 -7 years and any change in ROI in one year will have consequential changes in subsequent period as well. We have already submitted a table along with detailed working for each loan clearly depicting the benefit arising over the remaining period of the respective loan Accordingly, the Company has claimed the benefit arising in FY 2017-18, FY 2018-19 and FY 2019-20 on the basis of loans assumed to be outstanding in that particular year and benefit arising due to resetting of rates.

Also, you will agree that had the Company not negotiated the loan in FY 2016-17, the interest rate utilised in computation of weighted average ROI as per MYT Distribution Tariff Regulations 2014 would be higher and thus, the interest expense computed accordingly would have been higher than claimed in current ARR. Thus, the benefit arising due to such reduced ROI during the control period only has been claimed on 50% basis strictly in accordance with the provisions of the aforesaid regulations.

Unquote

3.15.7 From the above reply of the Petitioner, the Commission holds that the Petitioner is eligible for efficiency gains an account of refinancing of loans. Therefore, the Commission allows efficiency gains of Rs 0.47 Cr, as claimed by the Petitioner for FY 2017-18."

It is pertinent to mention here that the Commission at the time of truing-up for FY 2017-18 has allowed efficiency gains on normative basis irrespective of actual loans o/s as at 31st Mar'18.

The Regulation 27 (h) of the MYT Regulations, 2014 provides as below:

"27 Treatment of Interest on loan

h) The Distribution Licensee shall make every effort to refinance the loan as long as it results in net benefit to the consumers.

*Provided that the cost associated with such refinancing shall be eligible to be passed through in tariffs and **the benefit on account of refinancing of loan and interest on loan shall be shared in the ratio of 50:50 between the Distribution Licensee and the consumers.***

Provided further that the Distribution Licensee shall submit the calculation of such benefit to the Commission for its approval."

Thus, the Commission has been allowing the efficiency gains on Loans in accordance with the provisions of the MYT Regulations, 2014 which duly recognize and provides for sharing of Efficiency Gains and its own earlier Orders.

Therefore, the Company humbly request the Commission to allow that efficiency gains as claimed by the Company for which the trajectory has already been approved by the Hon'ble Commission in its preceding tariff orders and as per the provisions of the MYT Regulations, 2014.

4.16.6 The Commission observed that for True Up of FY 2019-20, there is no actual loan and the Petitioner has claimed Interest on normative loan (actual loan in FY 2019-20 is zero). Hence the Commission disallows the efficiency gain on loan swapping which will be an additional burden on the consumers.

4.17 GROSS FIXED ASSETS (GFA)

4.17.1 The Petitioner stated that based on the submissions under the head of Capital Expenditure in above, the movement of GFA is given in Table below for the approval of the Commission: -

Table 4-95: Gross Fixed Assets for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Description	Approved	Claimed in True Up
1	Opening Balance	1,525.98	1,479.40
2	Addition during the Year*	194.71	208.67
3	Retirement during the Year	5.15	7.87
4	**Closing Balance**	**1,715.54**	**1,680.20**
** Excluding assets taken over from GNIDA & UPSIDC*			

4.17.2 The Petitioner submitted that above additions to the GFA does not include the assets handed over by GNIDA for distribution of electricity to its consumers and maintenance thereof amounting to Rs. 20.01 Cr.

Commission's Analysis:

4.17.3 The Commission has approved the audited GFA based on disallowance of capex of 132kV and above and associated assets, vehicles for FY 2019-20, un-utilised lands, 25% of the capitalisation of remaining assets as discussed in capex section for truing-up and the same is shown below:

Table 4-96: Gross Fixed Assets as approved by the Commission for True Up of FY 2019-20 (Rs. Crore)

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
Opening Balance	1,525.98	1,479.40	1,169.44
Addition during the Year	194.71	208.67	111.64
Retirement during the Year	5.15	7.87	7.87
Closing Balance	1,715.54	1,680.20	1,273.21

4.18 DEPRECIATION

4.18.1 The Petitioner stated that, depreciation on plants, equipment and installations has been computed under separate categories voltage level in accordance with the rates prescribed under the MYT Regulations, 2014. Further, the Depreciation corresponding to the consumer contribution has been reduced from depreciation on above GFA.

4.18.2 The Petitioner Submitted the summary of Depreciation in the following Table:

Table 4-97: Depreciation for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Description	Ref	Approved	Actual
1	Depreciation on Gross Fixed Assets	a	75.23	72.87
2	Less: Depreciation on Consumer Contribution	b	10.23	12.72
3	**Net Depreciation**	**c=a-b**	**64.99**	**60.14**
4	Average GFA	d	1620.76	1579.8
5	Weighted Average Depreciation Rate	e=a/d	4.64%	4.61%

4.18.3 The above-mentioned depreciation of Rs. 60.14 Cr has been computed as per the methodology followed by the Commission in its tariff order dated 03rd September, 2019 with GFA bases as per the Company's submissions for Truing up of ARR for FY 2018-19. Therefore, this amount may not tally with the depreciation amount as shown in audited accounts for FY 2019-20. The Company has considered the depreciation at the rates as prescribed in Annexure-C of the MYT Tariff Regulation, 2014 on WDV method for finalization of its Audited Accounts for FY 2019-20.

4.18.4 The Petitioner requested the Commission to approve the depreciation expenses as submitted.

Commission's Analysis

4.18.5 The Commission in UPERC MYT Regulations, 2014 has specified the rates to be utilized for the purposes of computing depreciation for different class of assets. The relevant provisions of the UPERC (Multi Year Distribution Tariff) Regulations, 2014 is shown below:

Quote

26 Treatment of Depreciation

a) Depreciation shall be calculated for each year of the control period on the written down value of the fixed assets of the corresponding year.

b) Depreciation shall not be allowed on assets funded by consumer contributions or subsidies / grants.

c) Depreciation shall be calculated annually on the basis of rates as detailed in Annexure – C or as may be notified by the Commission vide a separate order.

d) The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset.

Provided that Land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.
e) Depreciation shall be charged from the first year of operation of the asset.

Provided that in case the operation of the asset is for a part of the year, depreciation shall be charged on proportionate basis.
f) Provision of replacement of assets shall be made in the capital investment plan.

Unquote

4.18.6 As regards to depreciation, the Commission noticed that the Petitioner claimed Rs. 60.14 Crore which was hard punched in the Format. In this regard, the Commission sought the detailed computation for the same. In this regard the Petitioner submitted the same.

4.18.7 The Commission also observed that the Petitioner has claimed depreciation on consumer contribution as Rs. 12.72 Crore and directed the Petitioner to reconcile the same with the Audited accounts which was submitted by the Petitioner as shown in the Table below:

Table 4-98: Details of Reconciliation of Depreciation as submitted by Petitioner (Rs. Crore)

Sl. No.	Description	Amount (Rs. Cr.)	Remark
Depreciation as per Audited Accounts			
1	Depreciation of property, plant and equipment	63.38	Please refer to Note-32 of Audited Accounts
2	Amortisation of intangible assets	3.18	Please refer to Note-32 of Audited Accounts
	Subtotal	**66.56**	
3	Less: Depreciation on assets acquired from consumer contribution	12.72	Please refer Fixed Asset Register for FY 2019-20
4	**Net Depreciation**	**53.84**	
Depreciation as per ARR			
	Depreciation Computed as per the methodology followed in Tariff Order	72.87	Please refer **Annexure-12**
	Less: Depreciation on assets acquired from consumer contribution	12.72	Please refer Fixed Asset Register for FY 2019-20
	Net Depreciation	**60.14**	Please refer Form F-1

4.18.8 The Commission also asked the Petitioner to submit the detailed computations of the depreciation on the assets added during the year considering the actual date of capitalisation and relevant depreciation rates as per the MYT Regulations, 2014. In this regard the Petitioner submitted that it maintains the Fixed Asset Register in renowned SAP –ERP system. The details of each fixed assets have been entered into the SAP-ERP and the applicable Depreciation Rate, Method & Extent as provided in UPERC Multi Year Tariff Regulations, 2014 has been defined as parameter in the SAP- ERP. Hence, the Depreciation is computed by the SAP-ERP system as per the rates defined in UPERC Multi Year Tariff Regulations, 2014 upto the maximum limit of 90% except for small items having value upto Rs. 5,000/- which are depreciated upto 100%. The SAP-ERP generates the FAR comprising the Gross Block, Date of Acquisition, Rate of Depreciation, Addition to Gross Block, Assets Retired, Depreciation for the year, Accumulated Depreciation etc. The Company prepares its Audited Financial Statement on the basis of such system generated FAR only. The depreciation so arrived at, is being sample checked manually for accuracy. Since, Depreciation is computed by the SAP-ERP on the basis of defined parameters, the detailed computation of depreciation for each and every asset as such cannot be incorporated in RTF and a summary thereof is shown in the RTF. It is submitted that the Company has considered the depreciation at the rates as prescribed in Annexure-C of the UPERC MYT Tariff Regulation, 2014 except Solar power generation equipment being depreciated as per the rates and in the manner prescribed under Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations 2009.

4.18.9 The Commission also asked the Petitioner to confirm that cumulative depreciation in FY 2019-20 is less than 90% of GFA for all assets, since assets cannot be depreciated beyond 90% of GFA in accordance with MYT Regulations, 2014. The Petitioner in this regard submitted that in no case depreciation has been claimed in excess of 90% value of the asset.

4.18.10 Further since the Commission as discussed earlier, has disallowed the capex of all assets of 132 kV and above and associated assets, vehicles for FY 2019-20, un-utilised lands and 25% of the capitalisation of remaining assets, the accumulated depreciation as per FAR of FY 2019-20 is also reduced and in case where the regulatory accumulated depreciation is lower than the FAR accumulated depreciation the same has been considered to be zero. The details of cumulated depreciation as per FAR considered for the disallowance is shown in the Table below:

Table 4-99: Depreciation of asset disallowed in FY 2019-20 (Opening GFA)

Asset Description	Quantity	Disallowance from Gross Block (Opening)	Disallowance from Addition during	Disallowance of Accumulated Depreciation (Opening)
132 kV and above assets	**A**	135.73	0	39.52
Vehicles	**B**	0	1.92	0
KP-I Asset	**C**	1.41	0.16	0.26
KP-IV Asset	D	3.83	0.25	0.52

Asset Description	Quantity	Disallowance from Gross Block (Opening)	Disallowance from Addition during	Disallowance of Accumulated Depreciation (Opening)
Un-utilized lease hold land (expect for land already disallowed in other assets)	F	27.59		1.33
Total	G	168.55	2.33	41.63*

4.18.11 Wrt the disallowance of the accumulated depreciation, as per FAR of FY 2019-20 the accumulated depreciation of disallowed assets is reduced and in case where the regulatory accumulated depreciation is lower than the FAR accumulated depreciation the same has been considered to be zero. While calculating the same, it was observed that accumulated depreciation of disallowed un-utilised land as per FAR was Rs. 5.09 Crs, whereas the accumulated depreciation as per Regulatory accounts was Rs. 4.95 Crs, hence, after deduction the cumulative deduction would have come to -0.09 Crs, hence, it as been considered as zero. Accordingly, the net total cumulative depreciation of disallowed assets considered is Rs. 41.54 Crs (instead of Rs. 41.63 Crs as computed above). Accordingly, the new cumulative opening for accumulated depreciation of all assets comes out to be Rs. 403.15 Crores.

4.18.12 Further, while computing the opening written down value (Opening GFA-cumulative depreciation) for each asset, if it came out to be negative, it has been considered as zero. Further, for vehicles, it was observed that opening GFA (after disallowing the vehicles in FY 2018-19) was -0.97 Crs and cumulative depreciation was 0.31 Crs, hence the opening written down value of the vehicles came negative i.e. -1.28 Crore, which has been considered as zero for true-up of FY 2019-20. Accordingly, the new total opening written down value comes to Rs. 767.58 Crores instead of Rs. 766.30 Crores.

4.18.13 Considering the above, the depreciation expenses as approved by the Commission for FY 2018-19 are as provided in the Table below:

Table 4-100: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2018-19 (as approved in TO dt. 4.12.2020)	FY 2019-20
Opening GFA	1,244.73	1,169.44
Cumulative Depreciation	390.65	403.15*
Written Down Opening	854.08	767.58#

Particulars	FY 2018-19 (as approved in TO dt. 4.12.2020)	FY 2019-20
Additions to GFA	97.58	111.63
Deductions to GFA	4.31	7.02
Closing GFA	947.35	872.19
Rate of Depreciation (%)	-	-
Gross Allowable Depreciation	**54.04**	53.73
Less: Consumer Contribution	(10.55)	(12.72)
Net Allowable Depreciation	**43.49**	**41.01**

*(390.65+54.04-41.54) #(1170.42-403.15-(-1.28))

4.19 RETURN ON EQUITY

4.19.1 The Petitioner stated that as per Regulation 31 of the MYT Regulations, 2014, return on equity shall be allowed @16% on the equity base determined in accordance with the MYT Regulations, 2014. Accordingly, the computation of equity base & Return on Equity for FY 2019-20 based on Audited Accounts is given in Table below:

Table 4-101: Computation of Return on Equity for FY 2019-20 as submitted by Petitioner (Rs. Crore)

Sl. No.	Particulars	Ref.	Approved	Claimed in True Up
1	Regulatory Equity Base at the beginning of the year	a	398.07	386.18
2	Asset Capitalized during the year	b	194.71	208.67
3	Equity portion of Assets Capitalised during the year	c	50.19	51.81
4	**Regulatory Equity Base at the end of the year**	**d=a+c**	**448.26**	**437.99**
5	Return on Opening Regulatory Equity Base @ 16%	e=ax16%	63.69	61.79
6	Return on Addition to Equity Base during the year @16%	f=cx16%/2	4.01	4.14
7	**Total Return on Equity**	**g=e+f**	**67.71**	**65.93**

4.19.2 The Petitioner requested the Commission to approve the above Return on Equity of Rs. 65.93 Crore for FY 2019-20.

Commission's Analysis

4.19.3 The Petitioner is entitled to earn Return on Equity (RoE) as per Regulation 31 of the UPERC MYT Regulations, 2014. In this regard, the relevant provisions of the Regulations are shown below:

Quote

31 Treatment of Return on equity

a) Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower:

b)

Provided that assets funded by consumer contribution, capital subsidies / grants and corresponding depreciation shall not form part of the capital base. Actual equity infused in the Distribution Licensee as per book value shall be considered as perpetual and shall be used for computation in these regulations.

b) 16% (sixteen) post-tax return on equity shall be considered irrespective of whether the Distribution Licensee has claimed return on equity in the ARR petition.

Unquote

4.19.4 Since the 132 kV and above asset and associated assets, vehicles for FY 2019-20, un-utilised lands and 25% of capex claimed for FY 2019-20 is disallowed as discussed in capex section. Thus, the RoE approved by the Commission for FY 2019-20 is as provided in the Table below:

Table 4-102: RoE as approved by the Commission for FY 2019-20 (Rs. Crore) (Change the table)

Particular	Reference	Approved vide T.O. 04/12/2020	True Up Petition	Approved upon Truing up
Closing Balance of GFA of True Up of FY 2018-19 as per Tariff Order dated December 04, 2020	A			1337.99
Opening Balance of GFA after disallowance	B			1169.44
Difference in GFA	C=A-B			168.55
30% of difference to be disallowed in opening Equity	C*30%			50.57
Closing Regulatory Equity of True Up of FY 2018-19 as per Tariff Order dated December 04, 2020	D			340.25
Regulatory Equity Base to be considered for FY 2019-20 at the beginning of the year	E=D-C	340.25	386.18	289.69
Assets Capitalised during the year	F	169.06	208.67	111.64
Consumer Contribution during the year	G	24.65		24.65
Equity portion of Assets Capitalised during the year	H=30%of (F-G)	43.32	51.81	26.10

Particular	Reference	Approved vide T.O. 04/12/2020	True Up Petition	Approved upon Truing up
Regulatory Equity Base at the end of the year	I=E+H	383.58	437.99	315.78
Return on Opening Regulatory Equity Base @ 16%	J	54.44	61.79	46.35
Return on Addition to Equity Base during the year @ 16%	K	3.47	4.14	2.09
Total Return on Equity	L=J+K	**57.91**	**65.93**	**48.44**

4.20 INCOME TAX

4.20.1 The Petitioner submitted that Regulation 32 of MYT Regulations provides for determination of Income Tax to be considered in ARR for Control period. The relevant extract of the regulation is reproduced below:-

*"32. **Income Tax***

a) Income Tax, if any, on the Licensed business of the Distribution Licensee shall be treated as expense and shall be recoverable from consumers through tariff. However, tax on any income other than that through its Licensed business shall not be a pass through, and it shall be payable by the Distribution Licensee itself.

b) The income tax actually payable or paid shall be included in the ARR. The actual assessment of income tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 shall be passed on to the consumers.

c) Tax on income, if any, liable to be paid shall be limited to tax on return on the equity component of capital employed. However, any tax liability on incentives due to improved performance shall not be considered."

4.20.2 The Petitioner mentioned that Income Tax is computed on Profit before taxes which is computed by aggregating Return on equity and tax expense for the year.

4.20.3 The Petitioner submitted that during FY 2019-20 on 20th September, 2020, the Central Government introduced "Taxation Laws (Amendment) Act, 2019" wherein a new Corporate Tax Rate at 25.17% including surcharge and cess has been introduced under newly inserted Section 115BAA. However, the new rate U/s 115 BAA can be availed only by foregoing some specified exemption/deduction/allowance otherwise available in the Income Tax Act, 1961 as evident from the extract of the Amendment Act reproduced below:-

> " *115 BAA (2) For the purposes of sub-section (1), the total income of the company shall be computed, —*
>
> *(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 or section 35AD or section 35CCC or section 35CCD or under any provisions of 80b[Chapter VI-A under the heading "C.—Deductions in respect of certain incomes" other than the provisions of section 80JJAA];*
>
> *(ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);*
>
> *(iii) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and*
>
> *(iv) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.*
>
> *(3) The loss and depreciation referred to in clause (ii) and clause (iii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year*
>
> *…."*

4.20.4 The Petitioner submitted that the lower tax rate available under the Income Tax

Act, the Company keeping the interest of the Consumers in mind has adopted the new tax rate and accordingly has paid Income Tax for FY 2019-20 at the rate of 25.17% as against normal tax rate of 34.94%.

4.20.5 Further submitted that, the Income Tax expense for FY 2019-20 has been computed by grossing up aggregate of tax expense i.e. tax on Return on equity and tax expense for preceding years, at the current tax rate i.e. 25.17% and profit before tax is computed to determine the tax on profit for the year.

4.20.6 The Petitioner requested the Commission to approve the income tax liability for FY 2019-20 as shown in Table below:

Table 4-103: Details of Income Tax as submitted by the Petitioner for FY 2019-20

Sl. No.	Nature of Tax	Ref.	Approved	Claimed in True Up
1	Return on Equity	a	67.71	65.93
2	Efficiency Gains (consumers share)	b	0.00	0.12
3	Taxable Return	c=a+b	67.71	66.05
4	Income Tax Rate	d	34.94%	25.17%
5	**Total Tax Expense**	**e=c x d/(1-d)**	**36.37**	**22.21**

4.20.7 The Petitioner submitted that Copies of the challans/order evidencing payments and or refund adjustments made so far out of the aforesaid amount of Income Tax are submitted to the Commission.

Commission's Analysis

3.15.2 The Commission asked the Petitioner to submit the year wise details of Income tax refund and Interest along with Orders via which refund was granted.

3.15.3 In response to the query the Petitioner submitted that in its earlier ARR Petition for earlier, years, the Income Tax Department vide its Assessment Order dated 21st Mar'14 had raised a demand of Rs. 17.77 Cr (Rs. 12.29 Cr net of Tax paid already) towards income tax for FY 2010-11 which included taxes demand on account of disallowance of Transmission Charges by the Assessing Officer for non-deduction of TDS thereon. The Company paid the said demand under protest and appealed against the contention of Income Tax Department for deduction of TDS on

Transmission Charges before the CIT (Appeal) who vide its order dated 31st Mar'16 decided the appeal in favour of the Company. However, the Income Tax Department challenged order of CIT (appeal) before ITAT, which was decided in favour of the Company by ITAT vide its order dated 10th Apr'19. Consequently, the Income Tax Department finally refunded part of the tax paid by the Company pertaining to the aforesaid demand for non-deduction of TDS on transmission charges vide its order dated 27th Jun'19. As against the aforesaid demand of Rs. 17.77 Cr. the Hon'ble Commission had allowed only Rs. 8.29 Cr. being Advance/Self-Assessment/Demand tax paid in ARR for FY 2010-11 and the amount paid under protest, though deposited was never claimed or allowed by the Hon'ble Commission in the ARR petitions. Thus, after final adjudication of the matter by Hon'ble ITAT, the interest on Income Tax Refund amounting to Rs. 2.21 Cr during FY 2019-20 was paid to the Company.

3.15.4 The Commission verified the Income Tax expense for the year as per the audited Accounts for FY 2019-20, the same was found to be Rs. 28.48 Crores (Note 34 (a) of Audited Accounts). Further, the Petitioner had submitted the challans of Tax payments along with the Petition, the same were verified and the amount was ascertained to be Rs. 22.50 Crores.

3.15.5 The Commission observed that as per the Income tax Calculation Form for the FY 2010-11, amount of Rs. 11.48 Cr. is showing as refundable however as per Note 34 ' Income Tax Expense' of the Balance Sheet for the FY 2019-20 refund of Rs. 3.32 cr. is showing as Income Tax for Earlier Years. In this regards the Commission directed the Petitioner to explain the difference in both the above figures. In response the Petitioner submitted that that the amount of Rs. 3.32 Cr as referred to by the Hon'ble Commission is not a refund of taxes but reversal of tax provisions made in the books of accounts during earlier years. There is no correlation of the said reversal of provision and the above referred refund of Rs. 11.47 Cr.

3.15.6 Further the Petitioner submitted that every year, for the purpose of statutory audit, the Company computes the provision for Income Tax Expenses on best estimate basis in the audited accounts. Subsequently, after 6- 9 months the Company files its Income Tax return for that particular year which is subject to assessment by Income Tax Authorities. After final completion of assessment by the Income Tax Authorities over a period of 3 – 6 years (after completion of assessment & appeals, if any), necessary adjustment is passed in the financial statements of subsequent year based on the surplus /shortfall in such provision vis-a-vis the final income tax liability as per the assessment order. The note on Income Tax Expenses (i.e. Note-34) in Audited Financial Statements shows the provision for Income Tax Expenses for the year as well as recognition/reversal of any short/excess tax liability for earlier years.

3.15.7 The Petitioner mentioned that it is also pertinent to mention here that the Hon'ble Commission allows the tax expenses in ARR on the basis of grossing up of RoE evidenced by tax challans irrespective of the provisions made in the books. Therefore, the tax provisions made in the books of accounts has no impact of ARR.

3.15.8 The Commission verified the computations for Income Tax claimed for FY 2019-20 and observed that the Petitioner has claimed the normative income tax, based on the return on equity, which is lower than the actual Income tax vis-à-vis challans and audited accounts. Accordingly, the Commission has computed the normative income tax based on the return on equity approved for FY 2019-20 which comes out to be lower than the Income Tax shown in the Audited accounts, as per challans and as per Petitioner submission. Any refund needs to be taken into consideration in the ARR and subject to Gross Up, as treated in Income Tax Computation of True-up of FY 2017-18. Accordingly, the Commission deducted the Refund of Tax of Rs.11.48 Crores from the total expense and has grossed up the Income Tax The same is shown in the Table below:

Table 4-104: Income Tax as approved for FY 2019-20 (Rs. Crore)

Particular	Ref.	Approved Vide T.O. dated 03 Sep, 2019	As per Audited Accounts	As per Challans submitted	True Up Petition for FY 2019-20	Approved for FY 2019-20
Return on Equity	A	67.71			65.93	48.44
Efficiency Gains (consumers share)	B	-			0.12	
Taxable Return	c=a+b	36.37			66.05	48.44
Income Tax Rate	D	34.94%			25.17%	25.17%
Total Tax Expense	**e=c x d/(1-d)**	**36.37**	**28.48**	**22.50**	**22.22**	**16.29**
Refund of Tax	**F**					**11.48**
Refund of Tax (Gross Up with Tax Rate @34.94%)	**g=f+(f x d/(1-d))**					**17.64**

Tax Expense for FY 2019-20	**h=e-g**					**-1.35**

4.21 MISCELLANEOUS EXPENSES

4.21.1 The Petitioner submitted that Commission in its Tariff Order dated 3rd September, 2019 has approved Miscellaneous Expenditure viz. loss on sale of fixed assets at Rs. 1.55 Crore for FY 2019-20 while the actual loss on sale / retirement of these Fixed Assets during FY 2019-20 is Rs. 1.82 Crore, which is claimed as Miscellaneous Expenditure.

4.21.2 The Petitioner in its submission stated that Commission has been approving such expenses on actual basis in its preceding Tariff Orders as evident from the following extract of its Tariff Order for FY 2019-20 dated 3rd September, 2019:-

> *3.22.2 The Commission is of the view that due to fast obsolescence and normal wear and tear, some of the assets may be 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. 0.83 Crore as per the audited Accounts of the Petitioner for FY 2017-18."*

4.21.3 The Petitioner submitted that the Commission in the its Tariff Order dated 04th December, 2020 while truing up loss on Sale of Fixed Assets under Miscellaneous expenses stated as follows:

> *" 3.21.4 As regards to the Miscellaneous Expenses, the Commission noticed that the Petitioner has claimed Rs. 0.74 Crore as Loss on sale of Fixed Assets in Miscellaneous expenses. In this regard the Commission sought the following details:*
>
> *i. Name of the Asset.*
>
> *ii. Asset Installation date.*
>
> *iii. Useful Life of the Asset.*
>
> *iv. Depreciation claimed on the asset till date.*
>
> *v. Whether depreciation claimed till 90%.*
>
> *The Petitioner submitted the reconciliation for the same as shown in the Table below:*
>
> ***Table 3 94: Reconciliation of Loss on Sale of Asset as submitted by the Petitioner for FY 2018-19***

Sl. No.	***Description***	***Amount (Rs. Cr.)***	***Remark***
1	*Gross value of Assets disposed/retired*	*4.30*	*Please refer to Note-3 of Audited Accounts*
2	*Less: Accumulated Depreciation on Assets retired*	*3.23*	*Please refer to Note-31 of Audited Accounts*
	WDV of Assets Retired	***1.07***	
2	*Less: Sale Proceeds*	*0.33*	
3	***Loss on Sale of Assets***	***0.74***	

3.21.5 The MYT Regulations, 2014 provides that:

Quote

33 Non-Tariff Income

(a) All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee.

Unquote

3.21.6 The Regulation provides for consideration of profit derived from disposal of assets to be considered under Non Tarif Income. Hence the loss derived on disposal of asset is not the part of ARR effectively. Also whenever an asset is retired / scrapped before there useful life, the Commission approves the decapitalisation and also the additional capex for replacement of such asset in the GFA and the same is approved in the ARR. Hence the allowance of such loss on sale of fixed asset will be an additional burden on the consumers. The Commission allowed the said expenditure in True Up of FY 2017-18; however, the Commission does not intend to disturb the True Up of FY 2017-18. Hence the Commission for the True Up of FY 2018-19 disallows the loss on sale of fixed asset."

4.21.4 The Petitioner submitted that in reference to the above observations of the Commission, it is submitted that, once an asset is disposed-off, it is also written off in the books of account and sold in scrap, thereby, it would not part of Fixed Asset base of the Petitioner. However, the Commission is not writing off these assets under the methodology followed in its Tariff Order dated 04th December, 2020 and continuing to provide Repair and Maintenance Costs, Return on Equity and Depreciation on these assets. Due to this flawed methodology the Fixed Asset Register would never be reconciled with the Asset Base and at the same time would inflate the Asset Base.

4.21.5 The Petitioner submitted that this can be illustrated as below.

Example:-

Suppose an asset with value of Rs.100/-

It is Depreciated 90%, therefore, the Written Down Value would be Rs.10/-

The Company once the Asset is Depreciated 90% sells the Scrap at a cost of Rs.5/-, thereby, booking a loss on sale of fixed asset of Rs.5/-.

4.21.6 Under previous methodology the Commission after writing of the asset would allow the pass through of this loss of sale on Fixed Assets of Rs.5/- but under the new methodology the State Commission has not recognized the loss on sale of fixed asset and continues to recognize it as an asset of the Company. Thus, if after a period when the Commission directs the Petitioner to reconcile the approved Gross Fixed Asset with the Fixed Asset as per Books of Accounts, then it would not be possible since the same is not a part of Fixed Assets of the Petitioner. This would also result in inflating the asset base. Moreover, the loss on sale of fixed asset is the basic need and essential for any business to keep the same up and running. It is by this procedure old, inefficient, defective, damaged or otherwise assets out of use are dismantled and scrapped from the Fixed Asset Register. Since, these assets are partially depreciated and the part of the asset still to be depreciated is written off through loss on the sale of fixed asset. In fact, the MYT Regulation itself mandates to exclude asset from the asset base which are no more in use. Hence, it is a logical process of removing such assets from the asset base.

4.21.7 The Petitioner submitted that in order to comply with the direction of the Commission, if the Company chose not to scrap and replace such other waste / useless asset, it may endanger the public or may gravely affect the services of the consumers. Hence, it is a very important and integral part for efficient and healthy distribution network. Accordingly, the Commission has been so far allowing the loss on sale of fixed assets in accordance with the principle of prudence and power to remove difficulties which has been ignored in the latest tariff order and erroneously disallowed.

4.21.8 The Petitioner requested the Commission to approve the miscellaneous expenditure of Rs. 1.82 Cr as per the Audited Accounts of the Company for FY 2019-20.

Commission's Analysis

4.21.9 As regards to the Miscellaneous Expenses, the Commission noticed that the Petitioner has claimed Rs. 1.82 Crore as Loss on sale of Fixed Assets in Miscellaneous expenses. In this regard the Commission sought that In case the same is as per Regulation/ Order then the Licensee should provide working of the same along with the following details:

i. Name of the Asset.
ii. Asset Installation date.
iii. Useful Life of the Asset.
iv. Depreciation claimed on the asset till date.
v. Whether depreciation claimed till 90%.

4.21.10 In this regard the Petitioner submitted the reconciliation provided in the following:

Reconciliation of Loss on Sale of Asset			
Sl. No.	**Description**	**Amount (Rs. Cr.)**	**Remark**
1	Gross value of Assets disposed/retired	7.87	Please refer to Note-3 of Audited Accounts
2	Less: Accumulated Depreciation on Assets retired	5.61	Please refer to Note-3 of Audited Accounts
	WDV of Assets Retired	**2.26**	
2	Less: Sale Proceeds	0.44	
3	**Loss on Sale of Assets**	**1.82**	
Total may not tally due to rounding offs			

4.21.11 The MYT Regulations, 2014 provides that:

Quote

33 Non-Tariff Income

*(a) All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to **profit derived from disposal of assets,** rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee.*

Unquote

4.21.12 The Commission, took a considered view in True-up of FY 2018-19 and it taking the same view in FY 2019-20. The Regulation provides for consideration of profit derived from disposal of assets to be considered under Non Tariff Income. Hence, the loss derived on disposal of asset is not the part of ARR effectively. Also, whenever an asset is retired / scrapped before there useful life, the Commission approves the decapitalisation and also the additional capex for replacement of such asset in the GFA and the same is approved in the ARR. Hence the allowance of such loss on sale of fixed asset will be an additional burden on the consumers. Hence the Commission for the True Up of FY 2019-20 disallows the loss on sale of fixed asset.

4.22 PROVISION FOR DOUBTFUL DEBTS

4.22.1 The Petitioner submitted that expenses for Provision for Bad and doubtful debts actually incurred and provided for by the petitioner is provided in Table below:

Table 4-105: Provision for Bad & Doubtful Debts for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Description	Approved	Claimed in True Up
1	Opening Receivable	255.16	77.43
2	Revenue billed for the year	1692.83	1786.89
3	Collection for the year	1692.83	1775.92
4	Closing Receivable	229.72	88.4
5	**Provision for Bad & Doubtful debts**	**25.44**	**15.81**
6	Provision as % of Revenue billed	1.50%	0.88%

4.22.2 The Petitioner stated that aforesaid bad debts has been determined in accordance with the policy of the Petitioner for provision and write-off of receivable.

4.22.3 The Petitioner further stated that dues from consumers which are long outstanding but could not be disconnected because of political or some other reasons are being provided for in the audited books of accounts. These debtors are older than two - three years and recovery thereof has become costlier and uneconomical. Further, prolonged litigation process for the purpose of recovery culminates into very high legal costs and colossal waste of precious time of the officials of the Petitioner which otherwise could be used for productive purposes. Thus, after reviewing each and every debtor on case to case basis, these debtors are also provided for based on their chances of recovery, cost-benefit etc.

4.22.4 The Petitioner said that electricity distribution business is not only the most challenging segment among generation, transmission and distribution, but also exposed to maximum business risks, because on one hand the purchase of electricity is from few sources and that too through Letter of Credit (L/C) or Bank Guarantee (B/G), on the other hand the sales thereof is on credit to the thousands of customer in various segments from industry to rural and unmetered consumers. Therefore, while converting “electricity” into cash, it is the distribution Petitioner which bears the maximum brunt in terms of bad debts and problem of recovery further gets compounded in the prevailing socio-political and economic environment, law and order situation and power deficit scenario.

4.22.5 In view of the above, any recovery around 97-98%% of sales should undoubtedly be considered as efficient collection and, therefore, the remaining 2-3% should be provided as bad and doubtful debts. The provision for Bad Debts considered by the Petitioner is still lower.

4.22.6 The Petitioner stated that the Commission, in its Tariff Order dated 3rd September, 2019 has allowed provision for bad debt @ 1.50%. Thus, amount of Rs.15.81 Crore provided as bad debts in FY 2019-20 is well within the norms of 2% specified in Regulation 29 of the MYT Regulations, 2014 and the Commission has also followed the same while approving the bad debts for FY 2019-20. It requested the

Commission to approve the bad debts of Rs. 15.81 Crore which is only 0.88% of the revenue for True-up of ARR for FY 2019-20.

4.22.7 The Petitioner further stated that keeping the above in view, the Commission is requested to allow provision for bad debts of Rs. 15.81 Crore as provided for by the Petitioner in full which is within the bad debts approved at Rs. 25.44 Crore vide Tariff Order dated 3rd September, 2019.

4.22.8 The Petitioner submitted that as per the Hon'ble APTEL's judgment the amount of bad debts with respect to electricity duty i.e. Rs. 0.95 Crore has been excluded while claiming the above-mentioned amount towards provision for bad debts.

Commission's Analysis.

4.22.9 As per Clause 29 of the UPERC MYT Regulations, 2014:

Quote

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. In case there is any recovery of bad debts already written off, the recovered bad debt will be treated as other income.

Unquote

4.22.10 The Commission noticed that the Petitioner for FY 2019-20 has claimed the Rs. 15.81 Crore as provision for bad debt while Note 33 of the Audited Accounts provides Rs. 8.20 Crore as provision for bad debt. In this regard the Commission asked the Petitioner to clarify for the same and reconcile the details with the Audited Accounts which was duly submitted by the Petitioner as shown in the Table below:

Table 4-106: Reconciliation of Bad Debts as submitted by the Petitioner for FY 2019-20

Sl. No.	Description	Amount (Rs. Cr.)	Remark
1	Bad Debts written off	8.56	Please refer to Note-33 of Audited Accounts

Sl. No.	Description	Amount (Rs. Cr.)	Remark
2	Provision for Doubtful Debts	8.20	Please refer to Note-33 of Audited Accounts
	Subtotal	**16.76**	
2	Less: Electricity Duty component not considered in ARR	0.95	
3	**Net Bad & Doubtful Debts**	**15.81**	Please refer Form-51 in MYT Formats

4.22.11 Thus, bad debts subject to actual write off in the audited books shall be allowed up to 2% of the revenue for the year under consideration. The Petitioner has claimed provision for bad debts for FY 2019-20 at 0.88% of revenue billed during the year as per the transparent policy duly approved by the Commission.

4.22.12 The Commission has observed that the total amount for provision for bad debts shown in the books of accounts is Rs 15.81 Crore. The Petitioner has also excluded the amount of bad debts with respect to electricity duty, i.e., Rs. 0.95 Cr while claiming the abovementioned amount of Rs 15.81 Crore towards provision for bad debts.

4.22.13 The Commission considers it appropriate that since the Petitioner has made for provision for writing off bad debts on actual basis after taking its management's approval, the bad-debts have been trued-up at 0.93% of revenue billed for FY 2019-20 (excluding electricity duty), which is less than 2% as provided in the Regulations. The details of bad-debts trued-up by the Commission for 2019-20 are provided in the Table below:

Table 4-107: Provision for Bad debts as approved for FY 2019-20 (Rs. Crore)

Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
Receivable from Customers as at the beginning of the year	72.34	77.43	
Revenue billed for the year	1,462.89	1,786.89	1,698.86*
Collection for the year	1,369.40	0.00	
Gross receivable from customer as at the end of the year	142.54	88.40	
% of Provision	1.59%	0.88%	0.93%
Provision for Bad & Doubtful debts	23.28	15.81	15.81

**Revenue for FY 2019-20 of Rs 1698.66 including regulatory surcharge and excluding Electricity Duty of Rs 88.03 Crore.*

4.23 NON-TARIFF INCOME

4.23.1 The Petitioner stated that non-tariff income includes Income from Statutory Investments, Miscellaneous Receipts from Consumers, Delayed Payment Surcharge and various other Non-Tariff incomes generated by the Petitioner from other businesses. The details of the same for FY 2019-20 as per audited accounts are given in the Table below for approval of the Commission:

Table 4-108: Non-Tariff Income for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Particulars	Approved	Claimed in True Up
1	Income from Contingency Reserves Investments	8.72	0.13
2	Miscellaneous Receipts from Consumers		1.41
3	Miscellaneous Receipts from other sources		2.85
4	Delayed Payment Surcharge		4.96
5	**Total Non-Tariff Income***	**8.72**	**9.36**
**Total may not tally due to rounding offs*			

4.23.2 The Petitioner submitted that the other income as shown above excludes income from treasury operations amounting to Rs. 6.21 Cr. as this Income is generated upon the funds accrued through internal resources over earlier years. Since, this income has been generated out of the utilisation of internal funds of the Petitioner, the same has not been considered as part of ARR.

4.23.3 The Petitioner submitted that interest received on refund of income tax paid in past years against various illegitimate and unsustainable demand of the Income Tax Department amounting to Rs. 2.23 Cr has also not been included in Non-tariff Income as such aforesaid tax demands were not considered in Trued up ARR for preceding years.

4.23.4 The Petitioner submitted that Regulation 28 of the MYT Regulations, 2014 provides as under:

" 28. Interest on Working Capital

The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:

a) O&M expenses for one month.

b) Two months equivalent of expected revenue.

c) Maintenance spares @ 40% of R&M expenses for two months.

Less:

Security deposits from consumers, if any.

Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank Advance Rate (SBAR) as of the date on which petition for determination of tariff is accepted by the Commission…… "

4.23.5 Further submitted that the normative working capital computed as per above regulation compensates the distribution company only for the 60 days of credit period which is given to the consumers. However, Delayed Payment Surcharge accrues when a consumer defaults in payment of bills as per due date which is generally 15 days from the date of billing which happens to be 2-7 days after the meter reading date which is generally taken after 30 /31 days interval. Hence, the total number of days after which the delayed payment surcharge accrues is almost 55 days which is almost equivalent to the number of days for which a distribution licensee is compensated by interest on working capital as per above i.e. 60 days.

4.23.6 The Petitioner submitted that it can be concluded that DPS belongs to the period beyond normative period of 60 days for which interest on working capital is not provided in the Distribution Tariff Regulations., while, the late payment surcharge is charged only if the delay is more than normative credit period. Accordingly, for the period of delay beyond the normative period, the Distribution company has to be compensated with the cost of such additional financing.

4.23.7 Further mentioned that it is pertinent to mention here that for debtors older than 60 days but not more than 90 days, the banks provide funding upto 75% of such debtors and remaining is contributed by the Company through equity. Further, for debtors older than 90 days, the banks normally do not provide any funding and the same is being financed by the Company through equity. Thus, to adequately compensate the Company, the Hon'ble Commission has been, hitherto, approving the financing cost of such deferred receivables at the rate equivalent to weighted average SBI-PLR from last many Tariff Orders.

4.23.8 In connection to the above, reference may be also be made to judgment dated 30th July 2010, passed by the Hon'ble Appellate Tribunal for Electricity (APTEL) in Appeal no.153 of 2009, wherein it was observed as under:

"23. In the light of the aspects pointed out on behalf of the Appellant, the reply made on behalf of the State Commission may not be correct for the reasons given below:

(i) The normative working capital compensates the distribution company in delay for the 2 months credit period which is given to the consumers.

(ii) Admittedly, the late payment surcharge is charged only if the delay is more than normative credit period.

(iii) Thus, for the period of delay beyond the normative period, the Distribution company has to be compensated with the cost of such additional financing.

……………..

…………….

25…………While fixing the interest rate, the State Commission should have considered the prevalent SBI prime lending rate. Even in the said judgment, the Tribunal has laid down the principle that the rate of carrying cost must be derived from prevalent prime lending rates."

……. "

4.23.9 The Petitioner submitted that based on above judgement, the Commission has been allowing the Cost of Borrowing for Delayed Payment Surcharge starting with Tariff Order dated 19th October' 2012 where it observed as follows:-

> *"6.15.6 It is quite apparent that delayed payment surcharge belongs to the period beyond normative period for which the licensee is not compensated at*

the time of computation of interest on working capital. Thus, to appropriately compensate for the cost incurred for financing that deferred payment beyond the normative period, the Commission in this order approves to reduce the amount of non-tariff income by the financing costs of DPS.

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

4.23.10 From the above, it is apparent that the DPS accrues on receivables outstanding beyond the normative period of 60 days being considered for approving the normative working capital fund. Accordingly, receivables for more than 60 days on which DPS accrues are funded by the licensee which has also been acknowledged by the Hon'ble Commission in its various previous orders.

4.23.11 Further, it is pertinent to mention that the licensee needs to fund such overdue receivables either through borrowings or from its own sources and in either of cases, it is entitled to be compensated with the cost of financing the same.

4.23.12 The Petitioner in its various submission has highlighted that the banks / non-banking financial institutions (NBFCs) provides funding only up-to 75% of 60 days of debtors and the licensee has to fund such delayed recovery of dues / receivables through Promoters' Equity. However, the Commission treats such excess equity as debt only (for the purpose of Capex/Working Capital/deferred receivables etc.) and allows only normative interest thereon.

4.23.13 Further submitted that, therefore existence / non-existence of loans or incurrence of interest cost against such income is not relevant for computation of compensatory normative allowance of cost of funding DPS as such receivables beyond 60 days are always funded through Promoter's equity.

4.23.14 The Petitioner submitted that, since the Commission has been approving interest on working capital on normative basis and similarly, the cost of financing DPS has also been approved on normative basis only being computed by grossing up actual

DPS for the year on highest applicable surcharge rate i.e. 2% per month and applying the normative rate of interest considered for working capital loan i.e. weighted average SBI PLR on principle amount so computed.

4.23.15 The Petitioner submitted that the Regulation 33 of the MYT Regulations, 2014 provides for deduction of expenditure incurred for generating/earning Non-tariff income may be reduced from such Income. The extract of the Regulation is provided below for reference of the Commission:-

" 33 Non-Tariff Income

...

Provided further that any expenditure incurred for generating / earning Non-Tariff Income may be reduced from such income "

4.23.16 Thus, the expenditure incurred for generating /earning Non-tariff income such as cost of borrowing need to be reduced from such income, since these expenses are not included in determination of borrowing costs and tax expenses as components of ARR.

4.23.17 Further submitted that based on the principles laid by the Commission in its various Tariff Orders, Delayed Payment Surcharge has been considered after reducing the cost of funds borrowed for the purpose of funding the deferred receivables which are subsequently recovered along with Delayed Payment Surcharge. Thus, the cost of borrowing in respect of Delayed Payment Surcharge for FY 2019-20 has been computed as given in Table below:-

Table 4-109: Cost of Borrowing for DPS for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Particulars	Reference	Approved	Actual
Delay payment Surcharge Received	a	5.25	4.96
Working Capital Utilisation @ 24% p.a.	b= (a /24%)	21.87	20.66
Applicable Interest Rate for Working Capital Finance	c	13.80%	13.80%
Cost of Borrowing for DPS	**d=b x c**	**3.02**	**2.85**

4.23.18 The Petitioner submitted that accordingly, the non-tariff income has been considered after reducing the cost of borrowing of deferred payment beyond normative period of 60 days for the purpose of ARR as summarized in Table below:-

Table 4-110: Net Non-Tariff Income for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Particulars	Ref.	Approved	Claimed in True Up
1	Non-Tariff Income including DPS	a	8.72	9.36
2	Less: Cost of Borrowing for DPS	b	(3.02)	(2.85)
3	**Non-Tariff Income (net)**	**c=a-b**	**5.70**	**6.51**

4.23.19 The Petitioner requested that Net Non-Tariff Income as per Audited Accounts for FY 2019-20 shall be approved by the Commission

Commission's Analysis

4.23.20 The Commission observed that the Petitioner in its True Up Petition for FY 2019-20 has claimed Non-Tariff Income of Rs. 6.51 Crore excluding Rs. 2.85 Crore towards cost of borrowing of DPS. In this regard the Commission sought the reconciliation of Non-Tariff Income with respect to Audited Accounts from the Petitioner which was duly submitted by the Petitioner as shown in the Table below:

Table 4-111: Reconciliation of Non-Tariff Income as submitted by the Petitioner for FY 2019-20

<table>
<tr><th>Sl. No.</th><th>Description</th><th colspan="2">Amount (Rs. Cr.)</th><th>Remark</th></tr>
<tr><td>1</td><td>Delayed payment charges</td><td>4.96</td><td>4.96</td><td>Please refer to Note-27 of Audited Accounts</td></tr>
<tr><td>2</td><td>Processing charges</td><td>0.34</td><td rowspan="3">1.41</td><td>Please refer to Note-27 of Audited Accounts</td></tr>
<tr><td>3</td><td>Disconnection and reconnection fees</td><td>0.96</td><td>Please refer to Note-27 of Audited Accounts</td></tr>
<tr><td></td><td>Cheque Return Charges</td><td>0.11</td><td>Reclassified from Other Misc. Income, Please refer Note-28 of Audited Accounts</td></tr>
<tr><td>5</td><td>Interest on investment & Dividend</td><td>0.13</td><td>0.13</td><td>Please refer to Note-28 of Audited Accounts</td></tr>
<tr><td>4</td><td>Meter testing charges</td><td>0.01</td><td rowspan="2">2.85</td><td>Please refer to Note-27 of Audited Accounts</td></tr>
<tr><td>6</td><td>Liquidated Damages</td><td>0.54</td><td>Please refer to Note-28 of Audited Accounts</td></tr>
</table>

Sl. No.	Description	Amount (Rs. Cr.)		Remark
	Supervision Charges	1.21		Please refer to Note-28 of Audited Accounts
7	Other Miscellaneous income	1.09		Please refer to Note-28 of Audited Accounts
8	**Non Tariff Income**	**9.36**	**9.36**	
9	Less: Cost of Financing for DPS	2.85	2.85	
10	**Non-Tariff Income (Net)**	**8.97**	**8.97**	

4.23.21 The Petitioner further submitted that:

Delayed Payment Surcharge

Further, with reference to Delayed Payment Surcharge it is submitted that the Hon'ble Commission has been allowing the Cost of Borrowing for DPS while approving provisional ARR for FY 2019-20 vide its Tariff Order dated 3rd September, 2020, The relevant extract of the order is reproduced below for ready reference :-

"5.24 NON-TARIFF INCOME

5.24.1 The Petitioner has submitted the projected Non-Tariff Income for FY 2019-20 as summarized in Table below after reducing the cost of borrowing of deferred payment beyond normative period of 60 days for the purpose of APR.

Table 2 Non-Tariff Income for FY 2019-20 projected by the Petitioner (Rs. Cr) Commission's Analysis

Particulars	***Reference***	***Approved in TO dtd 30/11/19***	***Petition***
Non-Tariff Income including DPS	*a*	*6.08*	*8.72*
Less: Cost of Borrowing for DPS	*b*	*3.18*	*3.99*
Net Non-Tariff Income	***c=a-b***	***2.90***	***4.73***

5.24.2 The Commission has observed that the projected total Non-Tariff income by the Petitioner for FY 2019-20 is higher than that approved by the Commission in

Tariff Order dated November 30, 2017 for FY 2019-20. This is particularly because the revised amount of Delayed Payment Surcharge and other miscellaneous receipts are higher than that of the approved values.

5.24.3 In Order to appropriately compensate for the cost incurred for financing the deferred payment beyond the normative period, the Commission in Tariff Order dated June 18, 2015 had reduced the amount of Non-Tariff Income by the financing costs of DPS. Therefore, the financing cost of DPS is computed by the Petitioner by grossing up the DPS conservatively based on the highest applicable surcharge rate, which is 1.5% per month. In this regard, the Commission via mail the Petitioner inquired the following:

Quote

The Commission in Tariff Order dated October 19, 2012 in the matter of revised ARR for FY 2009-10 on Page no. 67 has quoted the APTEL judgement as shown below:

"....(iii) Thus, for the period of delay beyond the normative period, the Distribution company has to be compensated with the cost of such additional financing."

As shown in the extract above, the Discom has to be compensated with the cost of additional financing, if any has made by it. So, for the compliance of the same, kindly demonstrate the financing of Rs 4.42 Cr, as claimed for FY 2017-18.

Unquote

5.24.4 In reply to the above, the Petitioner via mail has submitted as shown below:

Quote

….in order to strike a balance between the interest of the consumers and that of the Licensees, the Commission has been approving such financing cost on normative basis being computed by grossing up actual DPS for the year on highest applicable surcharge rate, i.e., 1.5% per month and applying the rate of interest considered for working capital loan, i.e., weighted average SBI PLR. The above cost is being approved on normative basis irrespective of actual expenses in this regard which is

much higher. In view of this, the calculation of financing cost of DPS is being considered on normative basis irrespective of the actual interest / return on equity incurred thereon by the Licensee. The Commission in all subsequent Tariff Orders has followed the same methodology and approved the financing cost of DPS on normative basis only.

Unquote

5.24.5 The financing cost of DPS 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 2% per month, however, the Petitioner has taken surcharge rate as 1.5% per month. Further, the financing cost is arrived at on the grossed-up amount and interest rate of 13.80%, as approved for working capital requirement. The computation of the financing cost for DPS is provided below:

TABLE. 3: Cost of Borrowing for DPS approved by the Commission for FY 2019-20 (Rs. Cr)

Particulars	***Reference***	***Approved vide T.O. 30/11/17***	***Petition***	***Approved***
Delayed Payment Surcharge Received	*a*	*4.07*	*5.25*	*5.25*
DPS grossed up at 1.50%/ 2% per month	*b*	*18%*	*18%*	*24%*
Amount after grossing up of DPS	*c=(a/b)*	*22.63*	*29.17*	*21.87*
Applicable Interest Rate for Working Capital Finance (at Weighted average SBI - PLR)	*d*	*14.05%*	*13.68%*	*13.80%*
Cost of Borrowing for DPS	***e=cxd***	***3.18***	***3.99***	***3.02***

5.24.6 Hence, the Commission approves Non-Tariff Income net of financing cost for DPS for truing-up for FY 2017-18, as shown in the Table below:

Table 4: Non- Tariff Income for FY 2019-20 approved by the Commission (Rs Cr)

Particulars	Reference	Approved vide T.O. 30/11/17	Petition	Approved
Non-Tariff Income including DPS	*a*	*6.08*	*8.72*	*8.72*
Less: Cost of Borrowing for DPS	*b*	*3.18*	*3.99*	*3.02*
Net Non-Tariff Income	***c=a-b***	***2.90***	***4.73***	***5.70***

……….”

Since, the Hon'ble Commission has already approved the Cost of Borrowing of DPS in its approval of provisional ARR for FY 2019-20, the Hon'ble Commission is requested to kindly true-up the same and allow adjustment thereof from Non-Tariff Income as claimed by the Company.

Further, it is pertinent to mention that, as per Section 28 of MYT Regulations 2014, the Hon'ble Commission approves interest on working capital on normative basis considering receivables equivalent to 60 days as stated below.

"28 Interest on Working Capital

The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:

a) O&M expenses for one month.

b) Two months equivalent of expected revenue.

c) Maintenance spares @ 40% of R&M expenses for two months.

Less:

Security deposits from consumers, if any.

Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank Advance Rate (SBAR) as of the date on which petition for determination of tariff is accepted by the Commission.

Provided further that interest shall be allowed on consumer security deposits as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments / addendums & the new regulations made after repeal of the same."

Thus, from the above, it can be observed that whilst the Hon'ble Commission allows interest on Working Capital for debtors upto 60 days only and not for dues older than 60 days. Also, Banks provide funding upto 75% of such debtors that too upto 60/90 days and hence, such deferred receivables are largely funded by the Company through internal sources/ equity. Thus, to adequately compensate the Company, the Hon'ble Commission has been approving the financing cost of such deferred receivables at the rate equivalent to weighted average SBI-PLR from last many Tariff Orders on normative basis only.

The Hon'ble Commission in its Tariff Order dt. 4th Dec'20 has duly acknowledged the above methodology. Further, the definition of "non-tariff income" under clause 3.1.18 of the MYT Regulations 2014 reproduced herein-below:-

"3.1.8. Non-Tariff Income means income relating to the licensed business other than from tariff (wheeling and retail supply), and excluding/deducting any income from other business, cross-subsidy surcharge, additional surcharge and expenditure incurred to earn such income;"

Above definition clearly shows that the cost incurred (cost of surplus internal sources / equity invested) by the Company for the purpose of funding receivables beyond the normative period of 60 days on which such delayed payment surcharge is being earned shall be allowed.

Thus, the Hon'ble Commission is requested to kindly allow the borrowing cost of financing Delayed Payment Surcharge as per its own earlier Orders and methodology.

Treasury Income:

It is also submitted that other income as shown above excludes Income from treasury operations of Rs. 6.21 Cr as these Income is generated upon the funds *accrued through internal resources which remained surplus even after fulfilling its obligations towards the capital expenditure or other operational purposes. Since this income has been generated out of the utilisation of internal funds of the Company, the same has not been considered as part of ARR.*

It is pertinent to mention that such income from treasury activity is income earned from internal accruals / shareholders funds and are not part of regulatory business of the Company. Therefore, income earned has not been considered as part of the Non-Tariff Income.

Income Tax Refund-

The Hon'ble Commission has been allowing income tax (and not interest thereon) on the basis of Regulation 32 of the MYT Regulations 2014 or actual whichever is lower. During Income Tax assessment, the Income Tax Department keep on raising demands on various grounds for which the Company has to file appeal to CIT(Appeals) and various other forums but before taking the Appellate recourse as per the provisions of IT Act 1961, the Company has to first make payment of the demand and then claim refund (alongwith interest) if it is able to successfully win the matter. Accordingly, the interest on Income Tax Refund amounting to Rs. 2.23 Cr during FY 2019-20 has been earned on the refund of some past long-pending matters at various forums of CIT(A), ITAT & High Courts. Since, the demand was paid under protest and never claimed in the ARR, accordingly, the interest received on refund of the aforesaid amount has not been included in the Non-Tariff Income.

Therefore, the Hon'ble Commission is humbly requested to consider the Non-tariff Income as claimed by the Company for truing up of ARR for FY 2019-20.

4.23.22 The Commission further observed that the Petitioner has claimed Rs 2.85 Crore as Miscellaneous Receipt as part of Non-Tariff Income in True Up Petition for FY 2019-20. The Commission sought the breakup of the Miscellaneous Receipt which was submitted by the Petitioner.

4.23.23 The Commission sought the justification for non-consideration of Treasury Income as Non-Tariff Income and the computations from the Petitioner. In this regard the

Petitioner submitted that:

Quote

Treasury Income is the income generated out of the utilisation of internal funds of the Company i.e. profits/ ROI earned over the previous years. Since this Income is generated by utilising the funds accrued through internal resources over the years viz the Shareholders fund, the same has not been considered as part of Non- Tariff Income. Such income from treasury activity is basically the interest / income earned from investing surplus funds of the Company (viz. Shareholders fund) in Fixed Deposits and Mutual Funds. As per MYT Regulations 3.1.18 of the MYT Regulations 2014, income relating to licensed business can only be considered as the Non-tariff Income and the aforesaid income from Fixed deposits / Mutual Funds in no manner can be linked with the licensed business and thus, has not been considered as a part of Non-tariff Income.

Unquote

4.23.24 Taking into consideration, the Commission reiterates its views taken in Tariff Order for FY 2020-21 dated 04.12.2020 while Truing up of FY 2018-19 as under:

- The UPERC MYT Regulations, 2014 do not provide any methodology / provision of computing the quantum of DPS & its financing cost, therefore it cannot be taken as normative.
- However, seeing the genuineness of the need of financing cost of the DPS if the Petitioner has actually incurred the financing of DPS and Petitioner can clearly demonstrate by the records, the same can be allowed to the Petitioner.
- If, the Petitioner has put in its equity in financing the DPS, it is to be noted that any excess equity (more than 30%) has already been considered as normative loan and interest has been given on it. Hence, Licensee has already received return of financing cost.

4.23.25 Hence, the Commission has disallowed the financing cost of DPS of Rs. 2.85 Crore claimed by the Petitioner for FY 2019-20.

4.23.26 Further the Commission observed that the Non-Tariff Income claimed by the Petitioner is Rs. 9.36 Crore, however the Audited accounts provides the details of Non-Tariff Income of Rs. 17.79 Crore as shown below:

Table 4-112: Details of Non-Tariff Income as per Audited Accounts

Sl. No.	Description	Amount (Rs. Cr.)	Remark
1	Delayed Payment charges	4.96	Note-27 of Audited Accounts
2	Processing Charges	0.34	Note-27 of Audited Accounts
3	Disconnection and reconnection fees	0.96	Note-27 of Audited Accounts
4	Meter Testing Charges	0.01	Note-27 of Audited Accounts
5	Interest on Non-Current investments	0.11	Note-28 of Audited Accounts
6	Interest on Bank deposits	5.64	Note-28 of Audited Accounts
7	Other	2.23	Note-28 of Audited Accounts
8	Dividend Income	0.02	Note-28 of Audited Accounts
9	Gain on sale of Short-Term investments	0.57	Note-28 of Audited Accounts
10	Liquidated damages recovery	0.54	Note-28 of Audited Accounts
11	Supervision charges	1.21	Note-28 of Audited Accounts
12	Miscellaneous Income	1.20	Note-28 of Audited Accounts
13	**Total Non-Tariff Income**	**17.79**	

*the addition of interest on bank deposits & gain on sale of short term investments is Rs. 6.21 Crs, which the Petitioner has claimed as income from treasury operations. The Petiiotner had submitted that the same may not be made part of non-tariff income, however the Commission opines that such income can only be governed by Regulation 33 of MYT Regulations 2014.

4.23.27 Hence, the Commission approves Non-Tariff Income of Rs 17.79 Crore for Truing-up for FY 2019-20, as shown in the Table below:

Table 4-113: Non- Tariff Income for FY 2019-20 approved by the Commission (Rs. Crore)

Particular	Approved vide Order dated 03/09/2019	True Up Petition	Approved upon Truing up
Non-Tariff Income including DPS	8.72	9.36	17.79
Less: Cost of Borrowing for DPS	3.02	2.85	-
Net Non- Tariff Income	5.70	6.51	17.79

4.24 REVENUE FROM SALE OF POWER

4.24.1 The Petitioner submitted that Commission vide its Tariff Order dated 03rd September'19 had approved Sales at 2108.87 MU and Revenue at Rs. 1653.67 Crore for FY 2019-20 were computed based on various assumptions regarding various factors like free and uninterrupted import of power, supply hours, load shedding hours, power factor, consumption under various time blocks etc., however, the actual sales and revenue vary because of variations in the parameters, as explained above, based on actual consumption and supply conditions.

4.24.2 Accordingly, the Company during FY 2019-20 recorded sales of 2,080.65 MU reflecting growth of 12.46% over FY 2018-19. Similarly, the billed revenue excluding Regulatory Surcharge has increase to Rs. 1,649.96 Cr. from Rs. 1,407.39 Cr. in FY 2018-19 recording an increase of 17.24% over last year. The category-wise sales, revenue and average realization for FY 2019-20 are given in the Table below:

Table 4-114: Category wise sales and Revenue for FY 2019-20

Sl. No.	Category	Sales (MU's)	Revenue (Rs. Cr.)	ABR (Rs./kWh)
1	LMV-1: Domestic Light, Fan & Power	586.39	370.99	6.33
2	LMV-2: Non-Domestic Light, Fan & Power	37.61	40.50	10.77
3	LMV-3: Public Lamps	33.13	28.63	8.64
4	LMV-4: Institutions	14.91	12.62	8.46
5	LMV-5: Private Tube Wells	21.73	3.94	1.81
6	LMV 6: Small and Medium Power	87.41	87.57	10.02
7	LMV-7: Public Water Works	20.54	22.33	10.87
8	LMV-8: STW and Pumped Canals	0.11	0.22	19.33
9	LMV-9: Temporary Supply	45.69	54.82	12.00
10	HV-1: Non Industrial Bulk Power	242.80	248.88	10.25
11	HV-2: Large and Heavy Power	990.32	779.45	7.87
12	**Sub Total**	**2080.65**	**1649.96**	**7.93**
13	Regulatory Surcharge		48.91	0.24
14	**Total**	**2080.65**	**1698.87**	**8.17**

4.24.3 The Petitioner submitted that the Commission in its order dated 3rd September, 2019 had approved the ABR of Rs. 7.84 per unit against which the Company achieved actual ABR of Rs. 7.93 per unit through rigorous control on meter reading and billing. It is kindly submitted that the Company maintains its books of accounts including billing register in SAP –ERP system which is one of the best ERP software and is now being used by many of the distribution companies apart from other business sectors. All billing parameters viz. the details of category / sub-category, rate schedule of the respective category / subcategory, other parameters applicable under each category, general clauses of rate schedule and provisions of Electricity Supply Code are configured in the SAP-ERP only. More than 95% of the meter reading is done through AMR, LPR and CMRI with no manual intervention, hence, the sales and revenue is recorded / computed by the SAP-ERP system automatically. The SAP-ERP generates the billing register for the purpose of preparation of bills, printing thereof, sales & consumers' ledgers and the Company prepares its Audited Financial Statement on the basis of such system generated sales register only.

Commission's Analysis

4.24.4 The category-wise approved revenue from sale of power for FY 2019-20 is provided in the Table below:

Table 4-115: Revenue as approved by the Commission for FY 2019-20

Sl. No.	Category	Sales (MU's)	Revenue (Rs. Cr.)	ABR (Rs./kWh)
1	LMV-1: Domestic Light, Fan & Power	586.39	370.99	6.33
2	LMV-2: Non-Domestic Light, Fan & Power	37.61	40.5	10.77
3	LMV-3: Public Lamps	33.13	28.63	8.64
4	LMV-4: Institutions	14.91	12.62	8.46
5	LMV-5: Private Tube Wells	21.73	3.94	1.81
6	LMV 6: Small and Medium Power	87.41	87.57	10.02
7	LMV-7: Public Water Works	20.54	22.33	10.87
8	LMV-8: STW and Pumped Canals	0.11	0.22	19.19
9	LMV-9: Temporary Supply	45.69	54.82	12.00
10	HV-1: Non-Industrial Bulk Power	242.80	248.88	10.25
11	HV-2: Large and Heavy Power	990.32	779.45	7.87
12	**Sub Total**	**2,080.65**	**1,649.95**	7.93
13	Regulatory Surcharge		**48.91**	
14	**Total**	**2,080.65**	**1,698.86**	**8.17**

4.25 ARR AND REVENUE GAP

4.25.1 Based on above mentioned Revenue, Expenditure and Return on Equity, the Aggregate Revenue Requirement for FY 2019-20 as computed on the basis of the MYT Regulations, 2014 and Commission's Tariff Orders is given in Table below:

Sl. No.	Particulars	Approved	Claimed in True Up
1	Power Purchase Expenses for the Year	912.52	1,144.30
2	Transmission Charges	150.41	150.38
3	Employee cost	34.85	56.86

Sl. No.	Particulars	Approved	Claimed in True Up
4	A&G expenses	15.63	13.98
5	R&M expenses	49.04	50.29
6	Interest Charges	76.52	77.81
8	Depreciation	64.99	60.14
9	Taxes (Income Tax & MAT)	36.37	22.21
10	**Gross Expenditure**	**1,340.34**	**1,575.98**
11	Less: Employee Cost capitalized	11.90	10.32
13	**Net Expenditure**	**1,328.44**	**1,565.66**
14	Add: Provision for Bad & Doubtful Debts	25.44	15.81
16	Add: Miscellaneous Expenses	1.55	1.82
17	Add: Impact of GST	1.94	4.01
18	**Total Net Expenditure with Provisions**	**1,357.36**	**1,587.31**
20	Add: Reasonable Return/ Return on Equity	67.71	65.93
21	Add: Efficiency Gains	0.12	0.12
22	Contingency Reserve	-	-
23	**Annual Revenue Requirement**	**1,425.19**	**1,653.36**
24	Less: Revenue from Existing Tariff	1,653.67	1,649.96
25	Less: Additional Revenue from Revised Tariff	-	-
26	Less: Non-Tariff Income	5.70	6.51
27	**Revenue Gap**	**(234.18)**	**(3.10)**
28	Revenue Gap/ Surplus from Prev. Year	204.62	303.28
29	Less: Revenue from regulatory surcharge	(39.16)	(48.91)
30	Carrying Cost of Regulatory Asset	9.90	40.78
31	**Total Revenue Gap carried forward**	**(58.81)**	**292.05**

Commission's Analysis:

1.1.6 It has been observed that vide several submissions in response to Commission`s queries, the Petitioner has submitted and changed the values of power purchase cost during the proceedings and accordingly, the True-up ARR & Gap claimed by the Petitioner has changed (wrt the True-up petition submitted initially) and has been considered as per the last submission of the Petitioner which was the certified auditor certificate certifying power purchase quantum (2267.28 MU) & cost (Rs. 1295.05 Crs).

1.1.7 Further, based on the above discussed approvals, the summary of the ARR approved for FY 2019-20 is provided in the Table below:

Table 4-116: Summary of ARR as approved by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Approved vide T.O. 03/09/2019	True Up Petition	Approved in True Up FY 2019-20
1	Power Purchase Expenses	912.53	1,143.67	927.07
2	Disallowance in PPC due to excess sales (in unmetered) wrt Normative			9.25
3	Transmission Charges (UPPTCL+PGCIL)	150.41	150.38	130.23
4	Employee cost	34.85	56.86	35.92
5	A&G expenses	15.63	13.98	13.43
6	R&M expenses	49.04	50.29	38.58
7	**Gross O&M Expenses**	**99.52**	**121.12**	**87.93**
8	Total Interest and Finance charges	76.52	77.81	61.34
9	Depreciation	64.99	60.15	41.01
10	Income Tax	36.37	22.21	(1.35)
11	**Gross Expenditure**	**1,340.34**	**1,575.34**	**1,237.00**
12	Employee cost capitalized	11.90	10.32	10.32
13	Interest capitalized	4.22	-	-
14	A&G expenses capitalized		-	-
15	**Net Expenditure**	**1,324.22**	**1,565.02**	**1,226.68**
16	Provision for Bad & Doubtful debts	25.44	15.81	15.81
17	Misc Expenses	1.55	1.82	
18	Impact of GST	1.94	4.01	
19	**Total net expenditure with provisions**	**1,353.15**	**1,586.67**	**1,242.49**
20	Add: Return on Equity	67.71	65.93	48.44
21	Less: Non Tariff Income	5.70	6.51	17.79
22	Add: Efficiency Gains	0.12	0.12	
23	**Annual Revenue Requirement (ARR)**	**1,415.28**	**1,646.21***	**1,273.14**
25	Revenue from existing/ revised Tariff	1,692.83	1,649.95	1649.95
26	**Revenue Gap/(Surplus)**	**(277.55)**	**(3.74)**	**(376.81)**
27	Revenue Gap/ (Surplus) from Prev. Year	204.62	303.28	61.74
28	Revenue from Regulatory Surcharge		48.91	48.91
29	Carrying cost	9.59	40.74	(21.85)
30	**Net Revenue Gap**	**(63.34)**	**291.37**	**(385.84)**

*Claimed 1646.86Crs in initial petition, which changed during subsequent submissions.

4.25.2 Analysis on few parameters for percentage are depicted below:

Parameters	FY 2018-19 (Approved)	FY 2019-20 (Approved)	% change
	A	B	
Total Sales (MU)	1,850.07	2,080.65	12.46%
Revenue from Tariff (Rs. Crore)	1,490.50	1,698.86	13.98%
Total Power Purchase (MU)	2,010.94	2,261.58	12.46%
Total Power Purchase (Rs. Crore)	1004.51	1055.63	5.09%
ARR (Rs. Crore)	1,250.79	1273.14	1.79%
APPC (Rs./kWh)	4.15	4.10	-1.22%
APPC including Transmission (Inter + Intra) (Rs./kWh)	5.00	4.67	-6.65%
ABR (Rs./kWh)	8.06	8.17	1.30%
ACoS (Rs./kWh)	6.76	6.12	-9.48%

5 ANNUAL PERFORMANCE REVIEW OF FY 2020-21

5.1 INTRODUCTION

5.1.1 In this Chapter the Commission has carried out the Annual Performance Review for FY 2020-21 in line with the provisions of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution and Transmission Tariff) Regulations, 2019.

1.1.1 Regulation 7 of the MYT Regulations, 2019 specifies that under the MYT framework, the performance of the Licensee shall be subject to Annual Performance Review (APR) as under:

Quote

7 Annual Performance Review

7.1 The Licensee shall file Petition for Annual Performance Review (APR) as provided in Regulation 4.1 of these Regulations:

Provided that the Petition shall include information in such form as may be prescribed by the Commission, together with the audited/ provisional Accounting Statements, extracts of books of account and such other details, etc., as per the Guidelines and Formats prescribed.

Unquote

5.1.2 The Commission in this Order has not carried out the detailed analysis of various components of APR for FY 2020-21. The Commission has carried out comparison of each component of APR as claimed by the Petitioner with that approved Tariff Order for FY 2020-21. The Commission will carry out the detailed prudence check of various components of ARR for FY 2020-21 while carrying out the truing up for FY 2020-21.

5.2 NUMBER OF CONSUMERS AND CONNECTED LOAD

5.2.1 The Petitioner has estimated that the number of Consumers and Connected load for FY 2020-21 are 1,15,319 and 1,175.42 MW, respectively, as given in the following Table:

Table 5-1: No. of Consumers and Connected Load submitted by the Petitioner for FY 2020-21 (APR)

Category	No. of Consumers (No.)	Connected Load (MW)
LMV-1: Domestic Light, Fan & Power	1,04,204	466.83
LMV-2: Non-Domestic Light, Fan & Power	3,555	29.94
LMV-3: Public Lamps	297	10.95
LMV-4: Institutions	523	6.90
LMV-5: Private Tube Wells	1,258	6.20
LMV 6: Small and Medium Power	3,380	77.82
LMV-7: Public Water Works	245	8.66
LMV-8: STW and Pumped Canals	8	0.10
LMV-9: Temporary Supply	730	19.17
LMV-11: Electric Vehicle Charging	47	3.27
HV-1: Non-Industrial Bulk Power	218	117.94
HV-2: Large and Heavy Power	854	427.65
Total	**1,15,319**	**1,175.42**

5.2.2 The Petitioner has submitted that the projection of number of consumers and connected load was based on certain assumptions regarding various factors such as forthcoming development in area, Master Plan of Greater Noida Industrial Development Authority, consumer mix, etc., however, the actual number of consumers and connected load vary because of variations in the aforesaid parameters.

Commission's Analysis:

5.2.3 The Commission has made a comparison of number of consumers as submitted by the Petitioner in True-Up for FY 2019-20 with the number of consumers submitted for FY 2020-21 as shown in the Table below:

Table 5-2: Category-wise no. of consumers for FY 2020-21 as submitted by the Petitioner

Category	No. of Consumers for FY 2019-20	No. of Consumers for FY 2020-21	Percentage increase / decrease
LMV-1: Domestic Light, Fan & Power	87,479	1,04,204	19.12%
LMV-2: Non-Domestic Light, Fan & Power	3,066	3,555	15.95%
LMV-3: Public Lamps	295	297	0.68%
LMV-4: Institutions	470	523	11.28%
LMV-5: Private Tube Wells	1,221	1,258	3.03%

Category	No. of Consumers for FY 2019-20	No. of Consumers for FY 2020-21	Percentage increase / decrease
LMV 6: Small and Medium Power	3,157	3,380	7.06%
LMV-7: Public Water Works	216	245	13.43%
LMV-8: STW and Pumped Canals	10	8	-20.00%
LMV-9: Temporary Supply	764	730	-4.45%
LMV-11: Electric Vehicle Charging	-	47	-
HV-1: Non-Industrial Bulk Power	202	218	7.92%
HV-2: Large and Heavy Power	802	854	6.48%
Total	**97,682**	**1,15,319**	**18.06%**

5.2.4 It can be observed from above that the number of consumers in LMV-8 & LMV-9 category has decreased, and correspondingly the connected load for LMV-8 & LMV-9 has decreased.

5.2.5 The Commission has also made a comparison of Energy demand (in MW) as submitted by the Petitioner in True- Up of FY 2019-20 along with the Energy demand as submitted by the Petitioner in APR for FY 2020-21, as shown in the Table below:

Table 5-3: Category wise Connected Load (MW) as submitted by the Petitioner for FY 2020-21

Category	Connected Load for FY 2019-20	Connected Load for FY 2020-20	Percentage increase / decrease
LMV-1: Domestic Light, Fan & Power	401.81	466.83	16.18%
LMV-2: Non-Domestic Light, Fan & Power	26.55	29.94	12.77%
LMV-3: Public Lamps	10.59	10.95	3.40%
LMV-4: Institutions	6.66	6.9	3.60%
LMV-5: Private Tube Wells	5.83	6.2	6.35%
LMV 6: Small and Medium Power	72.22	77.82	7.75%
LMV-7: Public Water Works	7.80	8.66	11.03%
LMV-8: STW and Pumped Canals	0.12	0.10	-16.67%
LMV-9: Temporary Supply	22.06	19.17	-13.10%
LMV-11: Electric Vehicle Charging	-	3.27	-
HV-1: Non-Industrial Bulk Power	118.76	117.94	-0.69%
HV-2: Large and Heavy Power	400.47	427.65	6.79%
Total	**1,072.87**	**1,175.42**	9.56%

5.2.6 The analysis of billing determinants for FY 2020-21 would be carried out during True-Up proceedings subject to prudence check by the Commission.

5.3 ENERGY SALES

5.3.1 The Petitioner has submitted that during FY 2020-21, it has so far witnessed unrestricted peak demand of upto 446 MW and restricted peak demand of 429 MW on 10th August, 2020 (post lockdown) as compared to the demand of upto 433 MW in the previous year i.e., FY 2019-20. Based on the provisional sales till 30th November 2020 and estimated demand from December 2020 to March 2021, the Petitioner has estimated the sales for FY 2020-21 at 1922.67 MU.

Commission's Analysis:

5.3.2 The Commission has also made a comparison of Energy demand (in MW) as submitted by the Petitioner in True- Up of FY 2019-20 along with the Energy demand as submitted by the Petitioner in APR for FY 2020-21, as shown in the Table below:

Table 5-4: Energy Sales as submitted by the Petitioner for FY 2020-21 (MU)

Category	Submitted for FY 2019-20	Submitted for FY 2020-21	Percentage increase/ decrease
LMV-1: Domestic Light, Fan & Power	586.39	588.47	0.35%
LMV-2: Non-Domestic Light, Fan & Power	37.61	33.84	-10.02%
LMV-3: Public Lamps	33.13	34.34	3.65%
LMV-4: Institutions	14.91	12.58	-15.63%
LMV-5: Private Tube Wells	21.73	22.34	2.81%
LMV 6: Small and Medium Power	87.41	78.66	-10.01%
LMV-7: Public Water Works	20.54	22.46	9.35%
LMV-8: STW and Pumped Canals	0.11	0.07	-36.36%
LMV-9: Temporary Supply	45.69	35.64	-22.00%
LMV-11: Electric Vehicle Charging	-	0.74	-
HV-1: Non-Industrial Bulk Power	242.8	170.05	-29.96%
HV-2: Large and Heavy Power	990.32	923.48	-6.75%
Total	**2080.65**	**1922.67**	**-7.59%**

5.3.3 From the above Table, the Commission has observed that the Energy Sales for all the categories has decreased except for LMV-1, LMV-3, LMV-5 & LMV-7. The Petitioner has submitted that Commission vide its Tariff Order dated December 04, 2020, approved the Sales at 2,002.96 MU for FY 2020-21. The Commission has observed that total energy sales as submitted by the Petitioner for FY 2020-21 are lower than the energy sales approved by the Commission in its Tariff Order dated December 04, 2020 for FY 2020-21. The category wise sales approved for FY 2020-21 vis-à-vis sales as submitted for FY 2020-21 is shown in the Table below:

Table 5-5: Category-wise Energy Sales for FY 2020-21 (MU)

S. No.	Category	Approved in T.O dated December 04, 2020	APR Petition	Percentage Increase / Decrease
1	LMV-1: Domestic Light, Fan & Power	636.51	588.47	-7.55%
2	LMV-2: Non-Domestic Light, Fan & Power	33.57	33.84	0.80%
3	LMV-3: Public Lamps	33.13	34.34	3.65%
4	LMV-4: Institutions	13.19	12.58	-4.62%
5	LMV-5: Private Tube Wells	22.95	22.34	-2.66%
6	LMV 6: Small and Medium Power	78.67	78.66	-0.01%
7	LMV-7: Public Water Works	22.23	22.46	1.03%
8	LMV-8: STW and Pumped Canals	0.18	0.07	-61.11%
9	LMV-9: Temporary Supply	37.65	35.64	-5.34%
10	LMV-11: Electric Vehicle Charging	6.15	0.74	-87.97%
11	HV-1: Non-Industrial Bulk Power	218.52	170.05	-22.18%
12	HV-2: Large and Heavy Power	899.49	923.48	2.67%
	Total	**2002.96**	**1922.67**	-4.01%

5.3.4 From the above Table, it can be observed that the Energy sales for all the categories has decreased except for LMV-2, LMV-3, LMV-7 & HV-2. Further, the Commission has observed from the above table that overall category sales have also decreased.

5.3.5 The Petitioner should improve on its forecasting techniques and specifically work towards improving the sales for better revenue growth.

5.3.6 The analysis of Energy Sales for FY 2020-21 would be carried out during True-Up proceedings subject to prudence check by the Commission.

5.4 ENERGY BALANCE AND DISTRIBUTION LOSSES

5.4.1 The Petitioner has submitted that while the demand of electricity is growing steadily, unfortunately, the power sector is badly affected by “Apollo Syndrome” facing huge commercial losses, representing inefficient utilization of natural resources and consequently, casts unwanted burden on end-use of electricity. The T&D losses vary widely from utility to utility and are over 20% on an average in India against 6-12% in developed countries like US, UK, Germany, France etc. Some of the utilities in India have over 30% T&D losses.

5.4.2 The Petitioner has also submitted that COVID-19 Pandemic caused major disruption globally and in India since March, 2020. Starting major complete look down, total restriction in containment Zones, complete restriction on movement of people / goods between Delhi and Noida / Greater Noida, Guidelines on quarantine, partial look down, imposition of section 144 and Curfews during weekends & night etc. Completely stalled the conversion work. Gautam Buddha Nagar district covering Noida & Greater Noida was amongst highest reporting COVID-19 infection resulting in to severe restriction / disruption in work. Even, during November, 2020 sudden spurt of COVID-19 again pushed back the momentum somewhat gained in previous 2-3 month. Further, during the Lockdown vigilance activities of the Company had come to a halt, as a result, the consumers became fearless and took it as an opportunity to resort to brazen theft of electricity resulting in increase in T&D losses.

5.4.3 The Petitioner has submitted that the situation arised due to enforcement of lockdown and even the circumstances after opening up of the same, were not conducive for loss controlling activities and the licensee due to the multiple directions / provisions of the law, and hence, the situation was completely outside the control of the licensee. Further Regulation 10 defines the mechanism for allowance of cost incurred on account of uncontrollable factors as follows:

Quote

10.0 Mechanism for pass through of gains or losses on account of uncontrollable factors

10.1 The approved aggregate gain or loss to the Distribution Licensee on account of uncontrollable factors shall be passed through, as an adjustment in the tariff of the Distribution Licensee, as specified in these regulations and *as may be determined in the Order of the Commission passed under these regulations.*

Unquote

5.4.4 The Petitioner has submitted that it has been striving to implement/emulate efficient, resilient, robust, inclusive, tailor-made initiatives to tackle the ever-rising menace i.e. commercial loss, which all distribution utilities are struggling hard to chain. While many initiatives tendered significant results but sometimes most worthy models failed due to the volatile environment, which are beyond the control of the distribution licensee. Some of these issues significantly giving rise to pilferage in Greater Noida area are as follows-

i) Local Authority restraining the Petitioner from providing electricity connection in unplanned and un-authorized colonies leading to unauthorized tapping of energy. The menace has been quite high in "Doob" area of Greater Noida which is witnessing rapid build-up of colonies considering growing urbanization and all round development. Greater Noida being a developing city with many vacant residential premises, has attracted unauthorized occupants in urban areas who also indulge in hooking and tapping of electricity.

ii) In villages and unauthorized colonies, due to lack of planned development and no authority for approving "Naksha", at many places, the electrical network is being exploited to such a level where even the electrical poles / transformers are being covered within the boundary / four wall of the houses leading to theft/ pilferage. Due to widespread land acquisition in Greater Noida, allocation of certain percentage of land to farmers and development of private colonies and allocation, the above practice is quite frequent and wide spread in Greater Noida Area.

iii) Increased hours of supply in rural areas i.e. from 12-16 hours to at least 18-22 Hrs in accordance with the State Government directions. In this regard, we would like to bring to the Commission, a letter no. 1686/24-P-3-2018 dated 3rd Aug'18 written by the Principal Secretary (Energy), Govt. of UP wherein the Company has been directed to provide 18 hours of power supply in villages failing which action will be taken against the Company in accordance with the conditions of license of the Company. Therefore, the Company had to further increase power supply in villages leading to higher T&D losses and bad debts due to non-payment of bills.

iv) Lowering HT: LT ratio due to rapid growth of LT sales.

v) Farmers agitation, poor law & order situation and lack of support from police and administration which are beyond the control of the Petitioner.

vi) Not even a single power theft case has been decided on merit by Special Court since its inception in the year 2004. As at Dec'20, as many as 7,363 cases involving theft of 23.8 MW approx. load are lying undecided at the Special Court, while 1,606 FIRs are pending with the local police owing to their inaction. Due to the inaction of judicial /administrative bodies, as explained above, the enforcement drives conducted by the Petitioner becomes ineffective and toothless.

5.4.5 The Petitioner further submitted that it was able to contain T & D loss at 8% by curtailing load in the loss prone areas but with the strict direction to increase power supply in rural areas for at-least 18 hours irrespective of high losses and non-payment of bills, the T&D Loss cannot be contained at 8% level. Further, villagers are adding many of the electrical/electronic items such as air conditioners, large TVs, washing machines, mobile phone, Laptops etc., without paying their electricity dues. This has seriously strained its efforts to contain its losses at 8%.

5.4.6 Accordingly, the Energy Balance for FY 2020-21 the Distribution losses as submitted by the Petitioner, are shown in the table below: -

Table 5-6: Energy balance and Distribution Losses estimated for FY 2020-21

Particulars		Approved in T.O dated December 04, 2020	APR Petition
Energy Purchase	(MUs)	2,175.23	2,113.51
Additional Losses due to Covid-19	(MUs)	-	13.95
Additional Losses due to Covid-19	(%)	-	0.66%
Distribution Losses	(MUs)	172.28	176.89
Distribution Losses	(%)	7.92%	8.37%
Total Energy Losses	(MUs)	172.28	190.84
Total Energy Losses	(%)	7.92%	9.03%
Energy Sales	(MUs)	2,002.95	1,922.67

Commission's Analysis

5.4.7 The Commission has observed that in the APR, the Energy Balance for FY 2020-21, Petitioner has shown Distribution Loss of 9.03%, which is higher than the approved loss of 7.92%. In this regard the Petitioner submitted that it is near to impossible task due the fact that the it has only a time period of approx. 4 months to achieve the same. The analysis of Energy Balance and Distribution Loss for FY 2020-21 would be carried out during True-Up proceedings subject to prudence check by the Commission.

5.5 POWER PROCUREMENT QUANTUM AND COST

5.5.1 **Power Procurement from LTPPA:** The PPA with M/s DIL was approved by the Commission vide its order dated 20th April, 2016. So far, the Company is expecting to off-take of 1181.66 MUs from M/s DIL which is equivalent to normative requirement prescribed in the Generation Tariff Regulations of UPERC.

5.5.2 The Petitioner submitted that during the year, M/s DIL raised the bills for the Fixed Cost @ Rs 1.87 per kWh and energy Cost @ Rs 1.80 per kwh along with escalation rates as per CERC escalation index in pursuance of the Tariff Order dated 5th February, 2019.

5.5.3 The Petitioner added that DIL has filed its True-up Petition for FY 2016-17 to FY 2018-19 on 14th August, 2019 and MYT petition no. 1531 of 2019 for determination of provisional tariff for the control period starting from FY 2019-20 to FY 2023-24 in accordance with UPERC Generation Tariff Regulations 2019 on 20th November, 2019, which are pending before the Commission. Any impact on the power purchase cost pursuant to the order of the Commission on the above Petitions would be consequently claimed by the Petitioner in the ARR / APR/ Truing-up petitions as the case may be.

5.5.4 Further, it is pertinent to mention here that the cost of power purchased from M/s DIL does not include the impact on such cost on account of the followings –

i. Cost of Additional Coal for FY 2020-21 (if any);

ii. Cost on account of Change in Law for FY 2020-21 (if any).

5.5.5 **Power Procurement from MTPPA:** The Petitioner submitted that for 3 years for 50 MW RTC during April-September, 25 MW from 18-22 Hrs. during October-November and 25 MW from 18-20 Hrs during December-March with M/s Arunachal Pradesh Power Corporation Limited (Source: Department of Power, Government of Arunachal Pradesh) and for 3 years for 25 MW RTC during April-

September, 25 MW from 18-22 Hrs. during October-November and 25 MW from 18-20 Hrs during December-March with M/s Arunachal Pradesh Power Corporation Limited (Source: Department of Power, Government of Nagaland).

5.5.6 The Petitioner also submitted that PPAs with M/s APPCPL were duly approved by the Commission vide its Order dated 28th February, 2020. Further, under the above PPAs, the Company is expected to draw 296.68 MUs @ Rs. 5.08 per kWh landed at the Petitioner's bus.

5.5.7 **Power Procurement from STPPA:** The Petitioner submitted that it has executed short term contracts with M/s Adani and M/s APPCPL (i.e. DB Power) through competitive bidding on DEEP Portal. The above PPAs along with discovered tariff were adopted by the Commission vide its Order dated 5th March, 2020. Accordingly, the Petitioner has procured 99.0 MUs @ Rs. 4.79 per kWh landed at it's bus from the two contracts.

5.5.8 The Petitioner further submitted that apart from above, during FY 2020-21, the Petitioner has also drawn 1.16 MU power banked by it in FY 2019-20. Since, the power banking is neither sale nor purchase and only a deferred utilization or storage of the energy, the Petitioner has incurred nominal trade margin and transmission charges only for such power.

5.5.9 **Power Procurement from Renewable Sources:** The Petitioner submitted that the Commission issued First Amendment to the RPO Regulations, 2010 on 16th August, 2019 and in the said First Amendment (under Table B), has stipulated the long-term trajectory of minimum quantum of purchase of Renewable power from various renewable sources as given in Table below: -

Table 5-7: Minimum quantum of purchase from renewable energy sources as % age of total energy consumed (in kWh)

Financial Year	Non-Solar		Solar	Total
	Other Non-Solar	HPO		
	A	b	c	d = a+b+c
2019-20	5	1	2	8
2020-21	6	2	3	11
2021-22	6	3	4	13

2022-23	6	3	5	14
2023-24	7	3	5	15

5.5.10 Long Term Power Purchase Agreement for 1 MWp Solar power with Greater Noida Industrial Development Authority (GNIDA) as per the PPA approved by the Commission vide its order dated 14th July 2015. The Petitioner is expecting to draw 1.31 MUs at Rs. 6.98 per kWh landed at the it's bus.

5.5.11 Long Term Power Purchase Agreement for 10 MW Wind power with PTC India Limited singed on 27th June, 2017 under the MNRE Scheme for Setting up of 1000 MW ISTS connected Wind Power Projects for which the Solar Energy Corporation of India Ltd. (SECI) was identified as the "Nodal Agency" for selection of bidder. The Petitioner is expecting to draw 31.05 MUs at Rs. 3.81 per kWh landed at it's bus.

5.5.12 The Petitioner submitted that it is also expecting 5.34 MU from the net-metered consumers having Net-metering agreements for around 24 MW solar power and 0.44 MU from rooftop solar plants set-up by M/s APPCL at Company's substations.

5.5.13 Apart from the above, the Petitioner has signed Short Term Power Purchase Agreement with M/s Kreate Energy (I) Private Limited (Source: Energy & Power Department, Govt. of Sikkim) for supply of 40/50 MW hydro power @ Rs. 3.77 per kWh at Sikkim Periphery during 08:00-19:00 Hrs. from May'20 to September'20 with HPO benefit. The above power was procured by M/s Kreate through competitive bidding invited by Energy & Power Department, Govt. of Sikkim.

5.5.14 Further, the Petitioner is expected to draw 66.92 MU @ Rs. 4.78 per kWh landed at it's Bus from the above hydro power contract from Energy & Power Department, Govt. of Sikkim.

5.5.15 Based on above, summary of renewable power purchase during FY 2020-21 is provided in Table below:-

Table 5-8: Latest Estimated RPO Status (FY 2020-21) in MU as submitted by the Petitioner

Sl. No	Sources of Power	Approved in T.O dated December 04, 2020			Estimated		
		Units	Rate/ kWh	Amount	Units	Rate/ kWh	Amount

	GNIDA	1.58	7.06	1.11	1.31	6.98	0.91
	PTC (Wind Power)	30.46	3.89	11.86	31.05	3.81	11.84
	Kreate (HPO)	-	-	-	66.92	4.78	31.97
	Net Metering	-	-	-	5.34	8.07	4.32
	Solar-(IEX & APCPL)	-	-	-	36.04	4.28	15.42
	Excess RPO	325.42	4.07	132.30	-	-	-
	Total RE Power	**357.46**	**4.06**	**145.27**	**140.66**	**4.58**	**64.46**

5.5.16 The Petitioner stated that the remaining shortfall, if any, would be met from Short Term bilateral sources and / or power exchanges.

5.5.17 In view of the above, the power purchase cost vis-à-vis the power purchase cost approved by the Commission vide Tariff Order dated 4th December, 2020 is given in Table below:

Table 5-9: Power Purchase Cost estimated for FY 2020-21 as submitted by the Petitioner

Sl. No.	Item	Approved vide T.O dated December 04, 2020			APR Petition		
Source of Power Purchase		MU's	Rs./kWh	Rs. Cr.	MU's	Rs. /kWh	Rs. Cr.
1	Power Purchase from LT	1,112.35	3.83	426.06	1,181.66	5.11	604.08
2	Power Purchase from MT	257.74	4.46	114.85	296.68	4.41	130.82
3	Power purchase from Traders (ST Open Access)	447.70	2.82	126.28	483.80	3.34	161.68
4	Power Banking	-	-	-	1.16	0.04	0.00
5	Power Purchase from RE	357.46	3.83	136.81	140.66	4.05	56.90
6	DSM	-	-	-	9.54	5.21	4.97
7	**Total**	**2,175.23**	**3.70**	**804.01**	**2,113.51**	**4.53**	**958.47**
8	PGCIL Charges			106.50			106.98
09	UPPTCL Charges			51.67			55.13
10	**Total Power Purchase Cost**	**2,175.23**	**4.42**	**962.18**	**2,113.51**	**5.30**	**1,120.58**

Commission's Analysis

5.5.18 The Commission noticed that the Petitioner has estimated Un-schedule Interchange (UI) quantum and cost for FY 2020-21. In this regard the Commission sought the basis for the consideration of UI quantum and cost for FY 2020-21. In this regard the Petitioner submitted that due to diversity of load/consumption and based on the actual variation in power scheduled vis-à-vis drawl and related cost thereof during FY 2020-21 it has been observed that power contracted and scheduled in advance becomes surplus / short than the instant demand and the Petitioner has no option but to sell / buy such excess power on Power Exchanges.

5.5.19 The Petitioner submitted that the newly notified DSM Regulations has made the UI rules more stringent and a distribution Licensee has to match its schedule within 6 time blocks otherwise it will have to bear heavy penalties. Thus, it becomes all the more imperative to balance the demand with the tied-up power and sell the surplus power, if any through power exchange in order to keep its drawl within permissible limits of schedule.

5.5.20 The Petitioner further submitted that it is pertinent to mention that due to uncertain and volatile changes in demand during April to November 2020 it has procured 6.36 MU from UI on the same, it has projected drawl of 3.18 MU through UI in the remaining period of December to March 2021. The cost estimation is also done on the same basis as for energy units.

5.5.21 The Commission has observed that the Power Purchase cost and the Transmission charges has increased with respect to that approved by the Commission in Tariff Order dated December 04, 2020.

5.5.22 The Commission will carry out the detailed analysis of Power purchase expenses for FY 2020-21 at the time of truing up, subject to prudence check by the Commission.

5.6 OPERATION AND MAINTENANCE EXPENSES (O&M)

5.6.1 Operation and Maintenance (O&M) expenses comprises of Employee related costs, Administrative and General (A&G) Expenses and Repair and Maintenance (R&M) expenditure. As Regulation 45 of MYT Regulations, 2019

Quote

"45Operation and Maintenance Expenses

a) The Operation and Maintenance expenses for the Distribution Business shall be computed as stipulated in with these Regulations.

b) The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-Up values (without efficiency gain / loss) for the last five (5) financial years ending March 31, 2019 subject to prudence check by the Commission. However, if Trued-Up values (without efficiency gain / loss) are not available for FY 2018-19, then last five (5) available Trued-Up values (without efficiency gain / loss) will be considered and subsequently when the same are available the base year value (i.e. FY 2019-20) will be recomputed

c) The average of such operation and maintenance expenses shall be considered as Operation and Maintenance expenses for the middle year and shall be escalated year on year with the escalation factor considering CPI and WPI of respective years in the ratio of 60:40, for subsequent years up to FY 2019-20.

d)The One-time expenses such as expense due to change in accounting policy, arrears paid due to Pay Commissions, etc., and the expenses beyond the control of the Distribution Licensee such as dearness allowance, terminal benefits, etc., in Employee cost, shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.

(e) At the time of Truing-up of the O&M expenses, the actual point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India and the actual Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India, in the concerned year shall be considered.

45.1Employee Cost

Employee cost shall be computed as per the following formula escalated by consumer price index (CPI), adjusted by the provisions for expenses beyond the control of the licensee and one-time expected expenses, such as *recovery/adjustment of terminal benefits, implications of pay commission, arrears, Interim Relief, etc.:*

$EMP_N = EMP_{N-1} \times (1+\text{CPI inflation})$

Where:

EMP_N: *Employee expense for the n^{th} year;*

EMP_{N-1}: *Employee expense for the $(n-1)^{th}$ year;*

CPI inflation is the average of the Consumer price Index (CPI) for Immediately preceding three financial years

45.2 Repairs and Maintenance Expense

Repair and Maintenance expense shall be calculated as per the following formula:

$R\&M_n = R\&M_{n-1}\ (1+ \text{WPI inflation})$

Where:

$R\&M_n$: Repairs & Maintenance expense for n^{th} year;

$R\&M_{n-1}$: Repairs & Maintenance expense for the $(n-1)^{th}$ year;

WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years.

45.3 Administrative and General Expense

A&G expense shall be computed as per the following formula escalated by the Wholesale Price Index (WPI) and adjusted by provisions for confirmed initiatives (IT, etc., initiatives as proposed by the Transmission Licensee and validated by the Commission) or other expected one-time expenses:

$A\&G_n = A\&G_{n-1}\ (1+ \text{WPI inflation})$

Where:

$A\&G_n$: A&G expense for the n^{th} year;

$A\&G_{n-1}$: A&G expense for the $(n-1)^{th}$ year;

WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years:

Unquote

5.6.2 The Petitioner submitted the details of O&M Expenses for FY 2020-21 as provided in the Table below:

Table 5-10: O&M Expenses as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	Approved in T.O dated December 04, 2020	Normative	APR Petition
Employee Expenses	24.94	27.15	62.90
Repair & Maintenance Expenses	34.97	40.15	56.54
Administrative and General Expenses	13.37	12.40	15.56
Gross O&M Expenses	**73.28**	**80.06**	**135.10**
Less			
Employee Expenses capitalized	9.00	9.00	9.00
Net O&M Expenses	**64.28**	**71.06**	**126.10**

5.6.3 The petitioner submitted that the Commission in its Tariff Order dated 4th December, 2020 has approved the O & M expenses on normative basis in accordance with the Regulations-45 of MYT Regulations, 2019, which is grossly insufficient as compared to likely expenses estimated by the Petitioner. The Petitioner requested that the Commission may please consider O & M expenses for FY 2020-21 as estimated by the Company owing to various factors like minimum wages, High IT & automation expenses, increase in volumes, consumers numbers, office infrastructure etc.

5.6.4 The Petitioner stated that the proviso to Regulation 45.3 of the MYT Regulations, 2019 as reproduced below:-

Quote

Provided that Interest and Finance charges such as Credit Rating charges, collection facilitation charges, financing cost of Delayed Payment Surcharge and other finance charges shall be a part of A&G expenses.

Unquote

5.6.5 The Petitioner submitted that the finance charges are being incurred on various facilities availed by the company with respect to Loans both Term Loans and Working capital Loans. These are thus either related with capital expenditure like processing fees on sanction of Term Loans/ WC Loans / non-fund facilities or the volume of business-like LC charges on Power purchase, collection charges on digital collection of sales etc.

5.6.6 The Petitioner also submitted that such charges are driven by the volume of business-like sales, power purchase, debtors, consumer security deposit etc. and is nowhere dependent on inflation rates as has been proposed to be increased in the MYT Regulations 2019.

5.6.7 Considering the above, the Commission has been approving such expenses as per audited annual accounts from time to time in its various tariff orders, recent being Tariff Order dated 3rd September, 2019. In-fact, as mentioned above, some of the charges like collection charges on digital modes of collection are being incurred in pursuance of the directions of the Commission e.g. no charges from consumers making payment through net-banking of an amount upto Rs. 4,000/-.

5.6.8 Thus, the above expenses are completely different and nor comparable with the expenses which forms part of the A&G Expenses and the Commission is requested to not to club with the finance charges with A&G Expenses.

5.6.9 The Petitioner submitted that, the Delayed payment surcharge accrues when a consumer defaults in payment of bills as per due date being generally 15 days from the date of billing which happens to be 2-7 days after the meter reading date which is generally taken after 30 /31 days interval. Hence, the total number of days after which the delayed payment surcharge accrues is almost 55 days which is more than the number of days for which a distribution licensee is compensated by interest on working capital as per MYT Regulations, 2019 i.e. 45 days. Hence, DPS belongs to the period beyond normative period and for 45 days for which interest on working capital is not provided in the Distribution Tariff Regulations. Thus, to appropriately compensate for the cost incurred for financing that deferred payment beyond the normative period, the Commission has been approving, in its various Tariff Orders issued from time to time since FY 2009-10 onwards, the cost of borrowing of such deferred receivables in the form of interest cost at relevant SBI-PLR. Consequently, it may be concluded that the financing cost of Delayed Payment Surcharge is nothing but interest on the money arranged/provided by the Discom to fund delayed payment of electricity dues by the Consumers and has no similarity with nature of other A&G Expenses.

5.6.10 The Petitioner requested not to include the above finance charges in determination of base year normative O&M Expenses and the same should be allowed separately. Accordingly, the Company has not included the abovementioned Finance Charges and Financing Cost of DPS in the computation of Average A & G Expenses for 5 years and claimed the separately as have been approved by the Commission.

5.6.11 The Petitioner submitted that the O & M expenses of the Petitioner are one of the lowest in the country and with considerable growth in the area and aging of assets, it has become imperative for the Petitioner to take additional and timely efforts to meet the upcoming demand growth in the area and to maintain a reliable and efficient power supply. The Petitioner submitted it has already started initiative in this regard which has also been acknowledged by the consultant viz. IMaCS. Therefore, it is submitted that O&M expenses may be allowed in full as estimated by the Petitioner for FY 2020-21.

5.6.12 The Petitioner submitted that it is incurring today is mainly to keep the intense growth potential of the area. The Petitioner submitted that it is preparing its system, processes, network etc. to keep future demand and growth in mind. Thus, in the aforesaid per unit comparison, though the current cost is already lower, but it will come down further in per unit terms as the demand of the area increases. In-fact, at present, despite being competitive in O & M cost, the volume of the Petitioner is much lesser as compared to other Discoms in the comparison.

5.6.13 **Capitalization of Employee Cost:**

a) The Petitioner submitted that it has estimated to capitalize an amount of Rs. 9.00 Cr out of the total employee cost of Rs. 62.90 Cr to be incurred during FY 2020-21, as per past practice duly approved by the Hon'ble Commission. In brief, for the purpose of capitalization of employee costs, the Company at the time of execution of project, records actual man hours spent by each engineer/ executive into the system / SAP Software. These hours are then matched with the cost per hour of that employee by the software itself and actual employee cost so incurred, is capitalized along with the specific project. It is pertinent to mention that the entire process of its project/financial accounting is through

SAP, and there is least manual intervention in computation of expenses to be capitalized.

b) These man-hours and cost is duly verified by the Statutory Auditors of the Petitioner in detail and is approved by the Board of Directors of the Petitioner subsequently.

c) On the basis of the aforesaid policy, approved and followed consistently over the years, the Petitioner submitted to the Commission to approve the capitalization of employee cost at Rs. 9.00 Cr during FY 2020-21.

d) The Petitioner requested the Commission to approve the net O & M expenses excluding GST component at Rs. 126.10 Cr for FY 2020-21 as estimated subject to truing up in future.

Commission's Analysis:

5.6.14 With regards to O&M Expenses, the Commission noticed that the Petitioner has estimated employee expenses capitalized as Rs. 9.00 Crore for FY 2020-21. The Commission asked the basis for such estimation. In this regard, the Petitioner submitted that for the purpose of computing the manpower cost incurred for execution of the projects has been following a very scientific approach wherein at the time of execution of projects, actual man hours spent by each engineer / executive are recorded into the system. These hours are then matched with the cost per hour of that employee and actual employee cost so incurred, is capitalized along with the project. It is pertinent to mention that the entire process of its project/financial accounting is through SAP, and there is least manual intervention in computation of expenses to be capitalized. These man-hours and cost are duly verified by the statutory auditors of the Petitioner in detail and is approved by the Board of directors of the Petitioner subsequently. The Petitioner has been following the aforesaid policy consistently for capitalization of employee expenses which has since been approved by the Commission in its various Tariff Order. Based on above policy, estimated projects and man-hour involved in these projects, it has estimated to capitalize an amount of Rs. 9 Crore during FY 2020-21.

5.6.15 The Commission vide Tariff Order dated December 04, 2020 had approved O&M expenses for FY 2020-21. The Commission has observed that the revised net O&M

expenses submitted by the Petitioner is higher than that approved by the Commission vide Tariff Order dated December 04, 2020. The Commission also observes that there is a huge gap between the same.

5.6.16 The Commission will carry out the detailed analysis of O&M expenses for FY 2020-21 at the time of truing up, subject to prudence check by the Commission.

5.7 EXPENSES INCURRED DUE TO CHANGE IN LAW- GST

5.7.1 The Petitioner submitted that the Central Government has made new Goods & Service Tax (GST) effective from 1st July, 2017 which covers almost all goods and service within its ambit. The new GST has stipulated tax rate of 18% and 28% for most of the goods and services as against Service Tax of 15% and VAT of 14.5%. Apart from above it has also brought in new service under Reverse Charge Mechanism which leads to higher indirect tax burden on service users such as the Petitioner.

5.7.2 The Inflation Index i.e. WPI being used for determination of normative R&M Expenses and A&G Expenses do not include the impact of changes in indirect taxes, hence the Discoms are not compensated for increase in GST when R&M Expenses and A&G Expenses are determined on normative basis as per MYT Regulation, 2019. Apart from above, it is also pertinent to mention here that R & M Expenses are allowed as a percentage of GFA and since, GST has come into being only from 1.07.2017, thus, only additions post the aforesaid date can only be said to include GST in the cost which is not even 10% of the total GFA.

5.7.3 The Petitioner submitted that it got the impact analysis of the GST done from M/s Lakshmi Kumaran & Sridharan, Attorney which summarized and brought forth the impact of GST Act as well as rules, notifications, etc., made thereunder, on the distribution of electricity done by the Petitioner, with emphasis on cost of various expenses incurred by the Petitioner pre and post implementation of GST. This Report provided an insight into the indirect taxation system of the country post GST and contained an analysis of the cost increase/decrease to Petitioner after the implementation of GST. Based on this report, the Commission in its Tariff Order dated 3rd September, 2019 approved average incremental rate of GST as 5.88%

while approving the True-up of ARR for FY 2017-18.

5.7.4 The Petitioner submitted that the the Normative O&M Expenses for Base Year FY 2019-20 are determined on the basis of CPI and WPI based escalation of O&M Expenses for Mid-Year FY 2015-16 when GST was not applicable. Therefore, the above referred GST impact of 5.88% is not entirely considered in normative O&M Expenses for FY 2020-21 determined on the basis of Regulation 45 of the MYT Regulations, 2019. Since it is not feasible to compute the quantum of shortfall of GST impact in normative O&M Expense determined as per Regulation- 45 of the MYT Regulation, 2019, the Company has not included any amount on this account in ARR for FY 2020-21, however without prejudice, the Company shall claim so on actual basis at an appropriate time.

5.7.5 Apart from above, the CBEC vide Circular No. 34/8/2018-GST dated 1st March'18 has clarified that the services as stated below when provided by DISCOMS to consumer are taxable.

a) Application fee for releasing connection of electricity
b) Rental Charges against metering equipment
c) Charges for duplicate bill
d) Testing fee for meter/transformer, capacitors etc.
e) Labour charges from customer for shifting of service lines

5.7.6 Consequently, Directorate General of GST Intelligence (DGGSTI), New Delhi issued a summon u/s 70 of CGST Act on 29th May'18, requesting the Petitioner to produce information on the amounts collected by the Petitioner from 1st July, 2017 to 30th April, 2018 towards abovementioned five services or any other charges collected from the customers over and above the electricity charges for the period.

5.7.7 The Petitioner submitted that it filed the detailed reply in response to summon and also filed a writ petition before Hon'ble Allahabad High Court on 24th July'18 and challenged above Circular issued by Department of Revenue and summon issued by DGGSTI. Since, the matter before Hon'ble Allahabad High Court is still pending, the Petitioner in the meantime has filed an intervention petition on 13th November, 2019 in respect of the same matter already pending before the Hon'ble

Supreme Court in the case of Torrent Power Ltd. wherein the Department has filed an appeal against the judgement of Hon'ble Gujrat High Court being given in favour of Torrent Power Ltd.

5.7.8 Further taking abundant precaution and without prejudice to the Petitioner's rights and contentions with respect to above writ and intervention petitions, the Petitioner has started to levy GST on above services from October, 2018 onwards.

5.7.9 Therefore, depending on the outcome of the above-mentioned writ and intervention petitions, the Petitioner in future may become liable to pay GST on above services in respect of the duration when GST was not levied on such service.

5.7.10 However, pending final adjudication of the matter, the amount payable cannot be ascertained at this stage, therefore, the Petitioner has not claimed the same in this APR Petition and it shall claim so on actual basis at an appropriate time.

Commission's Analysis:

5.7.11 The Commission will carry out the detailed analysis of these expenses for FY 2020-21 at the time of Truing-Up of FY 2020-21.

5.8 CAPITAL EXPENDITURE

5.8.1 The Petitioner submitted that the Commission vide its Tariff Order dated December 04, 2020 has approved the Capital Expenditure for FY 2020-21 at Rs. 192.30 Crore. The Hon'ble Commission has also directed the Company to take approval of the capital expenditure exceeding Rs. 10 Cr in accordance with MYT Regulations 2019.

5.8.2 The Petitioner submitted that till December, 2020 and present status of ongoing projects post Un-lockdown as well as NGT's ban on construction activities, the Company has revised its estimated Capital Expenditure for FY 2020-21. In this regard, it is submitted that all the projects in the capex of Rs. 173.97 Cr are valuing less than Rs. 10 Cr and accordingly prior approval of the Commission in accordance with Regulation 44.2 of MYT Regulations 2019 is not applicable. The summary of Capital Expenditure for FY 2020-21 is given below:

Table 5-11: Capital expenditure as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21
Scheme wise	**Estimated**
New Connection and Replacement	40.26
Substations, Network Development & Metering	80.39
Process System Automation	9.22
IT Projects	10.30
Civil Works & Office Infrastructure Facility	12.21
Tools & Testing Equipment	0.80
Vehicles	0.30
Demand Side Management	1.00
Leasehold Land	9.49
Sub-Total	**163.97**
Interest Capitalisation	0.00
Salary Capitalisation	9.00
Sub-Total	**172.97**
Add: Assets taken over from GNIDA	1.00
Grand Total	**173.97**

5.8.3 As per Regulation 20 of the MYT Regulations, 2019, the capital expenditure is required to be funded in the Debt-Equity ratio of 70:30. Accordingly, based on capex for FY 2020-21, the details of the funding of the aforesaid capital expenditure of Rs. 163.97 Cr is given in the Table below:-

Table 5-12: Capital Expenditure Funding as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	Approved in T.O 04/12/2020	APR Petition
Total Additions to Assets (excluding interest capitalisation)	183.30	163.97
Add: Closing CWIP	0.00	15.88
Less: Opening CWIP	0.00	22.93
Less: Asset retired	5.90	5.90
Total Capex (excluding interest capitalisation)	**177.40**	**151.02**
Add: Interest Capitalisation	9	9
Total Capex	**186.40**	**160.03**
Consumer Contribution	14.55	22.50
Net Capex	**171.85**	**137.52**
Debt @ 70%	120.30	96.27
Equity @ 30%	51.56	41.26

Commission's Analysis:

5.8.4 The Commission has observed that the Net capex estimated by the Petitioner for FY 2020-21 is Rs. 137.52 Crore as against Rs. 171.85 Crore approved by the Commission in its Order dated December 04, 2020.

5.8.5 The Commission sought the detailed project / scheme wise breakup of work with the details of Work Order issued and the status of work completed. The Petitioner submitted the scheme wise break-up of the same has been submitted along with the Tariff Petition. Further, the actual project wise break-up dependent on various factors like availability of land, manpower, equipment, consumer demand etc. will be submitted in the form of Fixed Asset Register at the time of filing True-up petition for FY 2020-21.

5.8.6 The Commission will carry out the detailed analysis of these expenses for FY 2020-21 at the time of Truing-Up.

5.9 INTEREST & FINANCE CHARGE

5.9.1 Interest and Finance Charges covers the following cost elements

- Interest on Long Term Loans
- Interest on Working Capital
- Interest on Security Deposits
- Carrying Cost of Regulatory Asset

5.10 INTEREST ON LONG TERM LOANS

5.10.1 The Petitioner submitted that the Commission in its Tariff Order dated December 04, 2020 has approved the interest on term loan at Rs. 52.06 Cr based on additional debt requirement of Rs. 120.29 Cr for FY 2020-21.

5.10.2 The Petitioner submitted that the pending decision of the Appeal dt. 18th January, 2021 and Appeal dt. 25th January, 2021, the Company hereby submits its requirement for debt & equity as per the capital expenditure of Rs. 172.97 Cr and consumer contribution of Rs. 22.50 Cr in the below:-

Table 5-13: Computation of Interest on Term Loan as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Particular	Ref.	Approved in T.O dated December 04, 2020	APR Petition
1	**Net Normative loan - Opening**	**a**	**487.31**	**511.54**
2	Increase/Decrease due to ACE during the Year	b	120.30	96.27
3	Repayments of Normative Loan during the year	c	44.58	52.81
4	**Net Normative loan - Closing**	**d=a+b-c**	**563.03**	**554.99**
5	Average Normative Loan*	e=(a+d)/2	525.17	533.26
6	Weighted average Rate of Interest on actual Loans	f	9.91%	9.91%
7	**Interest on Normative loan**	**g=e x f**	**52.06**	**52.86**

5.10.3 Further, Regulation 23.4 of MYT Regulations, 2019 provides as follows:-

Quote

23.4 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long- term loan portfolio at the beginning of each year:

Provided that at the time of Truing- Up, the weighted average rate of interest of the actual long- term loan portfolio during the concerned year shall be considered as the rate of interest:

Provided further that if there is no actual long- term loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest for actual loan shall be considered….

Unquote

5.10.4 The Petitioner submitted that since it does not have Term Loan outstanding as on date of filing this APR Petition, therefore in accordance with above regulation, the weighted average interest for FY 2017-18 has been considered for determination of normative interest on term loan for FY 2020-21.

5.10.5 Accordingly, the Petitioner has submitted that total interest on Term Loan based on latest estimate comes at Rs. 52.86 Cr, which is submitted for the approval of the Commission.

Commission's Analysis:

5.10.6 The Commission has observed that the Petitioner has considered the last available weighted average interest rate as approved by the Commission in the True Up for FY 2018-19 in the Tariff Order dated December 04, 2020.

5.10.7 The analysis of the Interest on Long Term Loans for FY 2020-21 would be carried out during Truing Up of FY 2020-21.

5.11 INTEREST ON WORKING CAPITAL

5.11.1 The Petitioner submitted that as per Regulation 25.2 of the MYT Regulations, 2019 provides as under:

Quote

"25.2 Distribution Business

(a) The working capital requirement of the Distribution Business shall cover:

(i) Operation and maintenance expenses for one month;

(ii) Maintenance spares at 40% of the R&M expenses for two months; and

(iii) One and half month equivalent of the expected revenue from charges for use of Distribution system at the prevailing Tariff (excluding Electricity Duty);

Minus

(iv) Amount held as security deposits from Distribution System Users:

Provided that for the purpose of Truing-Up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-Up.

Unquote

5.11.2 The Petitioner submitted that the as per the UP Electricity Supply Code, 2005 (as amended), the power supply bill for a month (30/31 days) need to be raised within next 7 days with 15 days period (due date) for payment of the same. Thereafter, the Distribution Licensee must wait for another 15 days period before disconnecting supply of power in case of non-payment (disconnection date). Thus, it would take almost 67 days for a Distribution Licensee to recover payment of its electricity bills, assuming all the consumers pay their bills in-time. However, the MYT Regulations, 2019 considers debtors equivalent to 45 days only while the in MYT Regulations 2014, debtors equivalent to two months of the expected revenue were considered as a part of the working capital requirement. Therefore, the reduction of receivables from two months to one and half months is not justified and in fact is contrary to the provisions of Electricity Supply Code, 2005.

5.11.3 Apart from above, the Commission in its Tariff Order dated December 4, 2020 has also not considered the Electricity Duty as part of the Receivables thereby reducing amount of Working Capital leading to disallowance of interest on working capital.

5.11.4 The Petitioner submitted that the Electricity Duty is billed by the Company along with the other charges for electricity to the consumers, therefore, the same is integral part of the Receivables and the Commission in the past has allowed the same as part of the Receivables. Accordingly, disallowance of working capital interest by not considering Electricity Duty as part of Receivables is against the commercial principles as well as Hon'ble Commission's own earlier practice.

5.11.5 Therefore, the Petitioner has preferred an appeal on both above issues in the abovementioned Appeal dt. 18th January, 2021 and Appeal dt. 25th January, 2021 and Writ no. W.P.(MISB) No. 24992 of 2020 dt. 9th December, 2020 and pending adjudication of the same.

5.11.6 Accordingly, the computation of interest on working capital for FY 2020-21 is shown in the Table below:

Table 5-14: Interest on Working Capital as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	Approved in the T.O dated December 04, 2020	APR Petition
O&M expenses for 1 month	5.36	10.51
One and a half month equivalent of expected revenue	204.88	200.34
Maintenance spares @ 40% of R&M expenses for two month	2.33	3.78
Gross Total	**212.57**	**214.62**
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003		
Opening Balance	260.11	260.11
Received during the year (Net of Refunds)	10.00	10.00
Closing Balance	270.11	270.11
Average Security Deposit	**265.11**	**265.11**
Less: Security Deposit with UPPCL	11.28	11.28
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	**253.83**	**253.83**
Net Working Capital	(41.26)	(39.21)
Rate of Interest for Working Capital (SBI - PLR)	10.65%	10.65%
Interest on Total Working Capital	-	-

5.11.7 The Petitioner submitted that as per the practice followed by the Commission in its various Tariff Orders, latest being dated 4th December, 2020, the security deposit of Rs. 11.28 Cr passed on to UPPCL till FY 2005-06 in accordance with past arrangement, has been deducted from the total Security Deposit available with the Petitioner while computing working capital requirement as the same are not available at the disposal of the Petitioner for meeting its working capital requirements.

5.11.8 The Petitioner submitted that the above Table does not include the amount of Rs. 10.00 Cr. paid to UPPCL based on the Orders of Commission and Hon'ble Allahabad High Court in FY 2006-07 in the matter of providing 10 MVA additional supply of power by UPPCL which is pending before the Hon'ble Supreme Court of India.

Commission's Analysis:

5.11.9 The analysis of the Interest on Working Capital for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.12 INTEREST ON CONSUMER SECURITY DEPOSIT

5.12.1 Regulation 25.2 (c) of the MYT Regulation, 2019 provides that that the licensee shall pay interest equivalent to the bank rate or more on the consumer security deposits, as may be specified by the Commission. The Commission vide its Tariff Order dated 4th December, 2020 has approved the Interest on Security Deposit @ 4.65% p.a. Accordingly, based on the RBI's Bank Rate prevailing on the 1st April, 2020 i.e. 4.65% p.a. as also approved by the Commission, the interest payable on security deposit from consumers during FY 2020-21 is given below:

Table 5-15: Interest on Security Deposit as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	Ref.	Approved in the T.O dated December 04, 2020	APR Petition
Opening Balance of Security Deposit	a	260.11	260.11
Addition During the year net of refund	b	10.00	10.00
Closing Balance of Security Deposit	c=a+b	270.11	270.11
Average Balance of Security Deposit	**d=(a+c)/2**	**265.11**	**265.11**
Rate of Interest	e	4.65%	4.65%
Interest payable on Security Deposit	**f=dxe**	**12.33**	**12.33**

5.12.2 Since, the interest on security deposit has been determined in accordance with MYT Regulations, 2019 it is requested that the estimated expense of Rs. 12.33 Crore be considered in review of ARR for FY 2020-21.

Commission's Analysis:

5.12.3 The Commission has observed that the Petitioner has considered the RBI's Bank Rate of 4.65% per annum., for computation of rate of interest payable on security deposit from consumers during FY 2020-21.

5.12.4 The analysis of the Interest on Security Deposit for FY 2020-21 would be carried out during Truing-Up.

5.13 FINANCE CHARGES

5.13.1 The Petitioner submitted that it has to incur various finance charges for availing of financial products and services for the purpose of meeting its financial and other business needs. These charges are genuine business expenditure and has been explained in details as under:

(i) **Loan Processing Charges:** The Petitioner submitted that it has negotiated a number of facilities in preceding years and also estimated the requirement for ensuing year. During, FY 2020-21, it submitted that it has incurred expenses on renewal 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 issuance Commercial Paper to facilitate short-term funding of regulatory asset and working capital requirement.

5.13.2 Apart from the above the Petitioner submitted that it has to incur other financing and ancillary charges which have been elaborated in detail in the subsequent paragraphs:

a) **Credit Rating Charges:** Credit rating of banking (Fund / Non-Fund based) facilities has become imperative under the Basel II Norms. As per these norms, unrated facilities will be financed at least 4.50% higher as per credit adequacy requirements in comparison with rated facilities. In order to comply with the above requirement of RBI and also to save additional 4.50% p.a. interest cost, the Petitioner has been getting its credit rating from India Rating & Research (P) Limited.

b) **Collection facilitation charges:** Continuing its efforts to provide maximum possible facilities to the consumers, the Petitioner submitted that it has started various new initiatives for enabling consumers to make payment via Internet, Virtual Account, National Automated Clearing House, Bharat Bill Pay System , Bharat QR , UPI , NEFT / RTGS etc. Commission has also vide its Order dated 29th May, 2015 directed the Petitioner to provide more avenues to the consumers for payment of electricity dues through Online Mode and has also directed it to bear charges for such service upto an amount of Rs. 4,000/- per transaction.

Provisions of these facilities require some expenditure which has been included in Collection Facilitation Charges. Apart from being cost of new initiative these charges are directly related to revenue and with increase in tariff and revenue, there is an increase in these charges.

c) **Other Finance Charges:** There are other bank charges as well like loan documentation charges, LC Issue Charges, banking charges and other miscellaneous charges etc. It is pertinent to mention here that the Ministry of Power vide its order no. 23/22//2019-R&R dated 28th June, 2019 mandated every Distribution Licensee to open a letter of credit for desired quantum of power in favour of the Generating Company. The relevant extract of the order is reproduced below for reference of the Commission.

" i. In accordance with Section 28 (3) (a) the NRLDC & RLDC shall despatch power only after it is intimated by the Generating Company and /Distribution Companies that a Letter of Credit for the desired quantum of power has been opened and copies made available to the concerned Generating Company."

5.13.3 The Petitioner submitted that it will have to incur additional expenses to issue Letter of Credit in favour of Generating Companies.

5.13.4 The Petitioner submitted that it has estimated such expense to be incurred during FY 2020-21 for such charges which is submitted for approval of Commission.

5.13.5 Therefore, based on above the Petitioner requested the Commission to approve the Finance Charges for FY 2020-21 as summarized in the Table below: -

Table 5-16: Finance Charges submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Financing Activity	Approved in the T.O dated December 04,	APR Petition
1	Processing Fee	Included in O&M Expenses	1.56
2	Credit Rating Charges		0.07
3	Collection Facilitation Charges		1.00
4	SBLC & Other Finance Charges		0.52
	Total		**3.15**

Commission's Analysis

5.13.6 The analysis of Finance charges for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.14 TOTAL INTEREST AND FINANCE COST

5.14.1 As discussed above, the details of total interest and finance charges estimated for FY 2020-21 is given in the Table below:

Table 5-17: Total Interest and Finance charges as submitted for FY 2020-21 (Rs. Crore)

Sl. No.	Description	Approved in the T.O dated December 04, 2020	APR Petition
1	Interest on Long term loans	52.06	52.86
2	Interest on working capital	-	-
3	Interest on security deposit	12.33	12.33
4	Finance Charges	-	3.15
5	**Total Interest & Finance Charges**	**64.38**	**68.34**

Commission's Analysis:

5.14.2 The Commission has observed that the revised total Interest and finance cost for FY 2020-21 are higher than that approved by the Commission vide Tariff Order dated December 4, 2020 for FY 2020-21.

5.14.3 The analysis of Interest and Finance charges for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.15 GROSS FIXED ASSETS (GFA) AND DEPRECIATION

5.15.1 The Petitioner submitted that the computation of GFA for FY 2020-21 which is shown in the Table below:

Table 5-18: Gross Fixed Assets as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Description	Approved in the T.O dated December 04, 2020	APR Petition
1	Opening Balance	1,313.06	1,680.20
2	Addition during the Year	192.30	172.97
3	Retirement during the Year	5.90	5.90
4	**Closing Balance**	**1,499.46**	**1,847.27**
* Excluding assets taken over from GNIDA & UPSIDC			

5.15.2 The Petitioner submitted that the above additions to the GFA does not include the assets handed over by GNIDA & UPSIDC for distribution of electricity to its consumers and maintenance thereof.

5.15.3 Further, Depreciation on plants, equipment and installations has been computed under separate categories voltage-wise in accordance with the rates prescribed under the MYT Distribution Tariff Regulations, 2019. Further, depreciation for FY 2020-21 has been computed as per the methodology followed by the Commission in its latest Tariff Order dated 4th December, 2020.

5.15.4 The summary of Depreciation as submitted by the Petitioner for FY 2020-21 is shown in the table below:

Table 5-19: Depreciation as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Particular	Approved in the T.O dated December 04, 2020	APR Petition
1	Depreciation on Gross Fixed Assets	54.46	61.76
2	Less: Depreciation on Consumer Contribution	9.88	8.95
3	**Net Depreciation**	**44.58**	**52.81**
4	Average GFA	1,406.26	1,763.74
5	Weighted Average Depreciation Rate	3.87%	3.50%

Commission's Analysis

5.15.5 The Commission has observed that the revised closing balance of GFA as shown by the Petitioner is higher than that approved by the Commission vide Tariff Order dated December 4, 2020 for FY 2020-21.

5.15.6 The Petitioner has submitted that Depreciation on plant, equipment and installations has been computed under separate voltage-wise categories in accordance with the rates prescribed under the Distribution MYT Regulations, 2019. The analysis of Depreciation for FY 2020-21 would be carried out during Truing-Up.

5.16 MISCELLANEOUS EXPENSE

5.16.1 The Petitioner submitted that the it has estimated expense on account for loss on sale / retirement of Fixed Assets during FY 2020-21 as Rs. 1.77 Cr. and requested the Commission to allow Loss on Sale of Fixed Assets as pass through expenses in line with its existing methodology.

Commission's Analysis

5.16.2 The analysis of Miscellaneous Expenses for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.17 PROVISION FOR DOUBTFUL DEBTS

5.17.1 The Petitioner submitted that the estimated sales, collection efficiency as projected in Business Plan and in view of the debtors profile, prudent analysis, impending political scenario affecting the collections drives and ageing analysis of receivables for FY 2020-21 and past periods the Company has estimated the Provision for Write-off of Bad and Doubtful Debts for FY 2020-21.

5.17.2 The estimate of the bad debts in accordance with the policy of the Petitioner for FY 2020-21 is as provided in Table Below: -

Table 5-20: Provision for Bad & Doubtful Debts as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Description	Approved vide T.O dated December 04, 2020	APR Petition
1	Provision for Bad & Doubtful debts	13.82	32.05

Commission's Analysis

5.17.3 The Commission has observed that the revised Provision for Bad & Doubtful Debts as shown by the Petitioner is higher than that approved by the Commission vide Tariff Order dated December 4, 2020 for FY 2020-21.

5.17.4 The analysis of Provision of bad debts for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.18 INCOME TAX

5.18.1 The Petitioner submitted that Regulation 26 of MYT Regulations, 2019 provides for determination of Income Tax to be considered in ARR for Control period FY 2020-21 to FY 2024-25. The relevant extract of the regulation is reproduced below:-

Quote

*26. **Income Tax***

26.1 Income Tax, if any, on the licensed business of the Licensee shall be treated as expense and shall be recoverable from consumers through Tariff. However, tax on any income other than that through its Licenced business shall not be a pass through, and it shall be payable by the Licensee itself.

26.2 Notwithstanding anything contained in Regulation 26.1, total Income Tax payable by the Licensee, in any year, shall be lowest of the following:

(a) Actual payment made;

(b) ROE allowed in that year x MAT (%) or ROE allowed in that year x Corporate tax (%), whichever is applicable.

26.3 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, subject to Regulation 26.2 above, as certified by the Statutory Auditors.

Unquote

5.18.2 It is pertinent to mention here that during FY 2019-20 on 20th September, 2020, the Central Government introduced "Taxation Laws (Amendment) Act, 2019" wherein a new Corporate Tax Rate at 25.17% including surcharge and cess has been introduced under newly inserted Section 115BAA. However, the new rate U/s 115 BAA can be availed only by foregoing some specified exemption/deduction/allowance otherwise available in the Income Tax Act, 1961 as evident from the extract of the Amendment Act reproduced below:-

Quote

115 BAA (2) For the purposes of sub-section (1), the total income of the company shall be computed—

(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of

sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 or section 35AD or section 35CCC or section 35CCD or under any provisions of 80b[Chapter VI-A under the heading "C.—Deductions in respect of certain incomes" other than the provisions of section 80JJAA];

(ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);

(iii) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and

(iv) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.

(3) The loss and depreciation referred to in clause (ii) and clause (iii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year

……

Unquote

5.18.3 Considering the lower tax rate available under the Income Tax Act, the Company keeping the interest of the Consumers in mind has adopted the new tax rate and accordingly has paid Income Tax for FY 2020-21 at the rate of 25.17% as against normal tax rate of 34.94%.

5.18.4 Considering the above Regulation, the Petitioner has computed the income tax liability for FY 2020-21 as shown in Table below:-

Table 5-21: Income Tax as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Ref.	Approved vide T.O dated December 04, 2020	APR Petition
1	Return on Equity	a	61.4	69.06
2	Income Tax Rate	b	34.94%	25.17%
3	Total Tax Expense	c=a x b/(1-b)	32.98	23.23

Commission's Analysis

5.18.5 The Commission has observed that the revised Total Tax Expense as shown by the Petitioner is lower than that approved by the Commission vide Tariff Order dated December 4, 2020 for FY 2020-21.

5.18.6 The analysis of Income Tax for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.19 CONTINGENCY RESERVE

5.19.1 The Petitioner submitted that Regulation 27 of the MYT Regulations, 2019 provides for appropriation of Contingency Reserve upto 0.50% of opening GFA and the Company accordingly had claimed contingency reserve in its MYT ARR Petition. However, the Commission vide its Tariff Order dated 4th December, 2020 has not allowed the provision of contingency reserve to reduce extra burden on the consumers. Keeping above in view, the Company has not made provision for contingency reserve in FY 2020-21 and accordingly not claiming any amount towards the same. However, it is humbly submitted that contingency reserve is 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 allow provision of contingency reserve for FY 2020-21.

Table 5-22: Contingency Reserve as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	APR Petition
1	Contribution to Contingency Reserve	Nil

Commission's Analysis

5.19.2 The Commission has noted the same.

5.20 RETURN ON EQUITY

5.20.1 The Petitioner submitted that as per Regulation 22 of the MYT Regulations, 2019, return on equity shall be allowed @15% on the equity base determined in accordance with the MYT Regulations, 2019. Accordingly, the computation of equity base & Return on Equity for FY 2020-21 is given in Table below:-

Table 5-23: Computation of Return on Equity as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Ref.	Approved vide T.O dated December 04, 2020	APR Petition
1	Regulatory Equity Base at the beginning of the year	a	383.58	437.99
2	Asset Capitalized during the year	b	192.30	172.97
3	Equity portion of Assets Capitalised during the year	c	51.55	44.80
4	**Regulatory Equity Base at the end of the year**	**d=a+c**	**435.13**	**482.79**
5	Return on Opening Regulatory Equity Base @ 15%	e=ax16%	57.54	65.70
6	Return on Addition to Equity Base during the year @15%	f=cx16%/2	3.87	3.36
7	**Total Return on Equity**	**g=e+f**	**61.40**	**69.06**

Commission's Analysis:

5.20.2 The Commission has observed that the Computation on Return on Equity (RoE) as shown by the Petitioner is higher than that approved by the Commission vide Tariff Order dated December 4, 2020 for FY 2020-21. The analysis of return on equity for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.21 EFFICIENCY GAIN ON LOAN SWAPPING

5.21.1 The Petitioner submitted that in its continuous endeavour to minimize the cost of borrowing, the Petitioner in preceding years renegotiated various loan facilities by swapping of these loan facilities with new facilities bearing lower cost. Such, swapping of loans resulted in accrual of saving in interest cost to be shared with its consumers.

5.21.2 The Petitioner has estimated the accrual of such efficiency gain while preparing MYT ARR Petition for Control Period and has submitted the details for the same and claimed part of the above efficiency gains in its MYT ARR petition, which has since been approved by the Commission in its tariff order dated 30th November, 2017, 22nd January, 2019, and 4th December, 2020.

5.21.3 Accordingly, the Petitioner has considered the efficiency gains accrued on swapping of loans for FY 2020-21 as already approved by the Commission and shown in Table below:

Table 5-24: Efficiency Gain on Term Loan Swapping as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Bank	Loan Amount	APR Petition
1	ICICI Bank (FY 17)	100	0.11
2	**Total**		**0.11**
3	**50% Efficiency Gain claimed**		**0.05**

Commission's Analysis:

5.21.4 The analysis of efficiency gains for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.22 NON-TARIFF INCOME

5.22.1 The Petitioner submitted that the non-tariff income includes income from statutory investments, miscellaneous receipts from consumers, delayed payment surcharge and various other non-tariff incomes generated by the Petitioner from other businesses. The details of such income estimated for FY 2020-21 is given in the Table below:

Table 5-25: Non-Tariff Income as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved vide T.O dated December 04, 2020	APR Petition
1	Income from Investments	0.13	0.13
2	Any other non-tariff income	0.05	1.41
3	Miscellaneous Receipts from consumers	2.96	2.84
4	Miscellaneous receipts from other		0.01
5	Delayed Payment Surcharge	4.28	4.96
6	**Total Non-Tariff Income**	**7.43**	**9.36**

5.22.2 The Petitioner submitted that Regulation 25.2 of the MYT Regulations, 2019 provides as under:

Quote

25.2 Distribution Business

(a) The working capital requirement of the Distribution Business shall cover:

(i) Operation and maintenance expenses for one month;

(ii) Maintenance spares at 40% of the R&M expenses for two months; and

(iii) One and half month equivalent of the expected revenue from charges for use of Distribution system at the prevailing Tariff (excluding Electricity Duty);

Minus

(iv) Amount held as security deposits from Distribution System Users: Provided that for the purpose of Truing-Up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-Up.

Unquote

5.22.3 The normative working capital computed as per above regulation compensates the distribution company only for the 45 days of credit period which is given to the consumers. However, Delayed Payment Surcharge accrues when a consumer defaults in payment of bills as per due date which is generally 15 days from the date of billing which happens to be 2-7 days after the meter reading date which is generally taken after 30 /31 days interval. Hence, the total number of days after which the delayed payment surcharge accrues is almost 55 days which is more than the number of days for which a distribution licensee is compensated by interest on working capital as per above i.e. 45 days.

5.22.4 Thus, it can be concluded that DPS belongs to the period beyond normative period of 45 days for which interest on working capital is not provided in the Distribution Tariff Regulations., while, the late payment surcharge is charged only if the delay is more than normative credit period. Accordingly, for the period of delay beyond the normative period, the Distribution company has to be compensated with the cost of such additional financing.

5.22.5 Accordingly, based on the principles laid by the Commission in its various Tariff Orders, Delayed Payment Surcharge has been considered after reducing the cost of funds borrowed for the purpose of funding the deferred receivables which are subsequently recovered along with Delayed Payment Surcharge. Thus, the cost of borrowing in respect of Delayed Payment Surcharge for FY 2020-21 has been computed as given in Table below: -

Table 5-26: Cost of Borrowing for DPS as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	Reference	Approved vide T.O dated December 04, 2020	APR Petition
Delayed Payment Surcharge Received	a		4.96
Working Capital Amount Utilisation @ 24% p.a.	b= (a / 24%)	-	20.66
Applicable Interest Rate for Working Capital Finance	c		10.65%
Cost of Borrowing for DPS	**d=b x c**	**-**	**2.20**

5.22.6 Accordingly, the non-tariff income has been considered after reducing the cost of borrowing of deferred payment beyond normative period from the total non- tariff income for the purpose of APR as summarized in Table below: -

Table 5-27: Net Non-Tariff Income as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	Reference	Approved vide T.O dated December 04, 2020	APR Petition
Non-Tariff Income including DPS	a	7.43	9.36
Less: Cost of Borrowing for DPS	b	-	2.20
Net Non-Tariff Income	**c=a-b**	**7.43**	**7.16**

Commission's Analysis

5.22.7 The Commission has observed that the total revised Non-Tariff Income as submitted by the Petitioner is lower than that approved by the Commission vide Tariff Order dated December 4, 2020.

5.22.8 The analysis of Non- Tariff Income for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.23 REVENUE FROM SALE OF POWER

5.1.1 The Petitioner has submitted that during FY 2020-21, it has recorded sales of 1922.67 MU reflecting decline of 7.59% over FY 2019-20. Similarly, the billed revenue excluding Regulatory Surcharge has decreased to Rs. 1,602.72 Crore reflecting decline of 2.86% over FY 2019-20. The revised category-wise sales, revenue and average realization for FY 2020-21 as submitted by the Petitioner are given in the Table below:

Table 5-28: Revenue for FY 2020-21 submitted by the Petitioner

Sl. No.	Category	Sales	Revenue	Average Realisation
		(MU's)	(Rs. Cr.)	(Rs/kWh)
1	LMV-1: Domestic Light, Fan & Power	588.47	429.52	7.30
2	LMV-2: Non Domestic Light & Fan & Power	33.84	38.88	11.49
3	LMV-3: Public Lamps	34.34	32.08	9.34
4	LMV-4: Institutions	12.58	10.99	8.74
5	LMV-5: Private Tube Wells	22.34	3.77	1.69
6	LMV 6: Small and Medium Power	78.66	81.73	10.39

Sl. No.	Category	Sales	Revenue	Average Realisation
		(MU's)	(Rs. Cr.)	(Rs/kWh)
7	LMV-7: Public Water Works	22.46	22.62	10.07
8	LMV-8: STW and Pumped Canals	0.07	0.11	15.44
9	LMV-9: Temporary Supply	35.64	42.32	11.87
10	LMV-11: Electric Vehicle Charging	0.74	0.54	7.27
11	HV-1: Non Industrial Bulk Power	170.05	185.28	10.9
12	HV-2: Large and Heavy Power	923.48	754.88	8.17
13	**Total**	**1922.67**	**1602.72**	**8.34**

5.24 ARR AND REVENUE GAP

5.24.1 Based on above mentioned Expenditure and Return on Equity, the Aggregate Revenue Requirement for FY 2020-21 as computed on the basis of the MYT Regulations, 2019 is given in Table below: -

Table 5-29: Summary of ARR as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved vide T.O dated December 04, 2020	APR Petition
1	Power Purchase Expenses for the Year	804.00	958.47
2	Transmission Charges	158.19	162.11
3	Employee cost	15.94	53.90
4	A&G expenses	13.37	15.56
5	R&M expenses	34.97	56.64
6	Interest Charges	64.38	68.34
7	Depreciation	44.58	52.81
8	Taxes (Income Tax & MAT)	32.98	23.23
9	**Gross Expenditure**	**1,168.42**	**1,391.06**
10	Add: Provision for Bad & Doubtful Debts	13.82	32.05
11	Add: Miscellaneous Expenses		1.77
12	**Total Net Expenditure with Provisions**	**1,182.24**	**1,424.88**
13	Add: Return on Equity and Efficiency Gain	61.40	69.11
14	**Annual Revenue Requirement**	**1,243.64**	**1,493.99**
15	Less: Revenue from Existing Tariff	1,639.07	1,602.72
16	Less: Non-Tariff Income	7.43	7.16
17	**Revenue Gap/(Surplus)**	**(402.86)**	**(115.89)**
18	Revenue Gap/ (Surplus) from Prev. Year	(4.28)	292.05
19	Carrying Cost of Regulatory Asset	-	24.93
20	**Total Revenue Gap carried forward**	**(407.13)**	**201.09**

Commission's Analysis:

5.24.2 The Commission has observed that the revised Aggregate Revenue Requirement for FY 2020-21 as submitted by the Petitioner is higher than that approved by the Commission vide Tariff Order date December 04, 2020. The Commission also observes that the Total Revenue Gap carried forward for FY 2020-21 is Rs. 201.09 Crore.

5.24.3 The analysis of Annual Revenue Requirement (ARR) for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

5.25 CARRYING COST

5.25.1 The Petitioner submitted that the Regulation 28.5 of MYT Regulations, 2019 provides for allowance of carrying cost on regulatory assets. The relevant extract of the Regulation 28.5 is reproduced below for reference:

Quote

28.5 Carrying cost for the gap / surplus of the Distribution Licensee will be provided by the Commission after prudence check at the interest rates as provided for working capital in these Regulations.

Unquote

5.25.2 Based on the same principles, the carrying cost of Regulatory Asset created and subsequent recoveries till FY 2020-21 is given in the Table below: -

Table 5-30: Carrying cost as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Ref.	Approved vide T.O dated December 04, 2020	APR Petition
1	**Regulatory Assets at the beginning of Year**	a	(4.28)	292.03
2	Addition to Regulatory Assets during the year	c	(402.88)	(115.89)
3	Closing Regulatory Assets (before Carrying cost for the year)	d=a+b+c	(407.16)	176.15
4	Average Regulatory Asset	e=(a+d)/2	(205.72)	234.09
5	Applicable Interest Rate for Working Capital Finance	f	10.65%	10.65%
6	**Carrying Cost of Regulatory Asset**	**g=ex f**	**-**	**24.93**

Commission's Analysis:

5.25.3 The analysis of Annual Revenue Requirement (ARR), Revenue Gap and corresponding carrying cost for FY 2020-21 would be carried out during Truing-Up of FY 2020-21.

6 AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2021-22

6.1 INTRODUCTION

6.1.1 The Commission in earlier chapters of this Order has undertaken Truing- Up for FY 2019-20 based on the audited accounts and APR for FY 2020-21. The Petitioner submitted that as per timeline specified in Regulation 4.1 of the MYT Regulations, 2019 the Distribution Licensee was required to submit petition for True-up for FY 2019-20, APR for FY 2020-21 and ARR for FY 2021-22 by 30th November, 2020. However, awaiting approval of its Business Plan for the Control Period FY 2020-21 to FY 2024-25 and approval of its ARR for FY 2020-21, the Petitioner vide its letter dated 26th November, 2020 requested the Commission to extend the date of submission of petition for True-up for FY 2019-20, APR for FY 2020-21 and ARR for FY 2021-22 from 30th November, 2020 to 31st January, 2021 which was approved by the Commission vide its letter dated 8th December, 2020. Also, the Commission approved the Business Plan of the Company for the control period vide order dated 26th November, 2020 and ARR vide Tariff Order dated 4th December, 2020.

6.1.2 In this Chapter, the Commission has discussed in detail each component of ARR for FY 2020-21.

6.2 BILLING DETERMINANTS

6.2.1 The Petitioner has submitted that the Regulation 5.5 of MYT Regulations, 2019 in respect of forecast of expected revenue states as:

> "5.5 The forecast of expected revenue from Tariff shall be based on the following:
>
> *(a) In the case of a Transmission Licensee, estimate of ARR or estimates of Transmission Capacity allocated to Transmission System Users, as appropriate;*
>
> *(b) In the case of a Distribution Licensee, estimate of quantum of electricity to be supplied to consumers and wheeled on behalf of Distribution System Users;*
>
> *Provided that the Distribution Licensee shall submit relevant details of category/ sub-category wise Number of Consumers, Connected load and Energy Sales projections, status of metering, feeder level/ distribution transformer metering, diversity factor for various category of consumers taking seasonality into consideration, etc., for each Distribution Licensee area;*

(c) Existing and proposed Tariff as on the date of filing of the Petition."

6.2.2 The Petitioner submitted that it is expecting that impact of Covid-19 pandemic will be over by the end of current FY 2020-21 and the business will be as usual as was before the Covid-19 pandemic. However, continuation of pandemic beyond current FY 2020-21 may result in variation in the estimates. Further, based on various efforts made by the State Government to attract new investments in the region and plans made by the Development Authority concerning new Industries, Commercial and Domestic projects, the Company is expecting a huge growth in demand of electricity in its licensed area in coming years. Various schemes / upcoming projects in Greater Noida has been explained in detail in the Company's petition for approval of Business Plan for the Control Period from FY 2020-21 to FY 2024-25.

6.2.3 Keeping in view the above upcoming developments in Greater Noida area, the Company prepared and submitted the Sales in its Business Plan for Control Period from FY 2020-21 to FY 2024-25 and the same has been approved by the Commission vide its Order dated 26th November 2020.

Table 6-1: Summary of billing determinants as Approved by the Commission for FY 2021-22 in Business Plan for Control Period from FY 2020-21 to FY 2024-25

Sl. No.	Category	No. of consumers (No.)	Connected Load (in MW)	Sales (MU)
1	LMV-1: Domestic Light, Fan & Power	99,730	460.29	651.47
2	LMV-2: Non Domestic Light & Fan & Power	3,575	30.87	43.88
3	LMV-3: Public Lamps	295	10.59	41.45
4	LMV-4: Institutions	544	6.45	21.16
5	LMV-5: Private Tube Wells	1,300	6.26	23.23
6	LMV 6: Small and Medium Power	3,617	84.17	94.45
7	LMV-7: Public Water Works	237	8.96	23.92
8	LMV-8: STW and Pumped Canals	10	0.13	0.21
9	LMV-9: Temporary Supply	842	24.07	63.54
10	Electric Vehicle Charging (LMV-11)	120	10.43	12.74
11	HV-1: Non Industrial Bulk Power	245	147.16	298.83
12	HV-2: Large and Heavy Power	928	471.85	1200.47
13	**Total**	**1,11,444**	**1261.24**	**2475.36**

6.2.4 Further submitted that based on the latest forecast as provided the Petitioner has estimated the no. of consumers, connected load and sales for FY 2021-22 as given in following:

6.2.5 The summary of billing determinants as submitted by the Petitioner as shown in the Table below:

Table 6-2: Summary of billing determinants as submitted by the Petitioner for FY 2021-22

Sl. No.	Category	No. of consumers (No.)	Connected Load (in MW)	Sales (MU)
1	LMV-1: Domestic Light, Fan & Power	1,44,719	564.26	767.63
2	LMV-2: Non Domestic Light & Fan & Power	4667	38.43	50.71
3	LMV-3: Public Lamps	297	11.15	37.52
4	LMV-4: Institutions	535	7.05	19.95
5	LMV-5: Private Tube Wells	1,308	6.47	25.49
6	LMV 6: Small and Medium Power	3,743	87.66	112.72
7	LMV-7: Public Water Works	257	9.97	25.13
8	LMV-8: STW and Pumped Canals	8	0.10	0.09
9	LMV-9: Temporary Supply	694	19.04	44.80
10	Electric Vehicle Charging (LMV-11)	129	10.07	5.48
11	HV-1: Non Industrial Bulk Power	251	135.21	319.98
12	HV-2: Large and Heavy Power	939	492.39	1,064.07
13	**Total**	**1,57,547**	**1,381.80**	**2,473.58**

Commission's Analysis:

6.2.6 The Commission has already deliberated on the Billing determinants for the Control Period FY 2020-21 to FY 2024-25 and approved the Billing determinants in the Business Plan Order dated November 26, 2020. However, while approving the billing determinants in the Business Plan, the Commission had assumed that the things would get back to normal in FY 2021-22 and demand would pick up. Further, taking into consideration that the Covid pandemic impact has prolonged in this year i.e. FY 2021-22 as well, hence the Commission has considered the billing determinants as proposed by the Licensee for FY 2021-22.

6.2.7 The billing determinants approved for FY 2021-22 are shown in the Table below:

Table 6-3: Approved Billing Determinants for FY 2021-22

Sl. No.	Category	No. of consumers	Connected Load (MW)	Sales (MU)
1	LMV-1: Domestic Light, Fan & Power	1,44,719	564.26	767.63
2	LMV-2: Non-Domestic Light & Fan & Power	4667	38.43	50.71
3	LMV-3: Public Lamps	297	11.15	37.52
4	LMV-4: Institutions	535	7.05	19.95
5	LMV-5: Private Tube Wells	1,308	6.47	25.49
6	LMV 6: Small and Medium Power	3,743	87.66	112.72
7	LMV-7: Public Water Works	257	9.97	25.13
8	LMV-8: STW and Pumped Canals	8	0.10	0.09
9	LMV-9: Temporary Supply	694	19.04	44.80
10	Electric Vehicle Charging (LMV-11)	129	10.07	5.48
11	HV-1: Non-Industrial Bulk Power	251	135.21	319.98
12	HV-2: Large and Heavy Power	939	492.39	1,064.07
13	**Total**	**1,57,547**	**1,381.80**	**2,473.58**

6.3 ENERGY BALANCE AND DISTRIBUTION LOSSES

6.3.1 The Petitioner submitted that, while the demand of electricity is growing steadily, unfortunately, the power sector is badly affected by “Apollo Syndrome” facing huge commercial losses, representing inefficient utilization of natural resources and consequently, casts unwanted burden on end-use of electricity. The Distribution losses vary widely from utility to utility and are over 20% on an average in India against 6-12% in developed countries like US, UK, Germany, France etc. Some of the utilities in India have over 30% Distribution losses.

6.3.2 Further, submitted that the Petitioner has time and again submitted to the Commission that it has been striving to implement/emulate efficient, resilient, robust, inclusive, tailor-made initiatives to tackle the ever-rising menace i.e. commercial loss, which all distribution utilities are struggling hard to chain. While many initiatives tendered significant results but sometimes most worthy models failed due to the volatile environment, which are beyond the control of the distribution licensee.

6.3.3 The Petitioner submitted that the Commission is aware that the T&D losses vary widely from utility to utility and are over 20% on an average in India against 6-12% in advance countries like US, UK, Germany, France etc. Some of the utilities in India have over 30% T&D losses.

6.3.4 The Petitioner submitted that notwithstanding the above, the Petitioner is trying its best through regular enforcement drives as well as social intermediation to contain its T&D losses.

6.3.5 Further submitted that earlier the Petitioner was able to contain T & D loss at around 8% by curtailing load in the loss prone areas but with the strict direction to increase power supply in rural areas for at-least 18 hours irrespective of high losses and non-payment of bills, the Distribution Loss cannot be contained at 8% level. Further, villagers are adding many of the electrical/electronic items such as air conditioners, large TVs, washing machines, mobile phone, Laptops etc., without paying their electricity dues. This has seriously strained the Company's efforts to contain its losses at 8%.

6.3.6 The Petitioner submitted that in view of facts and reasons explained as above in respect of increase in losses and considering the high losses witnessed in the State of Uttar Pradesh, the Commission may please allow the marginal increase in losses for FY 2021-22. The Commission may please note that Petitioner was expecting that impact of Covid-19 pandemic will be over by the end of current FY 2020-21 and the business will be as usual as was before the Covid-19 pandemic. Accordingly, Company has not considered any impact of Covid-19 pandemic on the Distribution Losses in the FY 2021-22.

6.3.7 The Distribution Losses for FY 2021-22 are as shown in the Table below:

Table 6-4: Energy Balance submitted by the Petitioner for FY 2021-22

Sl. No.	Particulars	U.o.M.	Approved	Projected
1	Proposed Energy Sales	MU	2475.36	2473.58
2	Distribution Losses	%	7.80%	8.54%
3	Distribution Losses	MU	209.41	231.00
4	**Energy Requirement**	**MU**	2684.77	2704.57

Commission's Analysis

6.3.8 The Commission has already deliberated on the Distribution Loss Trajectory of the Petitioner for the Control Period FY 2020-21 to FY 2024-25 and approved the Distribution Loss Trajectory for the Petitioner in the Business Plan Order dated November 26, 2020. Accordingly, the distribution loss approved for FY 2021-22 is shown in the Table below:

Table 6-5 : Approved Energy Balance and Distribution Loss for FY 2021-22

S. No.	Category	ARR Petition for FY 2021-22	Approved for FY 2021-22
		D	E
1	Energy Sales (MU)	2473.58	2,473.57
2	Distribution loss %	8.54%	7.80%
3	Distribution losses (MU)	231.00	209.26
4	**Energy Purchase at Discom Periphery (MU)**	**2704.57**	**2,682.83**
5	Intra State Losses (%)	3.33%	3.33%
6	Energy at UP Periphery (MU)	2797.83	2775.19
7	Inter-State Losses (%)*	3.87%	2.99%
8	Units at Ex-Bus (MU)	2910.60	2860.61

*approved on the basis of trued-up losses of individual sources discussed in chapters below

6.3.9 It can be observed from the table above that the Petitioner has claimed energy purchase of 2704.57 MU while after approved distribution losses of 7.80% and sales of 2473.57 MU, the total approved energy purchase is 2682.83 MU.

6.4 POWER PROCURMENT

6.4.1 The Petitioner Submitted that as discussed in the Business Plan for Control Period FY 2020-21 to FY 2024-25 filed by the Company on 6th November 2019, the Company has planned to meet its energy requirement for FY 2021-22 from the following sources:

Long Term Power

6.4.2 Long Term Power Purchase Agreement for 25 years for 187 MW with M/s Dhariwal Infrastructure Ltd. as per the PPA approved by the Commission vide its Order dated 20th April, 2016.

6.4.3 The Petitioner submitted that based on M/s DIL's MYT Petition no. 1531 of 2019

Dated 20th November 2019 for FY 2019-20 to FY 2023-24, has considered the Fixed Cost and Energy Cost at Rs. 1.873 per kWh and Rs. 2.824 per kWh, respectively for the above supply of power for FY 2021-22. Further, the above rates are considered at ex-DIL bus in line with the Tariff Order dated 5th February 2019 for M/s DIL and the UPERC (Terms & Conditions of Generation Tariff) Regulations, 2019.

Table 6-6: Long Term Power Procurement as Submitted by Petitioner for FY 2021-22 (Rs. Crore)

S.No	Description	UoM	Projected
1	Contracted Quantum at ex-DIL	MW	171
2	No of Days	-	365
3	Hours	-	24
4	Normative Availability	%	85%
5	***Units at Normative Availability****	***MU***	***1274.05***
6	Utilisation of Available Capacity	%	100%
7	Units at Ex-Bus (Forecast Schedule)	MU	1274.05
8	Inter-State Losses	%	3.97%
9	***Units at UP Periphery***	***MU***	***1223.47***
10	Intra-State Losses	%	3.40%
11	Units at NPCL	MU	1181.87
12	Fixed Cost per unit	Rs. kWh	1.873
13	Fixed cost as per DIL MYT petition no. 1531/2019 (Rate per kWh at serial no.12 above X Units at Normative availability at Serial No 5 above)	Rs. Cr.	238.63
15	Energy Cost per unit	Rs. kWh	2.824
16	Energy cost as per DIL Tariff petition no. 1531/2019 (Rate per kWh at serial no.15 above X Units at Normative availability at Serial No 7 above)	Rs. Cr.	359.79
18	Total Energy Cost	Rs. Cr.	598.42
19	Inter-State Trans. Charges	Rs. Cr.	82.80
20	Intra-State Trans. Charges	Rs. Cr.	28.10
21	**Total Cost**	**Rs. Cr.**	**709.32**

6.4.4 The Petitioner also submitted that, the Commission in its abovementioned Tariff Order dated 5th February 2019 for M/s DIL, had approved Fixed Cost and Energy Cost at Rs. 1.90 per kWh and Rs. 1.80 per kWh, respectively at ex-DIL bus in the abovementioned Tariff Order for M/s DIL. Para-4.2.6, 4.2.12 & 4.2.13 of the DIL's

Tariff Order in this regard is reproduced below:

Quote

4.2.6 On scrutiny of the computation of levelized tariff it was observed that the levelized tariff has been computed based on the projected values of Energy Charges, PGCIL Charges, PGCIL Losses, Discounting Factor etc. ***The levelized tariff submitted by the Petitioner at UP Periphery is as follows****:*

Table-1: Comparison of levelized tariff submitted by the Petitioner

Capital Cost (Rs. Crore)	***Levelized Fixed Charges***	***Levelized Energy Charges***	***POC Charges***	***POC Losses***	***Total Levelized Tariff***
1941	***Rs. 1.93 /kWh***	*Rs. 2.21 / kWh*	*Rs. 0.49/kWh*	*Rs. 0.16/kWh*	***Rs. 4.79/kWh***
1927.65	***Rs. 1.88/kWh***	*Rs.2.21/kWh*	*Rs. 0.49/kWh*	*Rs. 0.16/kWh*	***Rs. 4.74/kWh***
1903.58	***Rs. 1.86/kWh***	*Rs.2.21/kWh*	*Rs. 0.49/kWh*	*Rs. 0.16/kWh*	***Rs. 4.73/kWh***

4.2.12 A Comparison of the Fixed charges approved by the Commission with the PPA vis-à-vis claimed by the Petitioner and approved by the Commission in this Order is as follows:

Table-2: Comparison of Fixed charges as approved in PPA vs claimed by the Petitioner (Rs./kWh)

Particulars	***As per Fixed Charges approved in PPA***	***As claimed in the MYT Petition***	***Revised submission as per capital cost as on Cut-off date***	***Fixed Charges considering Refinancing Cost claimed in FY 2017-18***	***Fixed Charges approved by the Commission***
FY 2016-17	***2.11***	*2.08*	*2.05*	*2.05*	***2.05***
FY 2017-18	***2.06***	*2.02*	*1.94*	*1.99*	***1.99***
FY 2018-19	***2.02***	*1.95*	*1.90*	*1.90*	***1.90***
Levelized Fixed Tariff (25 years)	***1.93***	***1.93***	***1.86***	***1.87***	***1.87***

…6. The aforesaid approved rates for recovery of fixed charges are computed on the basis of NAPAF of 85%, subject to adjustments if any, in terms of Regulation 27 of UPERC Generation Tariff, 2014…

4.2.13 Further, with regard to approval of energy charge, it is observed that the Petitioner has claimed energy charge based on quality of coal as per third party test analysis at plant. Energy charge on account of change in law and additional coal procured other than FSA coal, will be dealt by the Commission separately in accordance with its Order dated 19.02.2018. On the FSA Grade coal, the Commission had already taken a view in the order dated 20.04.2016 read with Order dated 15.01.2016 while approving the PPA. Accordingly, the Commission approves the same energy charges as approved in PPA considering allowable variation in CERC escalation rates and as per Tariff Regulations 2014. Any claim with regard to additional energy charge on account of change in law and additional procurement of coal shall be dealt separately. Thus, the energy charges as per the levelized tariff approved in the PPA, energy charges claimed by the Petitioner and energy charges as approved in this Order is given in Table below:

Table-3: Comparison of Energy charges as considered order for approval of PPA vs claimed by the Petitioner (Rs./kWh)

Particulars	***As considered in approval of PPA***	***As claimed in the MYT Petition***	***Revised submission as per capital cost as on Cut off date***	***Energy Charges approved by the Commission***
FY 2016-17	***1.65***	*2.177*	*1.65*	***1.65***
FY 2017-18	***1.72***	*2.177*	*1.72*	***1.72***
FY 2018-19	***1.80***	*2.177*	*1.80*	***1.80***
Levelized Fixed Tariff (25 years)	***2.21***	***2.34***	***2.21***	***2.21***

……"**[emphasis supplied]**

Unquote

6.4.5 Further, as per the UPERC's Generation Tariff Regulations, 2019, Full Fixed Cost is considered to be paid to M/s DIL at Target Availability of 85%. Regulation-24(1) & 26(i) in this regard is reproduced below:

Quote

"24 Capacity (Fixed) Charge:

…provided full capacity charges shall be recoverable at target availability specified in these regulations….

26. Norms of Operation for Thermal generating stations:

(i) Target Availability (NAPAF) for recovery of full Capacity (Fixed) charges

(a) All thermal power generating stations, except those covered under clause (b) below - 85%...

Unquote

6.4.6 The Petitioner submitted that it is pertinent to mention here that the power purchase cost, as mentioned above, do not include any impact on cost due to procurement & use of additional coal and occurrence of Change in Law events. The same would be considered on actuals over and above the cost proposed in the petition subject to approval of the Commission.

6.4.7 The Petitioner Further submitted that, the delivery point of LT power is Ex-bus (refer approved PPA dt. 20th April 2016 read with order dt. 19th February 2016) of DIL therefore the Company has considered the transmission charges and losses, both inter-state and intra-state as per the prevailing orders of CERC & UPERC and the same will be claimed at the time of truing-up as per actuals.

Medium Term Power Procurement

6.4.8 The Petitioner has considered procurement of 353.91 MU power during FY 2021-22 from the following sources as approved by Commission vide its Order dated 28th February 2020.

(i) 50 MW RTC during April-September, 25 MW from 18-22 Hrs. during October-November and 25 MW from 18-20 Hrs during December-March for 3 years with M/s Arunachal Pradesh Power Corporation Limited (Source: Department of Power, Government of Arunachal Pradesh).

(ii) 25 MW RTC during April-September, 25 MW from 18-22 Hrs. during October-November and 25 MW from 18-20 Hrs during December-March for 3 years with M/s Arunachal Pradesh Power Corporation Limited (Source: Department of Power, Government of Nagaland).

Table 6-7: Medium Term Power Procurement as Submitted by Petitioner for FY 2021-22 (Rs. Crore)

S.No	Description	UoM	G.o.AP	G.o.N
1	Contracted (Apr-Sep)- 24 Hrs	MW	50	25
2	Contracted (Oct-Nov)- 4 Hrs	MW	25	25
3	Contracted (Dec-Mar)- 2 Hrs	MW	25	25
4	No of Days-	-	365	365
5	Forecasted Utilisation of Available Capacity	%	100%	100%
6	Units at Ex-Bus	MU	249.86	131.65
7	Inter-State Losses	%	3.97%	3.97%
8	***Units at UP Periphery***	***MU***	***239.94***	***126.43***
9	Intra-State Losses	%	3.40%	3.40%
10	Units at NPCL	MU	231.78	122.13
11	Fixed Cost per unit	Rs. kWh	2.090	2.085
12	Fixed Cost (S.no - 10 x 11)	Rs. Cr.	48.44	25.42
13	Energy Cost per unit	Rs. kWh	2.09	2.085
14	Energy Cost (S.no - 6 x 13)	Rs. Cr.	52.22	27.45
15	**Total Energy Cost**	**Rs. Cr.**	**100.66**	**52.87**
16	Inter-State Trans. Charges	Rs. Cr.	13.46	6.95
17	Intra-State Trans. Charges	Rs. Cr.	5.51	2.90
18	**Total Cost**	**Rs. Cr.**	**119.63**	**62.72**
19	**Landed Rate**	**Rs. kWh**	**5.16**	**5.14**

6.4.9 The Petitioner submitted that it is pertinent to mention that the Commission vide aforesaid orders has approved the aforesaid PPAs at an average cost of RS. 5.46 per kWh on the basis of normative availability of 85%, then prevailing transmission charges and transmission losses, both inter-state and intra state on Medium-term Open Access basis.

6.4.10 The Petitioner again submitted that it is pertinent to mention here that the full fixed charges are payable at 85% Normative Availability in accordance Article 11.4.2 of the above approved PPA dated 23rd January 2020 irrespective of actual drawl. The relevant clause 11.4.2 is reproduced as follows:

Quote

"11.4.2 The obligations of the Utility to pay Fixed Charges in any Accounting Year shall in no case exceed an amount equal to the Fixed Charge due and

payable for and in respect of the Normative Availability of 85% (eighty five per cent) computed with reference to the Contracted Capacity (the "Capacity Charge")…"

Unquote

6.4.11 The Petitioner further submitted that, as per the Article-5.5 & 5.6 of the above approved PPAs, the Company has considered reimbursement of transmission charges & losses on actual basis. Article 5.5 & 5.6 are reproduced below:

Quote

"5.5 Obligations relating to transmission charges

The Supplier shall be liable for payment of all charges, due and payable under Applicable Laws, for inter-state and intra-state transmission of electricity from the Point of Grid Connection to the Delivery Point. For the avoidance of doubt, the Parties expressly agree that inter-state and intra-state transmission of electricity shall be undertaken solely at the risk and cost of the Supplier and all liabilities arising out of any failure of inter-state and intra-state transmission shall, subject to the provisions of Clause 11.4.4, be borne by the Supplier ***<u>. The Parties further agree that the obligation of the Supplier to pay the regulated charges for transmission of electricity shall be restricted to the tariffs and rates applicable on the Bid Date for and in respect of the Contracted Capacity and any differential arising from revision of the regulated tariffs and rates thereafter shall be payable or recoverable, as the case may be, by the Utility.</u>*** *The Parties also agree that the regulated charges applicable for transmission of electricity referred to hereinabove as on the Bid Date shall be deemed to be Rs. 75,97,20,000/- (Rupees Seventy Five Crore Ninety Seven Lacs Twenty Thousand Only) for and in respect of the Contracted Capacity$, which charges shall at all times be due and payable by the Supplier.*

5.6 Obligations relating to transmission losses

5.6.1 The Supplier shall be liable for the transmission losses in all inter-state and intra- state transmission of electricity from the Point of Grid Connection to the Delivery Point. For the avoidance of doubt, the Parties expressly agree that transmission of electricity shall be undertaken solely at the risk and cost of the Supplier and all liabilities arising out of any transmission losses on inter-state and intra-state transmission lines shall be borne by the Supplier. ***The Parties further agree that the obligation of the Supplier to bear the transmission losses shall be restricted to the level of losses determined by the Central Commission as on the Bid Date for this Project and any differential (higher or lower) arising from revision in the level of losses thereafter by the Central Commission shall be borne by the Utility…."***

Unquote

6.4.12 As evident from the above quoted Article-5.5 & 5.6 of the PPAs dated 23rd January 2020, the Company is liable to reimburse the transmission charges & losses on the basis of actually prevailing transmission charges and losses and full utilisation of 85% NAPAF at the time of scheduling of power.

6.4.13 The Petitioner further, subsequent to the directions of Commission vide Order dated 4th May 2020, the Company has published tender dated 29th October 2020 for procurement of 60 MW RTC hydro power during May'20-September'23 for 3 years in order to optimize its load curve. Subsequent to the e-Reverse Auction held on DEEP Portal on 22nd December 2020, the following bidders have been declared successful.

Table 6-8: Bids Received thru DEEP Portal by Petitioner

Bidder	Source	Quantum (MW)	Cost of Generation (Rs./kWh)	Cost of Transmission Charges (Rs./kWh)	Cost of Transmission Losses (Rs./kWh)	Rate at NPCL bus (Rs./kWh) *
M/s Arunachal Pradesh Power Corporation (P) Limited (APPCPL)	Goodwill Energy, H.P	15.0	1.695	0.79	0.25	4.43

Bidder	Source	Quantum (MW)	Cost of Generation (Rs./kWh)	Cost of Transmission Charges (Rs./kWh)	Cost of Transmission Losses (Rs./kWh)	Rate at NPCL bus (Rs./kWh) *
M/s Tata Power Trading Company Limited (TPTCL)	Govt. of Himachal Pradesh	45.0	1.661	0.7978	0.31	4.43
M/s Arunachal Pradesh Power Corporation (P) Limited (APPCPL)	MePDCL, Meghalaya	15.0	1.695	0.79	0.25	4.43

**In Computation of total tariff at NPCL periphery, Base fixed charges have been considered equal to the cost of Generation as per the Standard Bidding Documents as per normative NAPAF pf 85%.*

6.4.14 Further, the Petitioner has approached the Commission vide its Petition dated 7th January 2020 for adoption of above tariff and PPA. Accordingly, it has considered import of 272.16 MU @ at estimated landed cost of Rs. 120.52 Cr during FY 2021-22.

6.4.15 The estimated cost under proposed Medium Term Arrangement is summarized in Table below:-

Table 6-9: Proposed Medium Term Arrangement as Submitted by Petitioner for FY 2021-22 (Rs. Crore)

S.No	Description	UoM	G.o H.P	MePDCL, Meghalaya	Goodwill, HP
1	Contracted (Apr-Sep)	MW	45	15	15
2	Hours	-	24	24	24
3	No of Days	-	150	153	153
4	Forecasted Utilisation of Available Capacity	%	100%	100%	100%
5	Units at Ex-Bus	MU	174.63	59.38	59.38
6	Inter-State Losses	%	3.97%	3.97%	3.97%
7	***Units at UP Periphery***	***MU***	***167.70***	***57.02***	***57.02***
8	Intra-State Losses	%	3.40%	3.40%	3.40%
9	Units at NPCL	MU	162.00	55.08	55.08
10	Fixed Cost per unit	Rs. kWh	1.661	1.695	1.695
11	Fixed Cost (S.no - 9 x 10)	Rs. Cr.	26.91	9.34	9.34

12	Energy Cost per unit	Rs. kWh	1.97	1.945	1.945
13	Energy Cost (S.no - 9 x 12)	Rs. Cr.	31.93	10.71	10.71
14	Total Energy Cost	Rs. Cr.	58.84	20.05	20.05
15	Inter-State Trans. Charges	Rs. Cr.	9.07	3.02	3.02
16	Intra-State Trans. Charges	Rs. Cr.	3.85	1.31	1.31
17	Total Cost	Rs. Cr.	71.76	24.38	24.38
18	**Landed Rate**	**Rs. kWh**	**4.43**	**4.43**	**4.43**

6.4.16 It is pertinent to mention here that the full fixed charges are payable at 85% Normative Availability in accordance Article 11.4.2 of the standard approved PPA irrespective of actual drawl and also as per Article-5.5 & 5.6 of the standard PPA, the Company is liable to reimburse the transmission charges & losses on the basis of actually prevailing at the time of scheduling of power.

Short Term Power Purchase Agreements

6.4.17 During FY 2021-22, the Petitioner has proposed to procure 554.29 MU power from various ST Sources including bidding / IEX/ Banking etc. Based on the rates prevailing in different time block in the bilateral market (Source CERC Market Monitoring Reports), the total cost of the power has been estimated as follows:

Table 6-10: Proposed Short Term Power as Submitted by Petitioner for FY 2021-22 (Rs. Crore)

Description	Units at NPCL	Rate/kWh	Energy Charges	Trans. Cost	Amount	Rate/kWh
Inter-state (Peak)	91.46	4.78	43.68	5.30	48.98	5.35
Inter-state (Off- Peak)	300.39	4.37	131.29	17.12	148.41	4.94
Inter-state (RTC)	162.43	3.99	64.84	9.31	74.15	4.57
Total ST Power	**554.29**	**4.33**	**239.80**	**31.73**	**271.54**	**4.90**

6.4.18 Further, since it is not possible to exactly estimate the day-ahead power requirement as the demand is highly volatile, uncertain and dependent on a number of factors which are beyond the control of the Company e.g. volatile weather conditions, long intermittent holidays on account of various festivals, Govt. holidays etc., the power tied-up during such time if remained unused, may need to be sold through power exchange/banking/ bilateral contracts either by Company directly or through power trading companies to optimize its power purchase cost. Accordingly, the Company during FY 2021-22 has projected Sale of 20.32 MU power at exchange.

Power Procurement from Renewable Sources

6.4.19 Long Term Power Purchase Agreement for 10 MW Wind power @ Rs. 3.53/kWh with M/s PTC India Limited signed on 27th June 2017 under the MNRE Scheme for Setting up of 1000 MW ISTS connected Wind Power Projects for which the Solar Energy Corporation of India Ltd. (SECI) was identified as the "Nodal Agency" for selection of bidder.

6.4.20 The Petitioner submitted that above PPA dated 27th June 2017 and tariff has already been approved / adopted by UPERC/CERC.

6.4.21 As per the Ministry of Power, GoI directives dated 5th August 2020 read with Revised order Dated 15th January 2021, inter-state transmission charges and losses are not applicable on long term purchase of solar, wind and solar-wind hybrid sources. Accordingly, the Company has considered only the intra-state transmission charges and losses of UPPTCL while deriving the cost at NPCL bus. Para 3(a) of the abovementioned notification dated 5th August 2020 from the Ministry of Power, GoI in this regard is reproduced below:

Quote

> *"a) Power plants using solar and wind sources of energy, including solar-wind hybrid power plants with or without storage commissioned till 30th June, 2023 for sale to entities having a Renewable Purchase Obligation (RPO), irrespective of whether this power is within RPO or not, provided that in case of distribution licensees, the power has been procured competitively under the guidelines issued by the Central Government."*

Unquote

6.4.22 Further, in accordance with the clause 6.8.3 of the approved PPA dated 27th June

2017, M/s PTC vide its letter dated 29th October 2020 intimated the company that M/s Adani Green Energy (MP) Limited is willing to increase the CUF of the project from current 36% to 40.03% for rest of the tenure of the agreement at the approved tariff of Rs. 3.53 per kWh. Accordingly, the Company will sign a supplementary PPA with M/s PTC in this regard and procure the power accordingly.

6.4.23 Long Term Power Purchase Agreements for 25 MW @ Rs. 3.08/kWh each with M/s Tata Power Renewable Energy Limited and M/s Adani Wind Energy (TN) Limited for purchase of solar power for 25 years.

6.4.24 As per the UPERC's CRE Regulations, 2019 as amended from time to time, 50% waiver is given on the purchase of solar power from the projects situated in Uttar Pradesh. Accordingly, the Company has considered the same while deriving the landed cost of above supplies from M/s Tata and M/s Adani at NPCL bus. The Regulation 26 (b)(iii) of the above CRE Regulations is reproduced below:

Quote

> *" Provided for large scale stand-alone solar projects set up for sale of power to Electricity distribution Company or Third party or Captive use, there shall be 100 % exemption from State cross subsidy surcharge for Interstate sale of solar power. This exemption will be applicable as per U.P. Electricity Regulatory Commission (UPERC) Regulations, as amended from time to time. "*

Unquote

6.4.25 The Petitioner submitted that it is pertinent to mention here that M/s Tata has filed a Petition before the Commission seeking additional cost due to alleged Change in Law events. Appropriate modifications would be made in power purchase cost based on the directions of this Commission.

6.4.26 The Petitioner submitted that, as per the current status, M/s Adani will commence schedule of power anytime from the m/a Jan'21 while M/s Tata Power is yet to inform the CoD of the project. Accordingly, the Company has assumed full utilization of power from M/s Adani Energy Limited while the same from M/s Tata

Solar will be considered upon actual commencement of power. Apart from the above solar power, the Company already have a Long-Term Power Purchase Agreement for 1 MWp Solar power @ Rs. 7.06/kWh with Greater Noida Industrial Development Authority (GNIDA). The same has already been approved by the Commission vide its order dated 14th July 2015.

6.4.27 Further submitted that based on above, the power procurement plan for FY 2021-22 from RE sources is given in the Table below –

Table 6-11: Renewable Power Purchase as submitted by Petitioner for FY 2021-22 (Rs. Crore)

Description	Units at NPCL Bus	Rate/kWh	Energy Charges	Trans. Cost	Total cost	Rate/kWh
GNIDA	1.58	7.06	1.11	0.00	1.11	7.06
PTC (Wind Power)	33.87	3.65	12.38	0.81	13.18	3.89
Solar- (Adani)	53.66	3.08	16.53	0.64	17.16	3.20
Renew (Non-Solar)	284.42	5.07	144.19	16.22	160.41	5.64
Total RE Power	**373.52**	**4.66**	**174.21**	**17.66**	**191.87**	**5.14**

6.4.28 The Petitioner submitted that the remaining energy requirement would be met through short term sources in such a manner that the Company is able to fulfill its Renewable Purchase Obligation for the year as per UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2019 Dated 16th August 2019. Based on above and in pursuance of the RPO approved vide TO dated 4th December 2020, the status of RPO compliance is given in the Table-61 below:

Table 6-12: RPO Projection as submitted by Petitioner for FY 2021-22 (MU)

RPO Source	Particulars	Ref.	FY 2020-21	FY 2021-22
Solar	Opening	a	44	18
	Obligation	b	49	74
	Met	c	75	92
	Closing	**d=a+b-c**	**18**	**(0)**
Non-Solar	Opening	e	72	138
	Obligation	f	98	111
	Met	g	31	34
	Closing	**h=e+f-g**	**138**	**215**
Hydro	Opening	i	20	(15)
	Obligation	j	33	55

RPO Source	Particulars	Ref.	FY 2020-21	FY 2021-22
	Met	k	67	284
	Closing	**l=i+j-k**	**(15)**	**(244)**
Cumulative Gap/(Surplus)		**m=d+h+l**	**142**	**(28)**

6.4.29 The Petitioner submitted that it is pertinent to mention here that the Company has considered the benefit of hydro power taken back as banking return during FY 2019-20 for the power banked in FY 2018-19 while calculating the RPOs for subsequent years.

6.4.30 The Petitioner submitted that the company has also granted several connections under the net- metering policy approved by the by the Commission in its Roof-top Solar PV Regulation 2015 which will generated Gross 37.25 MU (Appro) power during FY 2021-22. The Petitioner would receive energy from such net metering consumers during FY 2021-22 but the same cannot be ascertained at present, therefore, the Petitioner will consider the same at the time of True-up in its power purchase quantum for FY 2021-22.Based on the above arrangements, the Power Purchase cost for FY 2021-22 has been duly updated and is provided herein below:

Table 6-13: Power Purchase Cost as submitted by Petitioner for FY 2021-22

Sl. No.	Item	Projected		
1	Retail Sales (MU's)		2473.58	
2	Losses		8.54%	
3	Power Purchase (MU's)		2704.57	
	Source of Power Purchase	**MU's**	**Rs./kWh**	**Amount Rs. Cr.**
4	Power Purchase from LT	1,181.87	5.06	598.42
5	Power Purchase from MT	626.07	4.03	252.47
6	Power Purchase from Short Term i.e. IEX /Banking/ Bidding etc.	554.29	4.33	239.80
6	Power Purchase from RE	373.52	4.66	174.21
7	Sale of Power	(20.32)	2.72	(5.52)
8	DSM	(10.86)	1.00	(1.09)
9	**Gross Power Purchase**	**2,704.57**	**4.65**	**1,258.29**
10	Inter-state Transmission Charges			145.31
11	Intra-state Transmission Charges			66.67
12	**Total Power Purchase Cost**	**2,704.57**	**5.44**	**1,470.27**

Commission's Analysis

Power Purchase from Long Term Source

6.4.31 The Commission has observed that the Petitioner has projected Long Term Power purchase from DIL of Rs 564.12 Crore (excluding Transmission charges) at Rs 4.77/kWh (at NPCL Periphery) wherein the fixed charges are considered as Rs 1.825/ kWh and Energy charges are considered as Rs 1.729/kWh.

6.4.32 The Commission vide Order dated February 05, 2019 in the matter of determination of Tariff for DIL for FY 2016-17 to FY 2018-19 in MYT Petition No. 1235 of 2017, approved provisional tariff wherein the fixed charges are approved as Rs 1.90/ kWh and Energy Charges are fixed as Rs 1.80/kWh for FY 2018-19. The relevant extract of the aforesaid Order is quoted below:

Quote

4.2.1 The Commission approved the PPA vide Order dated 20.04.2016 read with Order dated 15.01.2016. In the said Order the Commission approved the fixed charges based on the estimated capital cost of Rs. 1941 Crore with a levelized tariff of Rs. 4.79/kWh at U.P Periphery.

4.2.9 The tariff at UP periphery shall have following components:

(i) Fixed Charges

(ii) Energy Charges

(iii) Inter State transmission Losses

(iv) Inter State transmission Charges

4.2.10 From above, it can be observed that the PGCIL charges and losses are beyond the control of the Petitioner, hence are to be reimbursed to the Petitioner as per actuals. The only fixed component is the fixed charges (treatment of energy charge is discussed subsequently). Therefore, the fixed charges shall be approved as follows:

- *If levelized Fixed charges claimed by Petitioner <=Rs. 1.93/kWh then the fixed charges as claimed by the Petitioner shall be approved.*
- *If levelized Fixed charges claimed by the Petitioner > Rs. 1.93/kWh, then the fixed charges shall be limited so that the levelized fixed charges does not exceed Rs. 1.93/kWh.*

….

Table-2: Comparison of Fixed charges as approved in PPA vs claimed by the Petitioner (Rs./kWh)

Particulars	*As per Fixed Charges approved in PPA*	*As claimed in the MYT Petition*	*Revised submission as per capital cost as on Cut off date*	*Fixed Charges considering Refinancing Cost claimed in FY 2017-18*	*Fixed Charges approved by the Commission*
FY 2016-17	*2.11*	*2.08*	*2.05*	*2.05*	*2.05*
FY 2017-18	*2.06*	*2.02*	*1.94*	*1.99*	*1.99*
FY 2018-19	*2.02*	*1.95*	*1.90*	*1.90*	*1.90*
Levelized Fixed Tariff (25 years)	***1.93***	***1.93***	***1.86***	***1.87***	***1.87***

Table-3: Comparison of Energy charges as considered order for approval of PPA vs claimed by the Petitioner (Rs./kWh)

Particulars	*As considered in approval of PPA*	*As claimed in the MYT Petition*	*Revised submission as per capital cost as on Cut off date*	*Energy Charges approved by the Commission*
FY 2016-17	***1.65***	*2.177*	*1.65*	***1.65***
FY 2017-18	***1.72***	*2.177*	*1.72*	***1.72***
FY 2018-19	***1.80***	*2.177*	*1.80*	***1.80***
Levelized Fixed Tariff (25 years)	***2.21***	***2.34***	***2.21***	***2.21***

Note: The escalation rate of CERC has been considered as applicable till 31.03.2014, which is subject to true up.

Unquote

6.4.33 The Commission in the aforesaid Order also observed that the Tariff approved above will be subject to True up on provisions based on the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2014. The relevant extract of the aforesaid Order is quoted below for reference:

Quote

4.2.14 The tariff approved above shall be subject to true up provisions based on the Tariff Regulations 2014. The Petitioner shall be required to submit all relevant details including actual figures on coal quality (GCV as received basis tested at *plant) corresponding to each FY in the entire control period certified by an independent agency of repute for scrutiny of the Commission while truing up."*

Unquote

6.4.34 The Commission in the aforesaid Order directed that the Tariff approved above shall remain effective till further Orders. The relevant extract of the Order is quoted below:

Quote

5. IMPLEMENTATION OF ORDER

*5.1 This order shall be reckoned to have come into effect from respective 01st day of each year of the for the Multi Year Tariff period of FY 2016-17 to FY 2018-19 and **shall remain effective till further order**. DIL is entitled to raise the bills as per this order with necessary adjustments if any on receivable/ refundable.*

Unquote

6.4.35 Also, the Commission vide its Suo-moto Order dated May 30, 2019, decided to extend the applicability of UPERC (Terms and Conditions of Generation Tariff) Regulations, 2014 with effect from April 01, 2019 and ordered that Tariff during FY 2019-20 shall remain as determined by the Commission under UPERC (Terms and Conditions of Generation Tariff) Regulations, 2014 on provisional basis subject to the adjustment with interest.

6.4.36 Further the Commission vide its Order dated May 11, 2020 provided that:

Quote

"While this being so, due to lockdown caused by outbreak of ongoing Covid-19 pandemic, the Commission is not able to take up matters for hearing. But, as these projects are continuously generating electricity and that the same is being sold to the UPPCL, an Order to continue Status-quo is necessitated for the said electricity being sold to UPPCL. Therefore, it is ordered that Provisional Tariff for next six months from the date of this Order i.e. during the period 1st April'20 to 31st Oct'20 shall remain as determined by the Commission through various orders respective to these existing projects under the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2014 subject to adjustment with applicable interest, if any."

Unquote

6.4.37 Since, there is no further Order in this regard, the Commission finds it appropriate to provisionally consider the rates of fixed and energy charges as stipulated by the Commission in the aforesaid Order for FY 2018-19, which will be subject to the Truing up of DIL for the respective year. Once the True-Up of DIL is approved by the Commission, the impact of True-Up of DIL for the respective year shall be considered and allowed to NPCL in the future years ARR/Tariff Order, as and when it happens.

6.4.38 The Commission for projection of quantum for FY 2021-22 has considered the same as projected by the Petitioner, and the Inter-State Transmission Loss as approved in the True-up of FY 2019-20. The Commission has considered Intra-State Transmission Loss as approved for UPPTCL for FY 2021-22 dated June 29, 2021 in Petition No. 1656 of 2020 i.e. 3.33%.

Table 6-14: Power Purchase from Long Term Source as approved by the Commission for FY 2021-22

Source	MU at Ex-bus	Inter State Loss (%)	Quantum at UP Periphery	Intra State Loss (%)	MU at NPCL bus	Fixed Charges (Rs. Crs)	Energy Charges (Rs. Crs)	Amount (Rs. Crs)	Transmission charges of PGCIL (Rs. Crore)	Transmission Charges of UPPTCL (Rs. Crore)	Total Trans. Chgs (Rs. Crs)	Total (in Rs. Crore)	Per Unit Cost (Rs./ Unit)
	A	B	C	D	E	F=C*1.9/10	G=C*1.8/10	H=G+F	I	J=0.2378*E/10	K=J+I	L=H+K	M=L/E*10
DIL	1274.05	3.97%	1223.48	3.33%	1182.74	232.46	220.23	52.69	82.80	28.64	111.43	564.12	4.77

Power Purchase from Medium Term Source

6.4.39 The Commission vide its Order dated February 28, 2020 in Petition No. 1552 of 2020 approved power procurement from Medium Term from two sources such as 50 MW from Department of Power, Govt of Arunachal Pradesh and 25 MW from Department of Power, Govt of Nagaland at rate of Rs. 5.46/kWh for a period of 1st April 2020 to 31st March 2023. (https://www.uperc.org/App_File/1552-pdf2282020110421PM.pdf)

6.4.40 The summary of the approval as below:

Source		Department of Power, Govt. of Arunachal Pradesh	Department of Power, Government of Nagaland.
Quantum at NPCL Periphery		a) April-September: 50 MW during 00:00-24:00 Hrs, b) October-November: 25 MW during 18.00-22:00 Hrs and c) December-March: 25 MW during 18.00-20:00 Hrs	a) April-September: 50 MW during 00:00-24:00 Hrs, b) October-November: 25 MW during 18.00-22:00 Hrs and c) December-March: 25 MW during 18.00-20:00 Hrs
Cost of Generation (Rs./kWh)	A	2.090	2.085
Cost of Transmission charges (Rs./kWh)	B	1.00	0.99
Cost of Transmission Losses (Rs./kWh)	C	0.28	0.30
Total Tariff at NPCL Bus (Rs./kWh)	D=(A*2)+B+C	5.46	5.46

6.4.41 The Commission has considered the same rate for approval for FY 2021-22 as approved in Order dated February 28, 2020. The same is shown in the Table below:

Table 6-15: Medium Term of 50 MW approved for FY 2021-22 from Department of Power, Govt. of Arunachal Pradesh

Source	MU at Ex-bus	Inter State Loss (%)	Intra State Loss (%)	MU at NPCL bus	Fixed Charges (Rs. Crore)	Energy Charges (Rs. Crore)	Amount (Rs. Crore)	PGCIL Charges (Rs. Crore)	UPPTCL charges (Rs. Crore)	Total Transmission (Rs. Crore)	Total (Rs. Crore)	Per Unit Cost (Rs. Unit)
Government of AP. Medium term	249.86	3.97%	3.33%	231.95	48.48	54.97	103.45	23.19		23.19	126.64	5.46

Table 6-16: Medium Term of 25 MW approved for FY 2021-22 from Department of Power, Govt. of Nagaland

Source	MU at Ex-bus	Inter State Loss (%)	Intra State Loss (%)	MU at NPCL bus	Fixed Charges (Rs. Crore)	Energy Charges (Rs. Crore)	Amount (Rs. Crore)	PGCIL Charges (Rs. Crore)	UPPTCL charges (Rs. Crore)	Total Transmission (Rs. Crore)	Total (Rs. Crore)	Per Unit Cost
Government of Nagaland. Medium term	131.65	3.97%	3.33%	122.22	25.48	29.15	54.63	12.10		12.10	66.73	5.46

6.4.42 The Commission vide its Order dated May 05, 2021 in Petition No. 1671 of 2021 approved power procurement from Medium Term from two sources such as 15 MW through Arunachal Pradesh Power Corporation Limited from Goodwill Energy, HP and 45 MW through Tata Power Trading Company Limited, from Govt of Himachal Pradesh at rate of Rs. 4.43/kWh. (https://www.uperc.org/App_File/1671-pdf772021120838PM.pdf)

6.4.43 The summary of the approval as below:

Source		Goodwill Energy, Himachal Pradesh	Government of Himachal Pradesh.
Quantum at NPCL Periphery		a) May 2021 – September 2021: 15 MW during 00:00-24:00 Hrs b) May-2022 - September 2022: 15 MW during 00:00-24:00 Hrs c) May-2023 - September 2023: 15 MW during 00:00-24:00 Hrs	a) May 2021 – September 2021: 45 MW during 00:00-24:00 Hrs b) May-2022 - September 2022: 45 MW during 00:00-24:00 Hrs c) May-2023 - September 2023: 45 MW during 00:00-24:00 Hrs
Cost of Generation (Rs./kWh)	A	1.695	1.6610
Cost of Transmission charges (Rs./kWh)	B	0.790	0.7978
Cost of Transmission Losses (Rs./kWh)	C	0.250	0.3100
Total Tariff at NPCL Bus (Rs./kWh)	D=(A*2)+B+C	4.43	4.43

6.4.44 The Commission, for FY 2021-22 has considered sources and rates approved by the Commission in Order dated February 28, 2020 and Order dated May 05, 2021 respectively. The Commission for projection of quantum (MU) for FY 2021-22 has considered same as projected by the Petitioner, and the Inter-State Transmission Losses has been considered in similar to inter-state losses approved for power purchased from exchange by in FY 2019-20, since these mid-term sources in FY 2021-22 are in northern region and new and not the mid-term sources available in FY 2019-20. Further, the Commission has considered Intra-State Transmission Loss as approved for UPPTCL for FY 2021-22 dated June 29, 2021 in Petition No. 1656 of 2020 i.e. 3.33%.

6.4.45 Accordingly, the Medium-Term power purchase approved by the Commission for FY 2021-22 is as under:

Source	Capacity (MW)	MU at Ex-bus	Inter State Loss (%)	Intra State Loss (%)	MU at NPCL bus	Fixed Charges (Rs. Cr)	Energy Charges (Rs. Cr)	Amount (Rs. Cr)	PGCIL Charges (Rs. Cr)	UPPTCL charges (Rs. Cr)	Total Transmission (Rs. Cr)	Total (Rs. Cr)	(Rs/kWh) at NPCL Periphery
Medium Term Power- RTC (45MW) G.o.H P	45	174.63	2.43%	3.33%	164.72	27.36	32.47	59.83	13.141		13.14	72.97	4.43
Medium Term Power (15 MW) H.P	15	59.38	2.43%	3.33%	56.00	9.49	10.89	20.39	4.424		4.42	24.81	4.43
Medium Term Power (50 MW) GoAP	50	249.86	2.43%	3.33%	235.67	49.26	55.85	105.11	23.567		23.57	128.68	5.46
Medium Term Power (25 MW) GoN	25	131.65	2.43%	3.33%	124.18	25.89	29.62	55.51	12.294		12.29	67.80	5.46

Power Purchase from Renewable Source

6.4.46 As regards purchase of power from renewable sources, the Commission observed that the licensee has submitted to procure 1 MW solar power from GNIDA, 10 MW wind power through PTC and Solar Power through Adani Power. The Commission vide its Order dated July 14, 2015 approved rate of Rs. 7.06/kWh for power procurement of solar PV power from GNIDA for 10 years. Also, the Commission vide its Order dated January 01, 2018 approved the procurement of 10 MW wind power through PTC at the rate of Rs. 3.53/kWh including the trading margin of Rs. 0.07/kWh at NPCL Periphery. Further the Commission vide order dated 18.09.2019 approved rate of Rs.3.08/kWh for Power Purchase from Adani Power (Solar Power).

6.4.47 Further, the Commission vide Order dated 20.04.2021 of Petition No. 1692 of 2021 approved power purchase from three PPAs with Arunachal Pradesh Power Corporation (P) Ltd. (APPCPL), each dated 18.02.2021 and PPA with Kreate Energy (I) Pvt. Ltd. (KEIPL) dated 23.02.2021. OrderinPet1692of2021-pdf420202150824PM.pdf (uperc.org) . The summary of the same is as under:

S. No.	Bidder	Period	Duration (Hrs.)	Quantum (MW)	Rate at CTU Bus (Rs./kWh)
1	M/s Arunachal Pradesh Power Corporation (P) Limited (Department of Power, Govt of Nagaland)	1st April 2021 to 30th September 2021 (Except Sundays)	00.00 to 04.00	12	4.3

2	M/s Arunachal Pradesh Power Corporation (P) Limited (Department of Power, Govt of Arunachal Pradesh)	1st April 2021 to 30th September 2021 (Except Sundays)	19.00 to 24.00	10	4.44
3	M/s Arunachal Pradesh Power Corporation (P) Limited (MePDCL, Mehalaya)	1st April 2021 to 30th September 2021 (Except Sundays)	00.00 to 04.00	15	4.3
		1st May 2021 to 30th September 2021 (Except Sundays)	12.00 to 17.00	15	4.32
		1st April 2021 to 30th April 2021 (Except Sundays)	19.00 to 24.00	15	4.44
		1st May 2021 to 30th September 2021 (Except Sundays)	19.00 to 24.00	15	4.44
4	M/s Kreate Energy (I) Pvt Ltd (E&PD, Govt. of Sikkim)	1st April 2021 to 30th September 2021 (Except Sundays)	00.00 to 04.00	5	4.3
		1st May 2021 to 30th September 2021 (Except Sundays)	12.00 to 17.00	10	4.31
		1st April 2021 to 30th April 2021 (Except Sundays)	19.00 to 24.00	10	4.44
		1st May 2021 to 30th September 2021 (Except Sundays)	19.00 to 24.00	10	4.44
5	Wt. Average Tariff (Rs. / kWh)		-	-	4.36

6.4.48 The Petitioner has procured the above power vide short-term procurement through Deep portal. Further, as per the said Order dated 20.04.2021, the Petitioner has submitted that power would be supplied from pool of small hydro projects and suppliers would be providing monthly renewable energy transfers certificates in favor of the Petitioner. Accordingly, this power purchase is considered as a part of Renewable power and the same is considered for Small Hydro under Non-Solar RPO. Further the Commission in the said order directed the Petitioner to submit an affidavit regarding number of such certificate received at the end of the contract period along with its accrued benefit. Hence, the above sources are considered for short term and RPO obligations in FY 2021-22. Further, as per the Order, the Power Purchase rates are approved upto CTU Periphery, hence, for intra-state, the UPPTCL Transmission losses and charges as approved in the Tariff Order FY 2021-22 is considered for computing the cost at NPCL Periphery.

6.4.49 Accordingly, the Commission has computed the Solar, Non-Solar and Hydro cumulative surplus / shortfall till FY 2021-22 in line with the obligation specified in UPERC (Promotion of Green Energy through Renewable Purchase Obligation) (First Amendment) Regulations, 2019 as shown in the Table below:

Table 6-17: RPO Computation for FY 2021-22

S.No	Particular	Reference	Quantum (MU)
1	Total Sales for FY 2021-22	**A**	**2473.57**
2	Hydro Purchase during the year	B	580.57
3	**Net Power Sale for RPO computation**	C=A-B	1893.00
4	**Total Obligation for the year (%)**		
5	Solar (%)	D	4%
6	Non Solar (%)	E	6%
7	HPO Obligation for the year (%)	F	3%
8	**Total Obligation for year**		
9	Solar (MU)	G=D*C	75.72
10	Non Solar (MU)	H=E*C	113.58
11	HPO Obligation for the year (MU)	I=F*C	56.79
12	**Total Obligation for the year (MU)**	**J=G+H+I**	**246.09**
13	**Total RPO Fulfilled during the year**		
14	Solar	k	53.45
15	Non Solar	L	92.87
16	Hydro	M	-
17	**Total RPO to be fulfilled**	N=K+L+M	**146.31**
18	Balance Obligation to be fulfilled in FY 21-22	**O=P+Q+R**	**99.78**
19	Solar	P	22.27
20	Non Solar	Q	20.71
21	Hydro	R	56.79

6.4.50 The Commission has considered that the Petitioner should fulfill its complete RPO obligation for FY 2021-22 (after considering the RPO fulfilled submission of the Petitioner for FY 2020-21 APR, which shall be reviewed at the time of True-up). Accordingly, apart from the RPO obligation being met during the year by the Petitioner, the Commission has considered that the remaining shortfall of non-solar and solar RPO obligation are to be fulfilled through the GTAM market. The Commission has computed the RPO details as under:

Table 6-18: Status of RPO Obligations to be met during FY 2021-22

RE Power	Opening Unfulfilled Obligation (FY 2021-22)	Obligation for the year	Obligation met during the year	Closing Unfulfilled Obligation (for FY 2021-22)	Additional Obligation considered from GTAM	Obligation Considered due to fungibility	Net Closing Obligation
Solar	75.62	75.72	53.45	97.90	97.90	0.00	0.00
Non-Solar	157.34	113.58	92.87	178.06	221.25	-43.20	0.00
HPO	-13.59	56.79	-	43.20		43.20	0.00
Total	**219.37**	**246.09**	**146.31**	**319.15**	**319.15**	**-**	**-**

6.4.51 The remaining power purchased from non-solar and solar power, considered to be fulfilled through the GTAM market and the GTAM Rates have been arrived at by consolidating the daily transactions by consolidating the daily transactions from August 2020 to July 2021 on two-month basis (i.e. maximum range of extraction of data from IEX is 62 days) where the Solar Rates arrived at Rs.3.47/kWh and Non-Solar Rates are arrived at 4.16/kWh and the same are considered respectively for the approval. Further, inter-state losses have been considered at approved in FY 2019-20 True-up for short term purchase from exchange. For intra-state, the UPPTCL Transmission losses and charges as approved in the Tariff Order FY 2021-22 is considered for computing the cost at NPCL Periphery.

6.4.52 The Power purchase from renewable sources approve for FY 2021-22 is as under:

Table 6-19: Approved renewable energy for FY 2021-22

Source	MU at Ex-bus	Inter State Loss (%)	Intra State Loss (%)	MU at NPCL bus	Fixed Charges (in Rs. Cr)	Energy Charges (in Rs. Cr)	Amount (in Rs. Cr)	PGCIL Charges (Rs. Cr)	UPPTCL charges (Rs. Cr)	Total Transmission (Rs. Cr)	Total (in Rs. Cr)	Per Unit Cost
Wind Power	35.07	0.00%	3.33%	33.90	-	12.38	12.38	-	0.82	0.82	13.20	3.89
Adani Energy (Solar Power)	53.66	0.00%	3.33%	51.87	-	16.53	16.53	-	1.26	1.26	17.78	3.43
GNIDA LT Solar Power	1.58	0.00%	0.00%	1.58	-	1.11	1.11	-	-	-	1.11	7.06
Arunanchal Pradesh Power Corporation Limited (Department of Power, Govt. of Nagaland)	7.00	0.00%	3.33%	6.77		3.01	3.01		0.16	0.16	3.17	4.69
Arunanchal Pradesh Power Corporation Limited (Department of Power, Govt. of Arunanchal Pradesh)	7.00	0.00%	3.33%	6.77		3.11	3.11		0.16	0.16	3.27	4.84
Arunanchal Pradesh Power Corporation Limited (MePDCL, Govt. of Meghalaya	31.00	0.00%	3.33%	29.97		13.51	13.51		0.73	0.73	14.24	4.75
M/s Kreate Energy (I) Pvt. Ltd (E&PD), Govt. of Sikkim)	16.00	0.00%	3.33%	15.47		6.99	6.99		0.37	0.37	7.36	4.76
Non-Solar (GTAM)	234.57	2.43%	3.33%	221.25		97.59	97.59		5.36	5.36	102.95	4.65
Solar (GTAM)	103.79	2.43%	3.33%	97.90		36.00	36.00		2.37	2.37	38.37	3.92

Power Purchase from Short-Term Source

6.4.53 Apart from the above, the Petitioner has no power purchase source approved for purchase in short term, neither has the Petitioner proposed any source. Hence, the remaining Power Purchase requirement, has been considered to be met through purchases from power exchanges. Further, the rate of power purchase has been considered as the the avg RTC IEX price from January to July, 2021 which arrives at Rs. 3.34/kWh at N2 periphery, and Rs.4.08/kWh landed at NPCL periphery. The power purchase from Power Exchange (s) for FY 2021-22 is approved as shown in the Table below:

Table 6-20: Power Purchase from Power Exchange approved by the Commission for FY 2021-22

Source	MU at Ex-bus	Inter State Loss (%)	Intra State Loss (%)	MU at NPCL bus	Fixed Charges (in Rs. Cr)	Energy Charges (in Rs. Cr)	Amount (in Rs. Cr)	PGCIL Charges (Rs. Cr)	UPPTCL charges (Rs. Cr)	Total Transmission (Rs. Cr)	Total (in Rs. Cr)	Per Unit Cost
Power Purchase from Exchange	481.38	2.43%	3.33%	454.05	-	160.76	160.76	13.37	10.99	24.36	185.12	4.08

6.4.54 Since, the Commission has allowed distribution losses of 7.80% for FY 2021-22 as against 8.54% claimed by the Petitioner, the quantum of power purchase (MU) approved by the Commission for FY 2021-22 is more than that projected by the Petitioner. Hence, the transmission charges approved by the Commission are adjusted as per the quantum of power approved for FY 2021-22 that is more than that claimed by the Petitioner.

6.4.55 The Commission while computing the Intra- State transmission charges for FY 2021-22 has considered the transmission tariff of Rs 0.2421/ kWh and transmission losses of 3.33% for FY 2021-22 as approved by the Commission vide Tariff Order of UPPTCL dated June 29, 2021, in the matter of determination of transmission tariff for FY 2021-22.

6.4.56 The Commission will carry out the detailed analysis of actual power purchase, transmission loss & transmission charges at the time of truing up of FY 2021-22. Accordingly, the power purchase quantum and cost as approved by the Commission for FY 2021-22 and as projected by the Petitioner is as shown in the Table below:

Table 6-21: Approved power purchase for FY 2021-22

Particular	Petition			Approved for FY 2021-22					
Sources of Power Purchase	**Energy (MU) at NPCL bus**	**Avg. cost (Rs. /kWh)**	**Cost excluding Transmission (Rs. Crore)**	**Energy (MU) at NPCL bus**	**Avg. cost (Rs. /kWh)**	**Cost excluding Transmission (Rs. Crore)**	**PGCIL Charges (Rs. Crore)**	**UPPTCL Charges (Rs. Crore)**	**Total Cost (Rs. Crore)**
Long Term Power (from DIL)	**1181.87**	**5.06**	**598.42**	**1,182.73**	**3.83**	**452.69**	**82.80**	**28.64**	**564.12**
Medium Term MTPPA (PTC India Ltd)	**626.07**	**4.03**	**252.47**	**580.57**	**4.15**	**240.83**	**53.43**	**-**	**294.26**
Medium Term Power- RTC (45MW) G.o.H P	162.00	3.63	58.84	3.63	59.83	13.14	-	72.97	164.72
Medium Term Power (15 MW) Meghalaya	55.08	3.64	20.05						
Medium Term Power (15 MW) H.P	55.08	3.64	20.05	3.64	20.39	4.42	-	24.81	56.00
Medium Term Power (50 MW) GoAP	231.78	4.34	100.66	4.46	105.11	23.57	-	128.68	235.67
Medium Term Power (25 MW) GoN	122.13	4.33	52.87	4.47	55.51	12.29	-	67.80	124.18
Short-Term Power Purchase	**554.29**	**4.33**	**239.80**	**454.05**	**3.54**	**160.76**	**13.37**	**10.99**	**185.12**
Inter State Power (Peak)	**53.47**	4.78	**25.54**						
Inter State Power (Off-Peak)	**182.21**	4.37	**79.63**						
Inter State Power (RTC)	**102.16**	3.99	**40.78**						
Inter State Power (Peak)	**37.99**	4.78	**18.14**						
Inter State Power (Off-Peak)	**118.18**	4.37	**51.65**						
Inter State Power (RTC)	**60.27**	3.99	**24.06**						
Power Purchase from Exchange				454.05	3.54	160.76	13.37	10.99	185.12
Power Purchase from RE	**373.52**	**4.66**	**174.21**	**465.46**	**4.09**	**190.23**	**0.00**	**11.23**	**201.46**
Arunanchal Pradesh Power Corporation Limited (Department of Power, Govt. of Nagaland)				6.77	4.45	3.01	-	0.16	3.17
Arunanchal Pradesh Power Corporation Limited (Department of Power, Govt. of Arunanchal Pradesh)				6.77	4.59	3.11	-	0.16	3.27
Arunanchal Pradesh Power Corporation Limited (MePDCL, Govt. of Meghalaya				29.97	4.51	13.51	-	0.73	14.24
M/s Kreate Energy (I) Pvt. Ltd (E&PD), Govt. of Sikkim)				15.47	4.52	6.99	-	0.37	7.36
Renewable Power (Wind Power)	33.87	3.65	12.38	33.90	3.65	12.38	-	0.82	13.20
Renewable Power (Solar Power)- Adani Energy	53.66	3.08	16.53	51.87	3.19	16.53	-	1.26	17.78
Renewable Power (GNIDA LT Solar Power)	1.58	7.06	1.11	1.58	7.06	1.11	-	-	1.11
Deemed purchase for RPO from Renewable Power (Non-Solar) GTAM	284.42	5.07	144.19	221.25	4.41	97.59	-	5.36	102.95
Deemed purchase for RPO from Renewable Power (Solar) GTAM				97.90	3.68	36.00	-	2.37	38.37
Subtotal	**2,735.75**	**4.62**	**1,264.89**	**2,682.83**	**3.89**	**1,044.51**	**149.59**	**50.86**	**1244.96**
UI	**-10.86**		**-1.09**						
Sale of Power	**-20.32**		**-5.52**						
Sub-total	**2,704.57**	**4.65**	**1,258.29**	**2682.83**	**3.89**	**1044.51**	**149.59**	**50.86**	**1244.96**
Total Transmission Charges			**211.98**			**200.46**			
Transmission Charges of PGCIL			**145.31**			**149.59**			
Transmission Charges of UPPTCL			**66.67**			**50.86**			

Particular	Petition			Approved for FY 2021-22					
Sources of Power Purchase	**Energy (MU) at NPCL bus**	**Avg. cost (Rs. /kWh)**	**Cost excluding Transmission (Rs. Crore)**	**Energy (MU) at NPCL bus**	**Avg. cost (Rs. /kWh)**	**Cost excluding Transmission (Rs. Crore)**	**PGCIL Charges (Rs. Crore)**	**UPPTCL Charges (Rs. Crore)**	**Total Cost (Rs. Crore)**
Total Power Purchase Cost	**2,704.57**	**5.44**	**1,470.27**	**2,682.83**	**4.64**	**1,244.96**			

6.4.57 Further, the Commission vide MoM dated 12th Apr'21 with respect to Technical Validation session held on 9th Apr'21 for approval of True-up for FY 19-20, APR for FY 2021-22 and ARR for FY 2021-22, sought information regarding month -wise Power purchase sources for FY 2021-22 wrt IC.

Months	*Sales*	*Power Purchase (Over-All)*						*Power Purchase (Covered under IC Mechanism)*	
	MUs	*Type*	*MUs*	*FC*	*VC*	*Others*	*Total*	*MUs*	*VC*
April		*Long Term*							
		Medium Term							
		Short Term							
		RE-Solar (A)							
		RE-Non-Solar (B)							
		RE (A+B)							
		Total							
May									
June									
July									
August									
September									
October									
November									
December									
January									
February									
March									

6.4.58 The Petitioner submitted the reply for the same on 22nd April 2021 as under:

Months	Sales	Power Purchase (Over-All)						
	MU	Type	MU at Ex-Bus	MU at NPCL	FC	VC	Others	Total
April	190.11	Long Term	115.80	107.43	19.61	32.70	9.45	61.77
		Medium Term	58.24	54.03	11.28	12.16	4.55	27.99

Months	Sales	Power Purchase (Over-All)						
	MU	Type	MU at Ex-Bus	MU at NPCL	FC	VC	Others	Total
		Short Term	56.30	52.16	-	23.10	3.23	26.33
		RE-Solar (A)	4.54	4.54	-	1.45	0.05	1.50
		RE-Non-Solar (B)	28.08	26.16	-	12.87	1.40	14.27
		RE (A+B)	**32.62**	**30.70**	**-**	**14.32**	**1.45**	**15.77**
		Total	**262.97**	**244.31**	**30.89**	**82.28**	**18.68**	**131.86**
May	221.39	Long Term	113.30	105.10	20.27	32.00	9.40	61.66
		Medium Term	119.17	110.55	20.82	23.30	8.92	53.03
		Short Term	58.21	53.93	-	23.87	3.34	27.21
		RE-Solar (A)	4.69	4.69	-	1.50	0.05	1.55
		RE-Non-Solar (B)	29.02	27.03	-	13.30	1.45	14.74
		RE (A+B)	**33.71**	**31.72**	**-**	**14.80**	**1.50**	**16.30**
		Total	**324.38**	**301.30**	**41.08**	**93.96**	**23.15**	**158.20**
June	238.68	Long Term	113.34	105.14	19.61	32.01	9.40	61.02
		Medium Term	116.45	108.03	20.32	22.75	8.86	51.93
		Short Term	56.30	52.16	-	23.10	3.23	26.33
		RE-Solar (A)	4.54	4.54	-	1.45	0.05	1.50
		RE-Non-Solar (B)	28.08	26.16	-	12.87	1.40	14.27
		RE (A+B)	**32.62**	**30.70**	**-**	**14.32**	**1.45**	**15.77**
		Total	**318.71**	**296.03**	**39.93**	**92.17**	**22.94**	**155.05**
July	229.56	Long Term	112.03	103.92	20.27	31.64	9.37	61.27
		Medium Term	119.17	110.55	20.82	23.30	8.92	53.03
		Short Term	58.21	53.93	-	23.87	3.34	27.21
		RE-Solar (A)	4.69	4.69	-	1.50	0.05	1.55
		RE-Non-Solar (B)	29.02	27.03	-	13.30	1.45	14.74
		RE (A+B)	**33.71**	**31.72**	**-**	**14.80**	**1.50**	**16.30**
		Total	**323.11**	**300.12**	**41.08**	**93.60**	**23.13**	**157.81**
August	234.16	Long Term	115.84	107.46	20.27	32.71	9.46	62.44
		Medium Term	119.17	110.55	20.82	23.30	8.92	53.03
		Short Term	60.38	55.94	-	24.75	3.45	28.20
		RE-Solar (A)	4.69	4.69	-	1.50	0.05	1.55
		RE-Non-Solar (B)	29.02	27.03	-	13.30	1.45	14.74
		RE (A+B)	**33.71**	**31.72**	**-**	**14.80**	**1.50**	**16.30**
		Total	**329.10**	**305.68**	**41.08**	**95.56**	**23.32**	**159.97**
September	236.99	Long Term	110.88	102.85	19.61	31.31	9.35	60.27
		Medium Term	116.45	108.03	20.32	22.75	8.86	51.93
		Short Term	58.40	54.11	-	23.95	3.34	27.29
		RE-Solar (A)	4.54	4.54	-	1.45	0.05	1.50
		RE-Non-Solar (B)	28.08	26.16	-	12.87	1.40	14.27
		RE (A+B)	**32.62**	**30.70**	**-**	**14.32**	**1.45**	**15.77**
		Total	**318.35**	**295.69**	**39.93**	**92.33**	**22.99**	**155.26**
October	215.50	Long Term	112.03	103.92	20.27	31.64	9.37	61.27
		Medium Term	6.69	6.21	1.29	1.40	0.35	3.04
		Short Term	37.75	34.96	-	15.77	2.27	18.04
		RE-Solar (A)	4.69	4.69	-	1.50	0.05	1.55
		RE-Non-Solar (B)	29.02	27.03	-	13.30	1.45	14.74

Months	Sales	Power Purchase (Over-All)						
	MU	Type	MU at Ex-Bus	MU at NPCL	FC	VC	Others	Total
		RE (A+B)	**33.71**	**31.72**	**-**	**14.80**	**1.50**	**16.30**
		Total	**190.18**	**176.81**	**21.56**	**63.60**	**13.49**	**98.65**
November	175.96	Long Term	48.05	44.57	19.61	13.57	7.96	41.14
		Medium Term	6.48	6.01	1.25	1.35	0.34	2.95
		Short Term	33.50	31.02	-	13.93	2.04	15.96
		RE-Solar (A)	4.54	4.54	-	1.45	0.05	1.50
		RE-Non-Solar (B)	28.08	26.16	-	12.87	1.40	14.27
		RE (A+B)	**32.62**	**30.70**	**-**	**14.32**	**1.45**	**15.77**
		Total	**120.65**	**112.29**	**20.86**	**43.17**	**11.79**	**75.82**
December	170.67	Long Term	110.75	102.74	20.27	31.28	9.34	60.89
		Medium Term	3.35	3.10	0.65	0.70	0.18	1.53
		Short Term	36.20	33.52	-	15.08	2.18	17.27
		RE-Solar (A)	4.69	4.69	-	1.50	0.05	1.55
		RE-Non-Solar (B)	29.02	27.03	-	13.30	1.45	14.74
		RE (A+B)	**33.71**	**31.72**	**-**	**14.80**	**1.50**	**16.30**
		Total	**184.01**	**171.09**	**20.91**	**61.85**	**13.21**	**95.98**
January	188.03	Long Term	108.58	100.72	20.27	30.66	9.29	60.22
		Medium Term	3.35	3.10	0.65	0.70	0.18	1.53
		Short Term	37.75	34.96	-	15.77	2.27	18.04
		RE-Solar (A)	4.69	4.69	-	1.50	0.05	1.55
		RE-Non-Solar (B)	29.02	27.03	-	13.30	1.45	14.74
		RE (A+B)	**33.71**	**31.72**	**-**	**14.80**	**1.50**	**16.30**
		Total	**183.38**	**170.50**	**20.91**	**61.93**	**13.24**	**96.08**
February	191.02	Long Term	98.89	91.73	18.31	27.93	9.08	55.31
		Medium Term	3.02	2.80	0.58	0.63	0.17	1.38
		Short Term	34.01	31.48	-	14.23	2.05	16.28
		RE-Solar (A)	4.24	4.24	-	1.35	0.05	1.40
		RE-Non-Solar (B)	26.21	24.42	-	12.01	1.31	13.32
		RE (A+B)	**30.45**	**28.65**	**-**	**13.36**	**1.35**	**14.72**
		Total	**166.37**	**154.67**	**18.89**	**56.15**	**12.65**	**87.69**
March	181.52	Long Term	114.57	106.28	20.27	32.36	9.43	62.05
		Medium Term	3.35	3.10	0.65	0.70	0.18	1.53
		Short Term	37.75	34.96	-	15.77	2.27	18.04
		RE-Solar (A)	4.69	4.69	-	1.50	0.05	1.55
		RE-Non-Solar (B)	29.02	27.03	-	13.30	1.45	14.74
		RE (A+B)	**33.71**	**31.72**	**-**	**14.80**	**1.50**	**16.30**
		Total	**189.38**	**176.07**	**20.91**	**63.62**	**13.38**	**97.91**
Total	2473.57	Long Term	1,274.05	1,181.87	238.63	359.79	110.90	709.32
		Medium Term	674.90	626.07	119.44	133.03	50.41	302.88
		Short Term	564.76	523.11	-	233.20	33.01	266.20
		RE-Solar (A)	55.23	55.23	-	17.64	0.64	18.28
		RE-Non-Solar (B)	341.67	318.29	-	156.57	17.02	173.59
		RE (A+B)	**396.90**	**373.52**	**-**	**174.21**	**17.66**	**191.87**
		Total	**2,910.60**	**2,704.57**	**358.07**	**900.22**	**211.98**	**1,470.27**

6.4.59 It is observed that the Petitioner has not submitted the reply in the prescribed format whereby the power purchase to be covered under IC Mechanism is missing. Hence, it is not clear in the below given appropriation table as to what sources will be covered under the IC mechanism. However, for the purpose of this Order, the month-wise power purchase has been recomputed by the Commission is the same proportion submitted by the Petitioner for FY 2021-22 as under:

Table 6-22: APPROPRIATION OF APPROVED POWER PURCHASE FOR FY 2021-22 (Rs. Crore)

Months	Sales	Power Purchase (Over-All)						
	MU	Type	MU at Ex-Bus	MU at NPCL	FC	VC	Others	Total
April	190.11	Long Term	115.80	107.50	19.11	20.02	9.50	48.62
		Medium Term	53.12	50.10	10.57	11.78	4.82	27.17
		Short Term	47.99	45.27	-	15.92	2.39	18.31
		RE-Solar (A)	13.07	12.44	-	4.41	0.30	4.71
		RE-Non-Solar (B)	27.18	25.82	-	11.23	0.63	11.85
		RE (A+B)	**40.25**	**38.26**	**-**	**15.64**	**0.92**	**16.56**
		Total	**257.16**	**241.14**	**29.68**	**63.36**	**17.63**	**110.66**
May	221.39	Long Term	113.30	105.18	19.74	19.58	9.44	48.77
		Medium Term	108.69	102.52	19.52	22.56	9.45	51.53
		Short Term	49.61	46.81	-	16.46	2.47	18.92
		RE-Solar (A)	13.51	12.85	-	4.56	0.31	4.86
		RE-Non-Solar (B)	28.08	26.68	-	11.60	0.65	12.25
		RE (A+B)	**41.59**	**39.53**	**-**	**16.16**	**0.95**	**17.11**
		Total	**313.19**	**294.04**	**39.26**	**74.76**	**22.31**	**136.33**
June	238.68	Long Term	113.34	105.22	19.11	19.59	9.44	48.14
		Medium Term	106.21	100.18	19.05	22.03	9.38	50.47
		Short Term	47.99	45.27	-	15.92	2.39	18.31
		RE-Solar (A)	13.07	12.44	-	4.41	0.30	4.71
		RE-Non-Solar (B)	27.18	25.82	-	11.23	0.63	11.85
		RE (A+B)	**40.25**	**38.26**	**-**	**15.64**	**0.92**	**16.56**
		Total	**307.78**	**288.93**	**38.16**	**73.18**	**22.14**	**133.48**
July	229.56	Long Term	112.03	104.00	19.74	19.36	9.42	48.52
		Medium Term	108.69	102.52	19.52	22.56	9.45	51.53
		Short Term	49.61	46.81	-	16.46	2.47	18.92
		RE-Solar (A)	13.51	12.85	-	4.56	0.31	4.86
		RE-Non-Solar (B)	28.08	26.68	-	11.60	0.65	12.25
		RE (A+B)	**41.59**	**39.53**	**-**	**16.16**	**0.95**	**17.11**
		Total	**311.91**	**292.86**	**39.26**	**74.54**	**22.28**	**136.09**
August	234.16	Long Term	115.84	107.54	19.74	20.02	9.50	49.27
		Medium Term	108.69	102.52	19.52	22.56	9.45	51.53
		Short Term	51.46	48.56	-	17.06	2.55	19.61
		RE-Solar (A)	13.51	12.85	-	4.56	0.31	4.86
		RE-Non-Solar (B)	28.08	26.68	-	11.60	0.65	12.25

Months	Sales	Power Purchase (Over-All)						
	MU	Type	MU at Ex-Bus	MU at NPCL	FC	VC	Others	Total
		RE (A+B)	**41.59**	**39.53**	**-**	**16.16**	**0.95**	**17.11**
		Total	**317.58**	**298.15**	**39.26**	**75.80**	**22.45**	**137.52**
September	236.99	Long Term	110.88	102.93	19.11	19.17	9.39	47.66
		Medium Term	106.21	100.18	19.05	22.03	9.38	50.47
		Short Term	49.78	46.97	-	16.51	2.47	18.98
		RE-Solar (A)	13.07	12.44	-	4.41	0.30	4.71
		RE-Non-Solar (B)	27.18	25.82	-	11.23	0.63	11.85
		RE (A+B)	**40.25**	**38.26**	**-**	**15.64**	**0.92**	**16.56**
		Total	**307.11**	**288.33**	**38.16**	**73.34**	**22.17**	**133.67**
October	215.50	Long Term	112.03	104.00	19.74	19.36	9.42	48.52
		Medium Term	6.10	5.76	1.21	1.35	0.37	2.94
		Short Term	32.18	30.34	-	10.87	1.67	12.54
		RE-Solar (A)	13.51	12.85	-	4.56	0.31	4.86
		RE-Non-Solar (B)	28.08	26.68	-	11.60	0.65	12.25
		RE (A+B)	**41.59**	**39.53**	**-**	**16.16**	**0.95**	**17.11**
		Total	**191.90**	**179.63**	**20.96**	**47.75**	**12.42**	**81.12**
November	175.96	Long Term	48.05	44.60	19.11	8.31	8.00	35.41
		Medium Term	5.91	5.57	1.17	1.31	0.36	2.85
		Short Term	28.56	26.92	-	9.60	1.50	11.10
		RE-Solar (A)	13.07	12.44	-	4.41	0.30	4.71
		RE-Non-Solar (B)	27.18	25.82	-	11.23	0.63	11.85
		RE (A+B)	**40.25**	**38.26**	**-**	**15.64**	**0.92**	**16.56**
		Total	**122.76**	**115.35**	**20.28**	**34.85**	**10.79**	**65.92**
December	170.67	Long Term	110.75	102.82	19.74	19.14	9.39	48.28
		Medium Term	3.05	2.88	0.61	0.68	0.19	1.48
		Short Term	30.86	29.09	-	10.40	1.61	12.01
		RE-Solar (A)	13.51	12.85	-	4.56	0.31	4.86
		RE-Non-Solar (B)	28.08	26.68	-	11.60	0.65	12.25
		RE (A+B)	**41.59**	**39.53**	**-**	**16.16**	**0.95**	**17.11**
		Total	**186.25**	**174.32**	**20.35**	**46.38**	**12.15**	**78.87**
January	188.03	Long Term	108.58	100.80	19.74	18.77	9.34	47.85
		Medium Term	3.05	2.88	0.61	0.68	0.19	1.48
		Short Term	32.18	30.34	-	10.87	1.67	12.54
		RE-Solar (A)	13.51	12.85	-	4.56	0.31	4.86
		RE-Non-Solar (B)	28.08	26.68	-	11.60	0.65	12.25
		RE (A+B)	**41.59**	**39.53**	**-**	**16.16**	**0.95**	**17.11**
		Total	**185.39**	**173.55**	**20.35**	**46.47**	**12.16**	**78.98**
February	191.02	Long Term	98.89	91.80	17.83	17.09	9.12	44.05
		Medium Term	2.76	2.60	0.55	0.61	0.18	1.33
		Short Term	28.99	27.33	-	9.81	1.51	11.32
		RE-Solar (A)	12.20	11.61	-	4.11	0.28	4.39
		RE-Non-Solar (B)	25.36	24.10	-	10.48	0.58	11.06
		RE (A+B)	**37.56**	**35.71**	**-**	**14.59**	**0.86**	**15.45**
		Total	**168.19**	**157.43**	**18.38**	**42.11**	**11.67**	**72.16**
March	181.52	Long Term	114.57	106.36	19.74	19.80	9.47	49.02

Months	Sales	Power Purchase (Over-All)						
	MU	Type	MU at Ex-Bus	MU at NPCL	FC	VC	Others	Total
		Medium Term	3.05	2.88	0.61	0.68	0.19	1.48
		Short Term	32.18	30.34	-	10.87	1.67	12.54
		RE-Solar (A)	13.51	12.85	-	4.56	0.31	4.86
		RE-Non-Solar (B)	28.08	26.68	-	11.60	0.65	12.25
		RE (A+B)	**41.59**	**39.53**	**-**	**16.16**	**0.95**	**17.11**
		Total	**191.39**	**179.11**	**20.35**	**47.51**	**12.29**	**80.15**
Total	2473.57	Long Term	1,274.05	1,182.74	232.46	220.23	111.43	564.12
		Medium Term	615.52	580.57	112.00	128.83	53.43	294.26
		Short Term	481.38	454.05	-	160.76	24.36	185.12
		RE-Solar (A)	159.02	151.34	-	53.64	3.63	57.27
		RE-Non-Solar (B)	330.64	314.12	-	136.59	7.61	144.19
		RE (A+B)	**489.66**	**465.46**	**-**	**190.23**	**11.23**	**201.46**
		Total	**2,860.61**	**2,682.83**	**344.46**	**700.05**	**200.46**	**1,244.96**

6.5 O&M EXPENSES

6.5.1 The Petitioner submitted that the Regulation 45 of the MYT Regulations, 2019 states as:

Quote

"45 Operation and Maintenance Expenses

….

(b) The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-Up values (without efficiency again/loss) for the last five (5) financial years ending March 31, 2019 subject to prudence check by the commission. However if the True-Up values (without efficiency again/loss) are not available for FY 2018-19, then last five (5) available Trued-Up values (without efficiency again/loss) will be considered and subsequently when the same are available the base year value (i.e. FY 2019-20) will be recomputed.

(c) The Average of such operation and maintenance expenses shall be considered as operation and maintenance expenses for the middle year and shall be escalated year on year with the escalation factor considering CPI and WPI of respective years in the ratio of 60:40, for subsequent years upto FY 2019-20 "

Unquote

6.5.2 The Petitioner submitted that based on methodology as provided in Regulation 45 (a) to (e) of MYT Regulations, 2019, the average of trued up values of last five (5) financial years i.e. FY 2013-14 to FY 2017-18 for determining values of employee costs, A & G Expenses and R&M Expenses for the middle year i.e. FY 2015-16 is provided in Table below:

Table 6-23: Trued up values of O&M Expenses as submitted by the Petitioner (Rs. Crore)

S. No.	Particulars	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	Average Normative (FY 16-17)
1	Employee Expenses	15.46	18.14	22.20	26.38	29.62	22.36
2	A&G Expenses	7.29	8.67	11.12	12.05	13.12	10.45
3	R & M Expenses	23.07	27.52	33.60	40.48	46.06	34.15
4	**O&M Expenses**	**45.81**	**54.33**	**66.93**	**78.91**	**88.79**	**66.96**
5	Exp. Capitalised	(5.13)	(6.90)	(12.32)	(10.34)	(8.99)	(12.32)
6	**Net O&M Expenses**	**40.68**	**47.43**	**54.61**	**68.57**	**79.80**	**54.64**

6.5.3 Further submitted that in line with the norms mentioned in Regulation 45 (c), aforesaid middle year (i.e. FY 2016-17) values of each component of O&M expenses is further escalated to determine the normative expenses till base year i.e. FY 2019-20:

Table 6-24: Computation of Normative O&M Expenses for Base year as submitted by the Petitioner (Rs. Crore)

S. No.	Particulars	Ref.	Emp. Exp.	A&G Exp.	R & M Exp.	O&M Exp.	Exp. Cap.	Net O&M Exp.
1	**Normative Expense (FY 16-17)**	**A**	**22.36**	**10.45**	**34.15**	**66.96**	**(12.32)**	**54.64**
2	Escalation Factor (FY 17-18)	B	3.05%	3.05%	3.05%			
3	**Normative Expense (FY 17-18)**	**c=a x b**	**23.04**	**10.77**	**35.19**	**69.00**	**(10.34)**	**58.66**
4	Escalation Factor (FY 18-19)	D	5.20%	5.20%	5.20%			
5	**Normative Expense (FY 18-19)**	**e=c x d**	**24.24**	**11.33**	**37.02**	**72.58**	**(8.99)**	**63.59**
6	Escalation Factor (FY 19-20)	F	6.30%	6.30%	6.30%			
7	**Normative Expense (FY 19-20)**	**g=e x f**	**25.77**	**12.04**	**39.35**	**77.16**	**(10.32)**	**66.84**

6.5.4 The Petitioner submitted that Regulation 45.3 of the MYT Regulations, 2019 are reproduced below as:

"Provided that Interest and Finance charges such as Credit Rating charges,

collection facilitation charges, financing cost of Delayed Payment Surcharge and other finance charges shall be a part of A&G expenses."

6.5.5 The Petitioner submitted that the finance charges are being incurred on various facilities availed by the company with respect to Loans both Term Loans and Working capital Loans. These are thus either related with capital expenditure like processing fees on sanction of Term Loans/ WC Loans / non-fund facilities or the volume of business like LC charges on Power purchase, collection charges on digital collection of sales etc.

6.5.6 The Petitioner submitted it is also pertinent to mention that such charges are driven by the volume of business like sales, power purchase, debtors, consumer security deposit etc. and is nowhere dependent on inflation rates as has been proposed to be increased in the MYT Regulations 2019. Considering the above, the Commission has been approving such expenses as per audited annual accounts from time to time in its various tariff orders, recent being Tariff Order dated 4th December, 2020. In-fact, as mentioned above, some of the charges like collection charges on digital modes of collection are being incurred in pursuance of the directions of the Commission e.g. no charges from consumers making payment through net-banking of an amount upto Rs. 4,000/-. Thus, the above expenses are completely different and not comparable with the expenses which forms part of the A&G Expenses and hence Commission is requested to not to club with the finance charges with A&G Expenses.

6.5.7 Similarly, the Delayed payment surcharge accrues when a consumer defaults in payment of bills as per due date being generally 15 days from the date of billing which happens to be 2-7 days after the meter reading date which is generally taken after 30 /31 days interval. Hence, the total number of days after which the delayed payment surcharge accrues is almost 55 days which is more than the number of days for which a distribution licensee is compensated by interest on working capital as per MYT Regulations, 2019 i.e. 45 days. Hence, DPS belongs to the period beyond normative period and for 45 days for which interest on working capital is not provided in the Distribution Tariff Regulations. Thus, to appropriately compensate for the cost incurred for financing that deferred payment beyond the normative period, the Commission has been approving, in its various Tariff Orders issued from time to time since FY 2009-10 onwards, the cost of borrowing of such deferred receivables in the form of interest cost at relevant SBI-PLR. Consequently, it may be concluded that the financing cost of Delayed Payment Surcharge is nothing but interest on the money arranged/provided by the Discom to fund delayed payment of electricity dues by the Consumers and has no similarity with nature of other A&G Expenses.

6.5.8 Accordingly, the Petitioner requested to not include the above finance charges in determination of base year normative O&M Expenses and the same should be allowed separately. Accordingly, the Petitioner has not included the above-mentioned Finance Charges and Financing Cost of DPS in the computation of Average A & G Expenses for 5 years and claimed separately as have been approved by the Commission hitherto.

6.5.9 Accordingly, based on the above determined normative O&M Expenses for Base Year i.e. FY 2019-20, the estimation of normative O&M Expenses for FY 2021-22 is provided herein below:

Normative Employee Expense

6.5.10 Regulation 45.1 of the MYT Regulations, 2019 provides for determination of normative employee expenses, as reproduced below:

> *"Employee cost shall be computed as per the following formula escalated by consumer price index (CPI), adjusted by the provisions for expenses beyond the control of the licensee and one-time expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears, Interim Relief, etc.:*
>
> *EMPN = EMPN-1 X (1+CPI inflation)*
>
> *Where:*
>
> *EMPN: Employee expense for the nth year;*
>
> *EMPN-1: Employee expense for the (n-1)th year;*
>
> *CPI inflation is the average of the Consumer price Index (CPI) for Immediately preceding three financial years"*

6.5.11 Accordingly, based on above Regulation, the normative employee expenses for FY 2021-22 works out as shown in following :-

Particulars	Emp. Exp. for Base Year (FY 2019-20)	CPI Inflation	Emp. Exp. for Ensuing Year (FY 2021-22)
	a	b	$c=a \times (1+b)^2$
Normative Emp. Expense	25.77	5.35%	28.60

Administrative & General Expenses

6.5.12 Regulation 45.3 of MYT Regulations, 2019 provides the methodology for determination of normative A&G expenses, as shown below:

"A&G expense shall be computed as per the following formula escalated by the Wholesale Price Index (WPI) and adjusted by provisions for confirmed initiatives (IT, etc., initiatives as proposed by the Transmission Licensee and validated by the Commission) or other expected one-time expenses:

A&Gn= A&G n-1 (1+ WPI inflation)

Where:

A&Gn: A&G expense for the nth year;

A&Gn-1: A&G expense for the (n-1)th year;

WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years:"

6.5.13 Accordingly, considering the norms as mentioned above, the normative A&G expenses for FY 2021-22 works out as shown in following:

Particulars	A&G Exp. for Base Year (FY 2019-20)	WPI Inflation	A&G Exp. for Ensuing Year (FY 2021-22)
	a	b	$c=a \times (1+b)^2$
Normative A&G Expense	12.04	2.96%	12.76

Repair and Maintenance Expense

6.5.14 Regulation 45.2 provides the methodology for determining normative Repair and Maintenance expenses as shown below :-

"Repair and Maintenance expense shall be calculated as per the following formula:

R&Mn= R&M n-1 (1+ WPI inflation)

Where:

R&Mn: Repairs & Maintenance expense for nth year;

R&Mn-1: Repairs & Maintenance expense for the (n-1)th year;

WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years."

6.5.15 Accordingly, considering the norms as mentioned above, the normative R&M expenses for FY 2021-22 works out as shown in following Table-67 :-

Particulars	R&M Exp. for Base Year (FY 2019-20)	WPI Inflation	R&M Exp. for Ensuing Year (FY 2021-22)
	a	b	$c=a \times (1+b)^2$
Normative R&M Expense	39.35	2.96%	41.71

6.5.16 The summary of normative O&M Expenses as computed on the basis of methodology provided in Regulation-45 of MYT Regulations, 2019 as compared to preceding years is provided in Table below:-

S. No.	Financial Year	Nature	Employee Expenses	A&G Expenses	R & M Expenses	Gross O&M Expenses	Expenses Capitalised	Net O&M Expenses
1	FY 2015-16	Trued-up	18.14	8.67	27.52	**54.33**	(6.90)	**47.43**
2	FY 2016-17	Trued-up	22.20	11.12	33.60	**66.93**	(12.32)	**54.61**
3	FY 2017-18	Trued-up	26.38	12.05	40.48	**78.91**	(10.34)	**68.57**
4	FY 2018-19	Trued-up	29.62	13.12	46.06	**88.79**	(8.99)	**79.80**
5	FY 2016-17	Normative	22.36	10.45	34.15	**66.96**	(12.32)	**54.64**
6	FY 2017-18	Normative	23.04	10.77	35.19	**69.00**	(10.34)	**58.65**
7	FY 2018-19	Normative	24.24	11.33	37.02	**72.58**	(8.99)	**63.59**
8	FY 2019-20	Normative	25.77	12.04	39.35	**77.16**	(10.32)	**66.84**
9	FY 2020-21	Normative	27.15	12.40	40.51	**80.06**	(9.00)	**71.06**
10	FY 2021-22	Normative	28.60	12.76	41.71	**83.08**	(10.00)	**73.08**

6.5.17 The Petitioner submitted that it may be seen from the above table that the O&M Expenses as determined on the basis of norms provided in Regulation-45 of MYT Regulations, 2019 is highly skewed and is not reflective of the actual business parameters. The Commission may kindly note that O&M Expenses if computed on the basis of above norms for FY 2021-22 will only be slightly higher that approved normative expenses 4 years earlier i.e. for FY 2017-18 at Rs. 68.57 Cr.

6.5.18 Since, the O & M expenses determined on normative basis in accordance with the Regulations-45 of MYT Regulations, 2019, are grossly insufficient as compared to likely expenses estimated by the Company, it is humbly requested that the Commission kindly consider O & M expenses for FY 2021-22 as estimated by the Company which are commensurate with the size of the business of the Company and also necessary to run operations efficiently owing to following factors which are beyond the control of the Company:-

Increase in Minimum Wages

6.5.19 All enterprise, associations, partnership, body corporates etc. are bound by the provisions of Minimum Wages Act 1948 and Government of State of Uttar Pradesh revises minimum wages under the provisions of the Minimum Wages Act, 1948 twice in a year (i.e. with effect from April and October). The comparative revised minimum wages of U.P. during FY 2020-21 is provided in Table below:

Table 6-25: Minimum Wages in State of U.P.

Class of labour	As on 1st Apr'13	w.e.f. 1st Apr'20	w.e.f. 1st Oct'20	% increase in Cover A
	A	B	C	D
Skilled	6,296.38	10,627.50	11,206.04	77.98%
Semi-skilled	5,672.48	9,487.50	10,004.53	76.37%
Unskilled	4,975.86	8,625.00	9,094.85	82.78%

6.5.20 From the above, it may be seen that the wages applicable from 1st April, 2020 was higher by 76-83% as compared to wages prevailing on April 2013 *(i.e. within 6-7 years)*. Thus, the wages applicable for full FY 2021-22 would be significantly higher as compared to the norms.

6.5.21 Petitioner submitted that it is pertinent to mention here that the Company's license area is situated in National Capital Region (i.e. NCR) and the cost of living in this area is equivalent to the cost of living in National Capital Territory (i.e. Delhi). Thus, the impact of changes in minimum wages and other labour welfare schemes are echoed in NCR region as well. Accordingly, the changes in minimum wage rate of NCT Delhi also affect the cost at which labour is available in Delhi-NCR. The following Table-70 shows that minimum wages prevailing during FY 2020-21 in NCT-Delhi were higher by 61%-72% as compared to State of UP:-

Table 6-26: Comparative Minimum Wages in State of U.P. and NCT-Delhi

Period	Partculars	Ref.	Skilled	Semi-skilled	Unskilled
Apr-20 to Sep-20	NCT-Delhi	a	17,991	16,341	14,842
	State of U.P.	b	10,628	9,488	8,625
	Variation	c=a-b	7,364	6,854	6,217
	Variation (%)	d=c/b	69%	72%	72%
Oct-20 to Mar-21	NCT-Delhi	e	17,991	16,341	14,842
	State of U.P.	f	11,206	10,005	9,095
	Variation	g=e-f	6,785	6,336	5,747
	Variation (%)	h=g/e	61%	63%	63%

6.5.22 The minimum wages has a direct and substantial impact on most of the components of O & M expenses e.g. Breakdown gang, security charges, job costing of various repair assignments. Further, as lower cadre staff are governed by the provisions of the Minimum Wages Act-1948, increase in minimum wages also leads to consequent cascading effect on remuneration of senior cadre employees as well. As the Commission is aware that all enterprise, associations, partnership, body corporates, companies etc. are bound by the provisions of Minimum Wages Act 1948 and the Company has no option but to comply with the same. Therefore, impact of the changes in minimum wages is beyond the control of the Company and cannot be subsumed within normative employee cost.

6.5.23 Petitioner submitted that it is very difficult for a private organization to quantify the impact of wage revision in its overall O&M Expenses. However, these revisions increase the overall cost where man power is involved much more than the increase in CPI being allowed through normative Employee Cost. From the above, the Commission may please appreciate that the amount of escalation allowed by the Commission is not taking into account the revisions in wages and the same should be considered also at the time of approval of employee cost. It is also pertinent to mention here that although the MYT Regulation, 2019 provides for escalation of normative Employee Cost on the basis of Consumer Price Index (i.e. CPI), however, the resultant escalation is quite insufficient and more important is that the increase in minimum wages are not covered in CPI. Hence, the impact of increase in minimum wages do not get compensated through incremental CPI.

Recommendation of Sixth /Seventh Pay Commission:

6.5.24 The Petitioner submitted that with implementation of the Seventh Pay Commission, the average pay of government employees has gone up by more than 25% approx. including that of State Governments' employees. This will lead to considerable raise in salary package at entry level as well as higher level of employees in private sector also. In this backdrop, the Company has been facing an uphill task to retain talented and motivated workforce and minimize attrition in the increasingly competitive market with more and more participation of private sector in the utility segment including electricity distribution. Hence, it is necessary that the compensation structure on one hand meets the expectations of the employees and on the other hand motivates them to strive for superior performance through congruence of individual and organization goals. Therefore, any increase in emoluments given by the Central Pay Commission, will have a direct bearing on the salary and emoluments of the Company's employees so as to retain and motivate them appropriately. Needless to mention that the Commission has been approving the impact of change in pay scales as recommended and approved by various pay Commission to all State Discoms on actual basis. Accordingly, the Company also prays the Commission to approve the O & M expenses on actuals considering the significant increase in salaries and minimum wages.

Other Cost Drivers:

6.5.25 Petitioner submitted that the Commission, in its various orders, has time and again acknowledged the performance standards of the Company and also in its Order dated 22nd January'19 observed that NPCL is the best performing utility in U.P. and having regard to observation of the Commission, the Company has been striving hard to control and optimize its O & M Expense primarily keeping the consumers interest in view. As explained above, regarding the distribution losses, due to weak and deficient manpower with local administration the law and order situation is very poor in the Greater Noida area with frequent and violent incidence occurring in the area. The administration or police personnel seldom finds time for attending to the complaints of pilferages/manhandling of the equipment's like transformer, cable etc. of the Company. This in turn pressurize the expenditure on frequent breakdown and repair, resulting into more Repair and Maintenance expenses.

6.5.26 The Model Regulations provides for benchmarking the O & M Expenses of any Distribution Utility with its peers in the same State or outside State. The Commission in its Tariff Order dated 14th October, 2010 has mentioned that:

Quote

> *"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."*

Unquote

6.5.27 Based on the above, the Commission in its Tariff Order dated 14th October, 2010 has directed the company to conduct a study to benchmark its O&M Cost and accordingly ICRA Management Consultancy Services Private Limited was appointed to conduct the study through process of competitive bidding and prior approval of the Commission. Some of the important observations of their report are given below for the kind perusal and consideration of the Commission:

Quote

> ***" Executive Summary- Clause 1.3 (Page 8):***
>
> ***Benchmarking of O&M expenses***

The estimated expenses for each of the O&M expense components based on the econometric method is compared with the actual expenses in the table below. The detailed discussion of each of the components follows.

Table 1 : Actual O&M expenses of NPCL compared with benchmarked expenses (Paise per Kwh) for FY 2011-12

Expenses	*R&M*	*Employee*	*A&G*	*Total*
Econometric method	*18.09*	*24.08*	*7.96*	*50.13*
Actual	*12.37*	*7.76*	*7.65*	*27.78*
Actual/Econometric	*68%*	*32%*	*96%*	*55%*

Executive Summary-Clause 1.7 (Page 12):

Conclusions

The analysis of O&M costs using both the approaches i.e. Peer Group and Econometric approach; reveals that NPCL has one of the lowest component wise O&M expenses. It can be concluded that NPCL has been the cost leader so far in respect of O&M cost but in future to continue to maintain its performance and system reliability, NPCL has to reorganize its maintenance policy such as preventive maintenance, regular health check-up of Transformers, continuous re-organization of network to meet the load dynamics efficiently, introduction of more departments/divisions for better and focused supervision and enhancing the level of automation.

The above measures would lead to increase in the O&M expenses in the short run but would ensure better and reliable power supply in future."

Chapter 12 - Conclusions (Page 95)

*The O&M expenditure per unit of sales for NPCL as **estimated based on econometric benchmarking method is significantly higher than the actual expenditure because of relatively higher level of operational***

***efficiency and cost cutting being done by NPCL**. Such cost cutting includes:*

1. *More than optimal utilization on the employees especially the breakdown teams*
2. *Higher dependence on reactive maintenance instead of preventive maintenance approach*
3. *Inadequate employee strength in areas such as legal and regulatory. For example, NPCL requires specialists to meet the requirements of changing regulatory context.*

*It is to be noted that **such cost cutting is not sustainable in the future because of requirement of sustaining the operational performance standards**.*

In the near future, NPCL is expected to have significantly higher O&M expenditure essentially as a consequence of increasing urbanization in its geographical area and other reasons as listed below:

1. *Integration with Higher voltage to directly connect to National Grid*
2. *NPCL will have characteristics of Urban utilities leading to higher O&M expenditure due to reasons such as higher input cost and higher reliability requirements as explained earlier.*
3. *Need to additional manpower in Operations, Safety and Security of equipments, Loss control cells, commercial to deal with large number of consumers etc.*
4. *Shifting from reactive maintenance to preventive maintenance practices*
5. *To continue to meet all the standards of performance laid out by UPERC, NPCL has to commit additional resources*
6. *Higher R&M and Employee expenses due to aging of equipment*
7. *Uncontrollable legal expenses to defend the interests of NPCL*
8. *Administrative factors specific to the utility. These factors include the need for strengthening the team in legal, administration / Public Relations and Regulatory areas to meet the growing demands.*

Unquote

6.5.28 Petitioner submitted that the above discussion significantly points out that it is no more feasible for the company 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 jeopardise the operational efficiency achieved by the Company over past 27 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. Also, it is pertinent to mention that all these 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, 2013 but also in the Income Tax Act, 1961. Hence, these expenses are genuinely and appropriately incurred towards the operations of the Company, and therefore, should be allowed in full.

6.5.29 O&M Expenses of the Company are much lower as compared to other Distribution Utilities of U. P. as well Discoms of other States as shown in Table below:

Table 6-27: Comparison of O & M Cost per kWh sold

DISCOM	Volume - Latest	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
MAHARASHTRA									
MSEDCL	1,15,063	0.65	0.69	0.67	0.72	0.68	0.73	0.68	0.63
R-Infra - D	10,545	1.00	1.09	1.29	1.15	1.25	1.25	1.26	1.28
BEST	4,684	0.81	1.15	1.19	1.09	1.09	1.26	1.22	1.24
ANDHRA PRADESH									
CPDCL	34,451	N / A	N / A	N / A	N / A	N / A	N / A	N / A	N / A
EPDCL	13,414	N / A	N / A	N / A	N / A	N / A	N / A	N / A	N / A
SPDCL	18,923	N / A	N / A	N / A	N / A	N / A	N / A	N / A	N / A
NPDCL	10,615	N / A	N / A	N / A	N / A	N / A	N / A	N / A	N / A
KARNATAKA									
BESCOM	31,549	0.44	0.50	0.51	0.57	0.58	0.66	0.70	0.76
HESCOM	12,878	0.60	0.62	0.69	0.79	0.73	0.89	0.95	1.00
MESCOM	5,376	0.74	0.80	0.85	1.02	0.92	1.18	1.26	1.35
GESCOM	8,303	0.60	0.64	0.64	0.89	0.68	0.93	0.98	1.03
CESCOM	6,861	0.70	0.80	0.74	0.95	0.77	1.05	1.11	1.16
WEST BENGAL									
CESC	9,744	0.93	0.97	1.01	1.01	NA	NA	NA	NA
HARYANA									
UHVNL	14,851	0.50	0.76	0.56	NA	0.90	NA	NA	NA
DHVNL	21,698	0.55	0.39	0.41	NA	0.64	NA	NA	NA
ORRISSA									
NESCO	5,152	N / A	1.05	1.06	NA	NA	0.88	NA	NA
WESCO	6,231	N / A	0.98	0.92	NA	NA	1.23	NA	NA
SOUTHCO	3,010	N / A	1.49	1.38	NA	NA	1.45	NA	NA
CESCO/CESU	7,500	N / A	1.13	1.13	NA	NA	1.02	NA	NA
DELHI									
BYPL	6,165	0.71	0.71	0.74	0.86	1.05	0.96	1.08	NA
BRPL	11,846	0.52	0.54	0.56	0.66	0.76	0.69	0.83	NA
NDPL	8,316	0.58	0.61	0.65	0.82	0.82	0.71	0.84	NA
NDMC	1,109	1.21	1.27	1.41	1.37	1.40	1.52	2.17	NA
UTTAR PRADESH									
DVVNL	19,179	0.45	0.38	0.31	0.38	0.43	0.80	0.37	NA
MVVNL	18,939	0.60	0.56	0.41	0.56	0.63	1.35	0.45	NA
PVVNL	28,708	0.23	0.33	0.24	0.26	0.31	0.57	0.27	NA
PuVVNL	22,316	0.51	0.56	0.40	0.49	0.58	1.11	0.47	NA
KESCO	3,268	0.64	0.64	0.56	0.54	0.53	0.92	0.60	NA
NPCL (Claimed)	1,923	0.36	0.42	0.44	0.52	0.52	0.55	0.66	NA
NPCL (approved)	2,003	0.30	0.30	0.34	0.40	0.39	0.42	0.32	NA
(Source: Tariff Orders of respective SERCs)									

6.5.30 Petitioner submitted that it would like to bring the Commission's attention to the Benchmarking study conducted by M/s Feedback Infra which also confirms that the Company is operating with a very low O&M cost. The relevant extract of their observation is reproduced here-in-below:

Table 6-28: O&M Cost per unit of sale (Rs./kWh)

	FY 2013-14	FY 2014-15	FY 2015-16
Private utilities			
NPCL	**0.31**	**0.30**	**0.33**
BRPL	0.50	0.48	0.52
BYPL	0.67	0.65	0.72
TPDDL	0.58	0.58	0.59
TPL (Surat)	0.29	0.32	0.32
CESC	0.81	0.94	0.99
State utilities			
NMDC	1.16	1.19	1.21
DVVNL	0.37	0.45	0.35
MVVNL	0.53	0.60	0.49
PaVVNL	0.26	0.30	0.27
PuVVNL	0.53	0.51	0.51
KESCO	0.70	0.64	0.64
UHBVNL	0.81	0.49	0.76
JVVNL	0.35	0.37	0.40
PGVCL	0.28	0.23	0.31
BESCOM	0.42	0.44	0.48
WBDESCL	0.55	0.70	0.74
MSEDCL	0.68	0.74	0.77
NBPDCL	0.59	0.65	0.57
MePDCL	0.78	1.10	1.35
TSECL	1.15	0.91	-

The reasonable cost of O&M works out to be in the range of INR 0.45 per unit to INR 0.55 per unit where most of the utilities are lying.

It is evident that NPCL has been managing O&M at the very low cost; however, with heavy stress on this front for NPCL in order to maintain quality supply, services and AT&C losses, NPCL may need to spend more in order to improve the services and supply. "

6.5.31 From the above, it may be concluded that the O & M expenses of the Company are one of the lowest in the country and with considerable growth in the area and aging of assets, it has become imperative for the Company to take additional and timely efforts to meet the upcoming demand growth in the area and to maintain a reliable and efficient power supply. The Company has already started initiative in this regard which has also been acknowledged by the consultant viz. IMaCS. Therefore, it is submitted that O&M expenses may please be allowed in full as estimated by the Company for FY 2021-22. Needless to mention here that all the expenses the Company is incurring today is mainly to keep the intense growth potential of the area. The Company is preparing its system, processes, network etc. to keep future demand and growth in mind. Thus, in the aforesaid per unit comparison, though the current cost is already lower, but it will come down further in per unit terms as the demand of the area increases. In-fact, at present, despite being competitive in O & M cost, the volume of the Company is much lesser as compared to other Discoms in the comparison. Hence, the Commission is requested to kindly take a holistic view in the matter and approve the actual, reasonable and genuine costs of the petitioner on actual basis.

Capitalization of Employee Expense:

6.5.32 Petitioner submitted that it has estimated to capitalize an amount of Rs. 10.00 Cr out of the estimated employee cost of Rs. 70.21 Cr to be incurred during FY 2021-22, as per past practice duly approved by the Commission. In brief, for the purpose of capitalization of employee costs, the Company at the time of execution of project, records actual man hours spent by each engineer/ executive into the system / SAP Software. These hours are then matched with the cost per hour of that employee by the software itself and actual employee cost so incurred, is capitalized along with the specific project. It is pertinent to mention that the entire process of its project/financial accounting is through SAP, and there is least manual intervention in computation of expenses to be capitalized. These man-hours and cost is duly verified by the Statutory Auditors of the Company in detail and is approved by the Board of Directors of the Company subsequently. On the basis of the aforesaid policy, approved and followed consistently over the years, the Company submits to the Commission to consider the estimated capitalization of employee cost at Rs. 10.00 Cr during F Y 2021-22.

6.5.33 In view of the above, Petitioner submitted that it requests the Commission to kindly approve the net O & M expenses at Rs. 145.70 Cr for FY 2021-22 as estimated by the Company and shown in Table-72 below:-

Table 6-29: O & M expenses FY 2021-22

Sl. No.	Particulars	Normative	Projected
1	Repair & Maintenance	41.71	65.45
2	Employees Expenses	28.60	70.21
3	Admin. & General Expenses	12.76	20.04
4	**Total O&M Expenses**	**83.08**	155.70
5	Employee Cost Capitalised	(10.00)	(10.00)
6	**Net O&M Expenses**	**73.08**	145.70

Commission's Analysis

6.5.34 The Regulations 45 (b) of MYT Regulations, 2019 provides as follows:

Quote

b) The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-Up values (without efficiency gain / loss) for the last five (5) financial years ending March 31, 2019 subject to prudence check by the Commission. However, if Trued-Up values (without efficiency gain / loss) are not available for FY 2018-19, then last five (5) available Trued-Up values (without efficiency gain / loss) will be considered and subsequently when the same are available the base year value (i.e. FY 2019-20) will be recomputed.

Unquote

6.5.35 As per the above, the Petitioner has to consider the last five available Trued-Up values. The Commission in this Tariff Order has carried out the Truing-Up for FY 2019-20, therefore the average of Trued-up values of past five years from FY 2015-16 to FY 2019-20 have been considered for computation of O&M.

6.5.36 Further, first proviso of Regulation 45.3 of UPERC MYT Regulations, 2019 stipulates that the Interest and Finance charges such as Credit Rating charges, collection facilitation charges, financing cost of Delayed Payment Surcharge and other finance charges have to be considered a part of A&G expenses. The relevant extract is provided below:

Quote

45.3 Administrative and General Expenses

A&G expense shall be computed as per the following formula escalated by the Wholesale Price Index (WPI) and adjusted by provisions for confirmed initiatives (IT, etc., initiatives as proposed by the Distribution Licensee and validated by the Commission) or other expected one-time expenses:

A&Gn= A&G n-1 (1+ WPI inflation)

Where:

A&Gn: A&G expense for the nth year;

A&Gn-1: A&G expense for the (n-1)th year;

WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years:

Provided that Interest and Finance charges such as Credit Rating charges, collection facilitation charges, financing cost of Delayed Payment Surcharge and other finance charges shall be a part of A&G expenses.

Illustration: For FY 2020-21, (n-1)th year will be FY 2019-20 which is also the base year.

Unquote

6.5.37 The Finance charges has been considered as part of the A&G expenses as per the above said Regulation. As regards financing of delayed payment charges, since the Commission has already deliberated for the same in True-Up chapter for this Order, the same is not considered while approving the norms for O&M expenses for FY 2021-22.

6.5.38 The Commission has first arrived at the mid-year i.e. FY 2017-18 value of each component of the O&M Expenses based on the average of last 5 Trued-Up values of FY 2015-16 to FY 2019-20 and the computation of Norms for O&M Expenses of FY 2021-22 is discussed in the tables below: (owing to the details provided and size of the Table it is split into two):

Table 6-30: Normative O&M Expenses for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Trued-Up O&M Expenses (Without Efficiency Gains/Loss)					Average expenses for past 5 years= Mid-year FY 2017-18
		FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2017-18
1	Employee Expenses	**15.54**	**17.69**	**26.37**	**29.61**	35.92	25.03
2	R & M Expenses	**22.86**	**26.01**	**38.78**	**39.89**	38.58	33.22
3	A&G Expenses	6.80	7.74	11.54	12.32	13.43	
4	Finance Charges	*3.07*	*1.71*	*1.64*	*1.58*	*1.74*	
5	**Net A&G Expenses (3+4)**	**9.87**	**9.45**	**13.18**	**13.90**	**15.17**	**12.31**
6	Gross O&M Expenses (1+2+5)	**45.20**	**51.44**	**76.69**	**83.40**	**89.67**	**70.56**
7	Expenses Capitalised			10.34	8.99	10.32	
8	Net O&M Expenses (6-7)	**45.20**	**51.44**	**66.35**	**74.41**	**79.35**	

6.5.39 Further, the average of past 5 years, provides a Mid-Year value (FY 2017-18) of each component of O&M expenses as shown in above table. The same is escalated year on year with the escalation factor considering CPI and WPI of respective years in the ratio of 60:40, for subsequent years up to FY 2019-20. Accordingly, the Commission, has computed the O&M expenses of the base year which shall be escalated at Inflation/Escalation rate notified by Labour Bureau, Govt. of India (http://labourbureau.gov.in/LBO_indexes.htm) and Economic Advisor Govt. of India (https://eaindustry.nic.in/) respectively for different years. The Commission has computed the WPI, CPI inflation rate as follows:

Table 6-31: Inflation Index for FY 2021-22 as approved by the Commission

FY	INDEX		INFLATION RATE		60:40 Index	60:40 Index Inflation	Average of previous 3 Years	
	WPI (Base 2011)	CPI (Base 2001)	WPI	CPI			WPI	CPI
FY 2013-14	112.46	236.00	5.20%	9.68%	186.58	8.57%		
FY 2014-15	113.88	250.83	1.26%	6.29%	196.05	5.07%		
FY 2015-16	109.72	265.00	-3.65%	5.65%	202.89	3.49%		
FY 2016-17	111.62	275.92	1.73%	4.12%	210.20	3.60%		
FY 2017-18	114.88	284.42	2.92%	3.08%	216.60	**3.05%**		
FY 2018-19	119.79	299.92	4.28%	5.45%	227.87	**5.20%**	**2.37%**	**6.00%**

FY	INDEX		INFLATION RATE		60:40 Index	60:40 Index Inflation	Average of previous 3 Years	
	WPI (Base 2011)	CPI (Base 2001)	WPI	CPI			WPI	CPI
FY 2019-20	121.80	322.50	1.68%	7.53%	242.22	**6.30%**		
FY 2020-21	123.21	338.69	1.16%	5.02%	252.50	**4.24%**		

6.5.40 Accordingly, in terms of Regulations, the Employee Expenses for FY 2021-22 are computed by escalating the base year (FY 2019-20) employee expenses by average CPI inflation of last 3 years. The A&G Expenses (including Finance Charges) and R&M Expenses for FY 2021-22 are computed by escalating the base year (FY 2019-20) by average WPI inflation of last 3 years. The Commission for FY 2021-22, has computed the Employee Expense capitalisation by considering the average of last three years or claimed, whichever is higher.

6.5.41 The O&M Expenses approved for the Petitioner for FY 2021-22 is shown in the Table below:

Table 6-32: O&M Expenses for FY 2021-22 as approved by the Commission (Rs. Crore)

S.No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	Average of previous 3 years CPI and WPI		FY 2020-21	Average of previous 3 years CPI and WPI		Control Period
		(f) (Average of last 5-year Gross O&M expenses)	g = f*(1+escalation factor 5.20% for FY 2018-19)	h= g*(1+escalation factor 6.30% for FY 2019-20)	WPI	CPI	Normative k= j*(1+average of 3 previous years escalation factor)	WPI	CPI	Normative
1	Employee Expenses	25.03	26.33	27.99		5.35%	29.49		6.00%	31.25
2	R & M Expenses	33.22	34.95	37.15	2.96%		38.25	2.37%		39.16
3	A&G Expenses (with FC)	**12.31**	**12.95**	**13.77**	2.96%		**14.18**	2.37%		**14.51**
4	**Gross O&M Expenses**	**70.56**	**74.24**	**78.91**			**81.92**			84.93
5	Less: Employee Expenses Capitalisation	9.88	8.99	10.32			9.00			10.00
6	A&G Expenses Capitalisation									
7	**Net O&M Expenses**	**60.68**	**65.25**	**68.59**			**72.92**			**74.93**

6.6 IMPACT OF GOODS AND SERVICE TAX:

6.6.1 The Petitioner submitted that the Company, the Central Government has made new Goods & Service Tax (GST) effective from 1st July, 2017 which covers almost all goods and service within its ambit. The new GST has stipulated tax rate of 18% and 28% for most of the goods and services as against Service Tax of 15% and VAT of 14.5%. Apart from above it has also brought in new service under Reverse Charge Mechanism which leads to higher indirect tax burden on service users such as the Company.

6.6.2 Further, the Inflation Index i.e. WPI being used for determination of normative R&M Expenses and A&G Expenses do not include the impact of changes in indirect taxes, hence the Discoms are not compensated for increase in GST when R&M Expenses and A&G Expenses are determined on normative basis as per MYT Regulation, 2019. Apart from above, it is also pertinent to mention here that R & M Expenses are allowed as a percentage of GFA and since, GST has come into being only from 1.07.2017, thus, only additions post the aforesaid date can only be said to include GST in the cost which is not even 10% of the total GFA

6.6.3 Considering the above, the Company got the impact analysis of the GST done from M/s Lakshmikumaran & Sridharan, Attorney which summarized and brought forth the impact of GST Act as well as rules, notifications, etc., made thereunder, on the distribution of electricity done by the Company, with emphasis on cost of various expenses incurred by the Company pre and post implementation of GST. This Report provided an insight into the indirect taxation system of the country post GST and contained an analysis of the cost increase/decrease to Company after the implementation of GST. Based on this report, the Commission in its Tariff Order dated 3rd September, 2020 approved average incremental rate of GST as 5.88% while approving the True-up of ARR for FY 2017-18. However, as explained in Paragraph-24 above, the Normative O&M Expenses for Base Year FY 2019-20 are determined on the basis of CPI and WPI based escalation of O&M Expenses for Mid-Year FY 2016-17 when GST was not applicable. Therefore, the above referred GST impact of 5.88% is not entirely considered in normative O&M Expenses for FY 2021-

22 determined on the basis of Regulation 45 of the MYT Regulations, 2019. Since it is not feasible to compute the quantum of shortfall of GST impact in normative O&M Expense determined as per Regulation- 45 of the MYT Regulation, 2019, the Company has not included any amount on this account in ARR for FY 2021-22, however without prejudice, the Company shall claim so on actual basis at an appropriate time.

6.6.4 Apart from above, the CBEC vide Circular No. 34/8/2018-GST dated 1st March'18 has clarified that the services as stated below when provided by DISCOMS to consumer are taxable.

i. Application fee for releasing connection of electricity
ii. Rental Charges against metering equipment
iii. Charges for duplicate bill
iv. Testing fee for meter/transformer, capacitors etc.
v. Labour charges from customer for shifting of service lines

6.6.5 Consequently, Directorate General of GST Intelligence (DGGSTI), New Delhi issued a summon u/s 70 of CGST Act on 29th May'18, requesting the Company to produce information on the amounts collected by the Company from 1st July, 2017 to 30th April, 2018 towards abovementioned five services or any other charges collected from the customers over and above the electricity charges for the period.

6.6.6 The Petitioner filed the detailed reply in response to summon and also filed a writ petition before Hon'ble Allahabad High Court on 24th July'18 and challenged above Circular issued by Department of Revenue and summon issued by DGGSTI. Since, the matter before Hon'ble Allahabad High Court is still pending, the Company in the meantime has filed an intervention petition on 13th November, 2019 in respect of the same matter already pending before the Hon'ble Supreme Court in the case of Torrent Power Ltd. wherein the Department has filed an appeal against the judgement of Hon'ble Gujrat High Court being given in favour of Torrent Power Ltd.

6.6.7 Further taking abundant precaution and without prejudice to the Company's rights and contentions with respect to above writ and intervention petitions, the Company has started to levy GST on above services from October, 2018 onwards.Therefore, depending on the outcome of the above-mentioned writ and intervention petitions, the Company in future may become liable to pay GST on above services in respect of the duration when GST was not levied on such service. However, pending final adjudication of the matter, the amount payable cannot be ascertained at this stage, therefore, the Company has not claimed the same in this ARR Petition and it shall claim so on actual basis at an appropriate time. The Petitioner submitted the Impact of GST as shown in the Table below:

Table 6-33: Impact of GST as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Reference	Projected
1	Impact of GST	c	To be claimed later

Commission's Analysis

6.6.8 The Commission is not considering any impact of GST, as the O&M expenses are approved as per the norms.

6.7 CAPITAL EXPENDITURE

6.7.1 The Petitioner submitted that considering various existing and upcoming Government & Private projects in and around Greater Noida, the directions with respect to the Demand Estimates approved by the Commission in its Business Plan Order dated 26th November 2020 and Tariff Order dated 4th December 2020, the Company has prepared its capital expenditure plan for FY 2021-22 at Rs. 346.03 Cr.

6.7.2 The capital expenditure plan for FY 2021-22 of the Company mainly categorised under the following heads of:

a) New electricity connections to potential consumers including conversion of Single Point Connection to Multi-point Connection in group housing societies.

b) Replacement/Installation of damaged /old network, up-gradation of consumer meters and services for consumers.

c) Construction of new 33/11 kV Substations cum Switching Stations and up-gradation & augmenting capacities of existing 33/11kV Substations.

d) Construction of Switching Stations for reliable supply, faster fault restoration and Load Management.

e) Construction and strengthening of 11 kV & LT network.

f) Acquiring new land, construction of customer care and collection centers, boundary wall, Substation building and office infrastructure.

g) Information Technology Projects.

h) Process/System Automation, Artificial Intelligence and Smart Grid Initiatives.

i) Miscellaneous works (Demand Side Management, Energy Efficiency etc.)

6.7.3 The Petitioner submitted that all fresh works initiated in FY 2021-22 pertaining to erection of new Distribution Substations are planned to be completed, with intermediate capitalization as and when assets are put into service. The summary of the proposed Capital Expenditure is shown in below:

Table 6-34: Proposed Capital Expenditure as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	New Schemes	Projected
1	New Connection	138.67
2	Replacement Stock	3.19
3	33/11 kV Substation & Switching Stations	47.04
4	33 kV Network Development	21.71
5	11 kV Network Development	29.87
6	LT Network Development	20.51
7	Network Safety related Work	6.53
8	Metering	11.81
9	Process System Automation	8.56
10	Civil Works, Office Infrastructure Facility & Customer Care Center	28.45
11	IT Projects	15.12
12	Tools / Testing Equipment etc.	2.99
13	Vehicles	2.25
14	Demand Side Management	2.00
15	Land	6.33
16	**Total**	**345.03**
17	Add: Assets handed over by GNIDA	1.00
18	**Grand Total**	**346.03**

Table 6-35: Details of Capex for New Service as submitted by Petitioner for FY 2021-22 (Rs. Crore)

S. No.	Description	Projected
1	New Connection (excluding GNIDA assets)	138.67
2	Replacement of Meter / Network	3.19
	Total	**141.87**

Table 6-36: Details of capex projected for Replacement schemes by the Petitioner for FY 2021-22 (Rs. Crore)

Particulars	Projected
Replacement of Meter due to meters being Burnt/defective/stolen	1.60
Replacement of Instrument Transformers due to Burnt/defective	0.54
Replacement/ Installation of Network in Urban & Industrial Area	0.26
Replacement of Old/Damaged/Broken Poles	0.79
Total	**3.19**

Table 6-37: Details of capex projected for Distribution Systems as submitted by Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Description	Projected
1	33/11 kV Substation & Switching Stations	47.04
2	33 kV Network Development	21.71
3	11 kV Network Development	29.87
4	LT Network Development	20.51
5	Network Safety related Work	6.53
6	Metering	11.81
	Total	**137.47**

Table 6-38: Details of Capex for Process System Automation as submitted by Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Description	Projected
1	Substation Automation Work	1.21
2	Automation Data Centre and Control Room Works	2.35

Sl. No.	Description	Projected
3	Implementation of BMS/ OMS Facility/ Smartgrid Lab	0.62
4	Upgradation / Development of Communication System	0.48
5	Field Area Network Automation	1.14
6	Smart Grid Initiative	0.61
7	Business Continuity of GIS and associated Process	0.81
8	New Initiatives in GIS	0.95
9	Implementation of CCTV based Surveillance System	0.38
	Total	**8.56**

Table 6-39: Details of Capex for Civil Works and Office Infrastructure Facility as submitted by Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Description	Projected
1	Civil Work of 33/11 kV Switching cum Substation	9.75
3	Civil Work of 33 kV Switching Station	3.25
4	Boundary Wall at New plots for 33/11kV substations	2.20
5	Boundary wall of 11/0.4 kV Txr Houses	2.80
7	Misc Electrical works	0.50
8	Misc Civil works	0.50
10	Other Office facilities	0.50
11	30% of estimated cost of construction of Customer Care Center & Metering Control Room for Multi Point Societies at Greater Noida West (KP-5)	5.70
12	Construction of Metering Lab	1.29
13	Construction of CGRF Office	1.95
	Total	**28.45**

Table 6-40: Details of Capex for IT Projects as submitted by Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Description	Projected
1	Implementation of Software Applications	2.83
2	Upgrading of Hardware Infrastructure Capacity	1.36
3	Upgrading of Networking Infrastructure	4.15
4	Purchase of Computers, Peripherals & Accessories	1.45
5	Purchase of Software Licenses	5.34
	Total	**15.12**

Table 6-41: Details of Capex for Tools & Testing Equipment as submitted by Petitioner for FY 2021-22 (Rs. Crore)

S. No.	Description	Projected
1	Meter Testing Equipment	0.25
2	Transformer and other Testing Equipment	0.35
3	Fault Locating Van up to 40kV (SFX40)	1.18
4	Fault Locating Equipment for LT Cables	0.36
5	Material Handling Equipment	0.40
6	Meter Testing Bench and associated testing apparatus for Metering Lab	0.45
Total		**2.99**

Table 6-42: Details of Capex for DSM Projects as submitted by Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Description	Projected
1	Roof-top Solar Panels	2.00
2	Solar Water Heater	
3	Distribution of CFL	
4	Distribution of Solar lanterns in rural areas	
5	Promotion of Energy Saving / Reduction of Electricity Wastage	
6	Small Solar Plants in Villages	
7	Solar Pumps	
8	Peak Load Management	
9	Energy Storage	
10	Energy Management System Implementation	

Table 6-43: Capex Projected for Land Registration charges, Stamp Duty by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Description	FY 2021-22
1	Land for 33/11kV Substation	6.33

6.7.4 The Petitioner submitted that Regulation 20.1 of the MYT Regulations, 2019 provides the treatment for financing of the Capital Expenditure incurred by Licensee. The relevant extract of the Regulation 20.1 is provided herein below:

Quote

*20. **Debt-Equity Ratio***

*20.1 For a capital investment Scheme declared under commercial operation on or after April 1, 2020, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under **Regulation 18**, after making appropriate adjustment of Assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant subject to prudence check for determination of Tariff:*

Provided that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Licensee for determination of Tariff:

….

Unquote

6.7.5 The Petitioner further submitted that Based on above regulations, the funding plan for Capital Expenditure for FY 2020-21 would be as provided in table below:

Table 6-44: Funding of capital expenditure as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Particulars	Ref.	Projected
Addition to GFA	a	345.03
Add: Closing CWIP	b	12.11
Less: Opening CWIP	c	(15.88)
Capital Expenditure	**d=a+b-c**	**341.26**
Add: Interest & Salary Capitalisation	e	10.00
Less: Assets Retired	f	(6.65)
Net Capex	**g=d+e-f**	**344.61**
Consumer Contribution	h	112.51
Capex to be financed	**i=g-h**	**232.10**
Debt - 70%	j=i x 70%	162.47
Equity- 30%	k=h x 30%	69.63

Commission's Analysis:

6.7.6 The MYT Regulations, 2019 provides as under:

Quote

18 Capital Expenditure/ Cost and Capital Structure

18.1 Capital cost for a capital investment Project shall include:

(a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, as admitted by the Commission after prudence check;

(b) capitalised initial spares subject to the ceiling rates stipulated in these Regulations;

(c) expenses incurred by the Licensee on obtaining right of way, as admitted by the Commission after prudence check;

(d) additional capital expenditure determined under Regulation 19;

(e) Incidental expenditure during construction including apportioned expenditure on relevant components of O&M:

Provided that the assets forming part of the project, but not in use shall be taken out of the capital cost;

(f) any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed up to the date of commercial operation, as admitted by the Commission after prudence check:

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19 Additional Capitalisation

19.1 The capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date, may be admitted by the Commission subject to prudence check:

(i) Undischarged liabilities recognized to be payable at a future date;

(ii) Works deferred for execution;

(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 18;

(iv) Liabilities to meet award of arbitration or for compliance of the Order or decree of a court of law; and

(v) Change in law or compliance of any existing law

Provided that the details of works included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along *with the Petition for determination of final Tariff after the date of commercial operation.*

19.2 The capital expenditure, incurred or projected to be incurred on the following counts after the cut-off date, may be admitted by the Commission, subject to prudence check:

(i) Liabilities to meet award of arbitration or for compliance of the Order or decree of a court of law;

(ii) Change in law or compliance of any existing law;

(iii) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments, etc.;

(iv) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;

(v) Any additional capital expenditure which has become necessary for efficient operation

Provided that the claim shall be substantiated with the technical justification duly supported by documentary evidence like test results carried out by an independent agency in case of deterioration of assets, damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;

(vi) Any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, batteries, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, which has become necessary for successful and efficient operation of Transmission System; and

(vii) Any capital expenditure found justified after prudence check necessitated on account of modifications required:

Provided that any expenditure, which has been claimed under Renovation and Modernisation or repairs and maintenance under O&M expenses, shall not be claimed under Additional Capitalisation.

19.3 Impact of additional capitalisation on Tariff, if any, shall be considered during Tariff determination proceedings.

……

44 Capital Investment Plan

44.1 The Distribution Licensee shall submit a detailed Capital Investment Plan, financing plan and physical targets for each year of the Control Period for meeting the requirement of growth in number of consumers, strengthening and augmentation of its distribution network, meeting the requirement of load growth, reduction in distribution losses, improvement *in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Business Plan:*

Provided that in case of non-submission of the Capital Investment plan by the Distribution Licensee for a year of the Control Period, the Commission may disallow the Capital expenditure for that year.

44.2 The Capital Investment Plan shall be a least cost plan for undertaking investments. However, all capital expenditure projects of value exceeding Rs. Ten Crore and must have prior approval of the Commission on quarterly basis, and will be subject to prudence check.

44.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of distribution sub-stations, consumer sub-stations, transformation capacity in MVA and details of distribution transformers of different capacities, HT:LT ratio as well as distribution line length showing the need for the proposed investments, alternatives considered, cost / benefit analysis and other aspects that may have a bearing on the Tariff for retail supply of electricity and the Wheeling Charges:

Provided that the Distribution Licensee shall submit separate details of Capital Investment Plan for each Distribution Franchisee area within its Licence area.

Unquote

6.7.7 The Commission observed that there were certain schemes estimated by the Petitioner which have a capital outlay greater than Rs. Ten Crore. The Commission asked the Petitioner to segregate the identified Project/scheme wise capex plan along with tentative cost under the following categories:

- to meet the requirement of load growth (new / augmentation)
- refurbishment and replacement of equipment
- reduction in distribution losses
- improvement of voltage profile
- improvement in quality of supply
- system reliability
- metering
- communication and computerization
- any other category (please specify)

6.7.8 In response the Petitioner submitted the Project/scheme wise capex along with tentative cost in ARR for FY 2021-22 is provided in Table below.

Capital Expenditure (FY 2021-22) Rs. Cr.		
Sl. No.	**Nature of Works**	**Petitioned**
1	Capex required for expansion/ new connection/network growth	314.11
2	Capex required for loss reduction	0.00
3	Capex required for any other works	30.93
4	**Sub-Total**	**345.04**
5	Interest Capitalisation	0.00
6	Salary Capitalisation	10.00
7	**Sub-Total**	**355.04**
8	Assets from GNIDA	1.00
9	**Grand Total**	**356.04**

6.7.9 The Commission further, directed the Petitioner to provide justification and prior approval for projected capex of Rs. 356.04 Crore for FY 2021-22 in which various schemes/projects has the value greater then Rs. 10 Crore below:

S. No.	Description of Capex	Cost (Rs. Crore)
1	Routine Capital Expenditure-132 kV	50
2	Conversion of Single Point to Multi point-Meter Cost	11
3	Conversion of Single Point to Multi point-Communication Infrastructure	28
4	New Societies Individual Connection-Communication Infrastructure	15
5	33/11 kV Substation-33/11kV Switching cum Substation with 33kV Double Bus GIS Switchboard	18
6	33/11 kV Substation-Construction of 33kV Bays at 400/132/33kV UPPTCL Substation Sector 123 Noida, to be paid to UPPTCL	24
7	Routine Capital Expenditure-Construction of Customer Care Center & Metering Control Room for Multi Point Societies at Greater Noida West (KP-5)	19

6.7.10 With respect to the above assets above Rs. 10 Crs, the Commission, as per the Regulation 44.2 of the UPERC (MYT for Distribution and Transmission Tariff) Regulations, 2019 directed the Petitioner to confirm if prior approval of capex greater than Rs. 10.00 Crore has been taken. Further directed the Petitioner should clarify whether it has taken the prior approval of the Commission for such projects. Further with respect to the projects costing above Rs. 10 crores (Reference Regulation 44.2 of MYT Regulations, 2019), a query was sought from the Petitioner that it is directed to provide the following information (for each project separately):

- Detailed methodology for estimating expenditure for each project of the capital expenditure schemes with components and costing and related documents i.e. detailed project reports (DPR), work orders, tenders issued for the projects and the schemes planned to be taken up.
- Necessity for the project:
- Whether the proposed capital investment is necessary to set up the infrastructure to meet normal load growth or to reach new consumers or for increasing administrative efficiency?
- Whether equipment's proposed to be replaced are operating close to their rated capacities and equipment's are required to reduce the load on the existing equipment's to prolong its life, to increase the reliability of the system and to facilitate the creation of back up facility during scheduled maintenance operation?
- Whether it meets at least the near future demand growth projections?
- Technical justification:
- The single line diagram for the proposed schemes duly differentiating the existing schemes vis-à-vis the newly proposed schemes?
- Whether the scheme meets design & planning criteria in keeping with prevailing norms and standards?
- Whether the replacement of old equipment is necessary and, if so, whether the existing equipment has outlived its normal life span?
- Whether the proposed investment would improve the reliability of supply? (The reasons for procurement with justification must be given.)
- Whether the investment is necessary for reduction in distribution losses?
- Urgency:
- Whether the capacity planned is commensurate with demand growth
- Is it possible to defer the investment for its optimization?
- Alternatives:
- Whether other alternative schemes have been considered? (If so, the basis on which the proposed scheme has been selected out of several alternatives considered by the Petitioner will have to be mentioned).
- Whether the proposed investment would result in duplication of existing infrastructure? (if the cost of investment is supposed to be borne by some other agency, then it should be clearly mentioned.
- Whether proposed investment includes repairs of various grid stations and buildings, sub stations? (The expenses of repairs are already provided for in the O&M expenses and, therefore, justification for claiming these expenses under capital investment must be clearly brought out).
- Cost benefit analysis:

- Whether cost benefit analysis has been considered and the least cost option has been selected? (The details of cost benefit analysis must be given. The basis for estimated cost shall be mentioned and such estimated cost shall be used as a baseline for Competitive bidding)
- What is the Pay-back period of the proposed investment?
- Whether recurring cost associated with the schemes are reasonable?

6.7.11 The Petitioner in response to the above query submitted the details of Project as follows:

Routine Capital Expenditure-132 kV:

- As mentioned in our ARR petition, M/s Oppo Mobile has applied for load enhancement from existing 20 MVA (33 kV) to 80 MVA (additional 60 MVA) at 132 kV for which, the Company has made an application to UPPTCL for providing connectivity at 132 kV. Also, for the aforesaid purpose, a dedicated 132 kV feeder needs to be constructed from UPPTCL's 400/132/33 kV Substation at Sec 148 to the premises of the consumer. Thus, the Routine Capital Expenditure- 132 kV of Rs. 50 Cr. pertains to the estimated cost of 132 kV bays at UPPTCL's substation and the dedicated feeder from the UPPTCL's substation to the consumer premises.

- It is pertinent to mention that since UPPTCL did not allow the company to construct 132 kV line required exclusively to supply power to M/s Oppo Mobiles, the Company has filed a petition no. 1657 of 2020 which is pending for adjudication before the Commission. Meanwhile, looking into the interest of the consumer, the Company has made full payment to UPPTCL for construction of aforesaid line which will be subject to the outcome of the above dispute. Therefore, UPPTCL is now constructing the above line.

- The entire project, as explained above will be done under deposit work at the cost of M/s Oppo Mobiles, Greater Noida and thus, will not have any impact whatsoever on the ARR of the Company.

Conversion of Single Point to Multi point- Meter Cost

Conversion of Single Point to Multi point-Communication Infrastructure

New Societies Individual Connection-Communication Infrastructure

- It is pertinent to mention that as per directions of the Commission and approval of the costs to be charged from the each and every consumer with regard to conversion of Single Point connection to Multi Point connections and provision of Multi point connections to New Societies, the Company has undertaken the projects for each individual society. The amount shown against the aforesaid projects is the aggregated estimated cost of providing connection to more than 50 societies and around 34,000 consumers spread across various locations in Greater Noida. Thus, each and every society is a separate project being implemented in different time frames and at different locations and none of the single society project considered during FY 2021-22 would be more than Rs. 10 Cr. and therefore, does not require prior approval of the Commission.

33/11 kV Substation-33/11kV Switching cum Substation with 33kV Double Bus GIS Switchboard

- The estimated cost of Rs. 18 Cr has been proposed for construction of 3 nos. 33/11 kV Substation / 33/11kV Switching cum Substation with 33kV Double Bus GIS Switchboard in different locations at different time frames, thereby, making them different projects and none of the above single projects/schemes have cost more than the threshold of Rs. 10 Cr. Thus, the above do not require prior approval of the Commission.

33/11 kV Substation-Construction of 33kV Bays at 400/132/33kV UPPTCL Substation Sector 123 Noida, to be paid to UPPTCL

- UPPTCL has recently granted connectivity for 100 MW power from 400/132/33 kV Sector 123 Substation to the Company. The aforesaid connectivity is very crucial looking into fast rising demand from the thousands of flats in Greater Noida West. For the above, the Company has estimated Rs. 24 Cr payable to UPPTCL for cost of 6 nos. 33kV Bays at 400/132/33kV UPPTCL Substation Sector 123 Noida. In this regard, it is submitted that as and when UPPTCL raise demand on the Company, it will approach the Commission for seeking its prior approval before payment.

Routine Capital Expenditure-Construction of Customer Care Center & Metering Control Room for Multi Point Societies at Greater Noida West (KP-5)

- In order to tackle the load of multi point connections and large concentration of the same in Greater Noida west, the Company has planned construction of Customer Care Center & Metering Control Room for Multi Point Societies at Greater Noida West (KP-5). For the aforesaid purpose, the Company is in the process of preparation of Detailed Project Report (DPR). Due to ongoing restrictions / intermittent disruption being caused by COVID 19 pandemic, DPR of the aforesaid building is yet to be finalised. Once completed, the same will be submitted to the Commission for its perusal and approval before the commencement of actual construction work.

6.7.12 The Petitioner further submitted shall provide the detail component and cost wise breakup of Capex projected for DSM schemes for FY 2021-22 and justification and cost benefit for the same. The Petitioner submitted that the DSM schemes which were to be implemented in FY 2021-22 due to COVID 19 are still in the planning phase. Further, submitted that Petitioner will obtain prior approval of the Commission for the same before start of implementation.

6.7.13 The Commission in its query mentioned that the Petitioner has projected the Rs. 50 Lakh each for Misc. Electrical works, Miscellaneous Civil works and Other Office facilities while projecting Routine capital expenditure of Rs. 28 Crore. In this regard the Petitioner was directed to submit the details breakup of each scheme. The Petitioner has projected purchase of lease hold land for 33/11kV Substation of Rs. 6.33 Crore. The Petitioner in this regard was directed to submit the details/need of such projection.

6.7.14 In response the Petitioner submitted that, the it has projected to incur the aforesaid cost of Rs. 6.33 Cr towards the land cost, premium, registration charges, stamp duty and one-time lease rent charges for 2 nos. of land during FY 2021-22. Further submitted that as mentioned earlier in our ARR petition, the Greater Noida Industrial Development Authority (GNIDA) earmarked land parcels for Electric Substations & associated facilities in its Master Plan. Based on the roll out of the development in a particular area, the Company is advised to seek allotment of land for construction of Electrical Sub-station etc. At times, the Company is also advised to secure allotment of earmarked lands for Electric Substation etc. in advance in order to prevent allotment of such lands for other purposes under pressure due to scarcity of land in the given areas.

6.7.15 The Petitioner mentioned that it is pertinent to mention that with the fast development of the Greater Noida area, it is prudent to seek allotment of land well in advance so that Electric Substation and other associated facilities can be created in an efficient, economical and structured manner without any hindrances as per the requirement. It is generally seen that with the fast pace of development of the city, the land parcels become scarce and costly also. Further submitted with an example that with the fast pace of development in the Greater Noida West Area, despite several applications, GNIDA was unable to provide requisite land for Electric Substation. After lot of efforts & persuasion, the Company was asked to accept allotment of land in the Green Belt and / or in an area not appropriate / suitable for construction of Electric Sub-station. Accordingly, the Company has been seeking allotment of lands from GNIDA from time to time, take possession and construct the boundary wall to protect from encroachments, which are quite rampant in the area. Over the period, with development and growth in demand, the Company constructs electric substation on such lands.

6.7.16 The Petitioner mentioned that this not only enables the Company to comply with its universal service obligation to provide electricity supply to its consumers on demand but also facilitates development of an efficient distribution system to meet the demand of its existing and prospective consumers as well as growth in demand every year.

6.7.17 For the Capital Expenditure of FY 2021-22 the Petitioner has claimed Rs. 345.03 Crores. It is observed that the Petitioner has projected a Routine Capital Expenditure of 132 kV for OPPO Mobiles Connection at 132 kV. Since the Commission has not allowed any assets of 132 kV and above and any associated assets, hence the Commission has disallowed Rs. 50 Crores of Routine Capital

Expenditure of 132 kV for the OPPO Mobiles Connection at 132 kV capitalized by Petitioner for FY 2021-22, further, the Commission via a separate proceeding has observed that UPPTCL is constructing the same for the consumer.

6.7.18 Further, it is observed that the Petitioner has proposed assets of Rs. 24.00 Crores pertaining to 33/11 kV Substation-Construction of 33kV Bays at 400/132/33kV UPPTCL Substation Sector 123 Noida is to be paid to UPPTCL.

6.7.19 The Commission vide its Order dated June 04, 2020 in the Petition No. 1512 of 2019 in the matter of review Petition filed by NPCL under Section 94 (1)(f) of the Electricity Act, 2003 read with Regulations 150 of the UPERC (Conduct of Business) Regulations, 2004 seeking partial Review of the Tariff Order for FY 2019-20 dated September 03, 2019 passed by the Commission in Petition No. 1382 of 2018, in regards to disallowance of 19.12 Crs for “Construction of 220 kV LILO connecting 400 kV Substations at Pali, Greater Noida and Sector-148 (changed from earlier Sector-129) to 220/132/33kV RC Green substation for enhancement of upstream capacity & reliability to evacuate upto 400 MW power of R C Green Substation” directed that:

Quote

25. Keeping in view of interest of consumers of Greater Noida area coupled with the obligation of GNIDA to take care of the development, the Commission decides that:

(i) NPCL shall refund of amount deposited with GNIDA towards the cost of 220 kV LILO amounting to Rs. 14.59 Crore.

(ii) The remaining claim refund to Rs. 4.53 Crore for 2 no.(s) 220 kV bays at R.C Green Substation will be subject to final decision of Hon’ble APTEL in Appeal No. 336 of 2018.

Unquote

6.7.20 The Commission in its various Orders has observed that the distribution licensee cannot own, operate assets of 132 kV and above and associated assets. Further, the Commission has also directed the Petitioner that even though in view of interest of consumers of Greater Noida area the such asset construction is necessary, however has to be coupled with the obligation of GNIDA to take care of the development in the area, hence any payment to UPPTCL for construction of such assets are to be made by GNIDA and NPCL need not claim the same. Hence, such asset addition is disallowed from the Capex for FY 2021-22.

6.7.21 Further, the Petitioner is directed to update the Commission in regard to 132 kV and above assets (if any) which have not been covered as yet, in the next tariff filing.

6.7.22 Further, taking cognizance of the Commission's decision with regards to vehicles during the Tariff Order for FY 2020-21 and True-up of FY 2018-19, True- up of FY 2019-20, the vehicles of Rs. 2.25 Crores proposed to be capitalized in FY 2021-22 are disallowed.

6.7.23 Further, it is observed that the Petitioner has proposed many schemes/projects above Rs. 10 Crs and has not approached the Commission for any prior approval, neither in FY 2020-21 nor for any project for FY 2021-22. Further, as per the Regulations, quarterly filing for approval of capital expenditure needs to be done by the Petitioner. Hence, the Commission is constrained to disallow 25% on the capex (after disallowance of Rs.76.25 (50+24+2.25) Crores and removal of respective Consumer Contribution). The Capex approved for FY 2021-22 is as under:

CAPEX		Total	Capitalisation (Employee + Interest)	Total
Projected/Claimed	**A**	**345.03**	**10.00**	**355.03**
Disallowance of 100% (132 kV & above, vehicles, UPPTCL)	**B**	**76.25**	-	**76.25**
Consumer Contribution	**C**	112.51	-	112.51
Disallowance at 25%	**D= 25%x(A-B-C)**	**39.07**	-	**39.07**
Capex Approved for FY 2021-22	**E= A-B-D**	**229.71**	**10.00**	**239.71**

6.7.24 Further, the Commission directed the Petitioner to provide the breakup of CWIP FY 2021-22. In response submitted that the ARR for FY 2021-22, filed on 1st February 2021, has been prepared based on the past trends and data available till Dec-2020 on normal business conditions. Accordingly, the break-up of projected CWIP as at 31st March 2022 considered in the ARR for FY 2021-22.

Table 6-45: Capital Work in Progress submitted by Petitioner for FY 2021-22 (Rs. Crore)

S.No	Particulars	FY 2021-22 (Projected)
1	Consultancy Service for preparation of DPR and Tender Document for construction of 220KV Substation and Associated 220kV Lines at BZP and KP5, Greater Noida	1.28
2	Materials for various Capital Projects	10.83
3	**Total**	**12.11**

6.7.25 Further, since the Commission does not approve any assets of 132 kV & above & associated assets, the Commission cannot allow to pass the expenditure towards consultancy Service for preparation of DPR and Tender Document for construction of 220KV Substation and Associated 220kV Lines at BZP and KP5, Greater Noida. Accordingly, the expenditure of Rs. 1.28 Crs cannot be considered as part of CWIP. Further, it is observed, that the same expenditure was also part of CWIP in FY 2020-21 (APR) also, the same cannot be considered and the Commission shall take a view on the same at the time of True-up of Fy 2020-21.

6.7.26 Further, the Commission has considered the same proportion of capitalization of total investments which includes opening CWIP, Employee capitalization, and investments during the year as claimed by the Petitioner. The Commission has computed Employee capitalization based on last 3 years average Employee capitalization rate (%) or claimed, whichever is higher. Accordingly, the projected Capital formation and Capital Work in Progress and GFA allowed for FY 2021-22 is presented below:

Table 6-46: Capex as approved by the Commission for FY 2021-2 (Rs. Crore)

Particulars		ARR Petition	Approved
Total Addition (capitalization) to Assets (excluding interest capitalisation)	A	355.04	239.71
Total Deletion to Assets (excluding interest capitalisation)	B	6.65	6.65
Add: Closing CWIP	C	12.11	10.83
Less: Opening CWIP	D	15.88	14.60
Total Capex (excluding interest capitalisation)		**344.61 (A-B+C-D)**	**233.06* (A-B)**
Add: Interest Capitalisation			
Total Capex	**E**	**344.61**	**233.06**
Consumer Contribution	F	112.51	112.51

Particulars		ARR Petition	Approved
Net Capex	**G=E-F**	**232.10**	**120.55**
Debt @ 70%	**70% of G**	162.47	84.39
Equity @ 30%	**30% of G**	69.63	36.17

(Note: The current Regulations only consider capitalized / de-capitalized assets and not the Investment/Capex, which would have included the capitalized assets, de-capitalized assets and CWIP. The value of net Capex has not been used anywhere in the computations for FY 2021-22. Further, the net capitalization of 120.55 Crore will be considered to determine the 70% loan and 30% equity component for FY 2021-22)

5.25.4 The Regulation 20 of the UPERC MYT Regulations, 2019 is as follows:

Quote

20 Debt-Equity Ratio

20.1 For a capital investment Scheme declared under commercial operation on or after April 1, 2020, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 18, after making appropriate adjustment of Assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant subject to prudence check for determination of Tariff:

Provided that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Licensee for determination of Tariff:

Provided further that the Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of Tariff:

Provided also that the equity invested in foreign currency shall be designated on the date of each investment.

20.2 In case of the Licensee, for the fixed assets capitalised on account of Capital Expenditure Scheme prior to April 1, 2020, the debt-equity ratio allowed by the Commission for determination of ARR / Tariff for the period ending March 31, 2020 shall be considered:

Provided that in case of retirement or replacement or de-capitalisation of the assets, the equity capital approved as mentioned above, shall be *reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:*

Provided further that in case of retirement or replacement or de-capitalisation of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of outstanding debt component based on documentary evidence, or the normative loan component, as the case may be, of the original cost of such assets.

20.3 Any expenditure incurred or projected to be incurred on or after April 1, 2020, as may be admitted by the Commission as additional capital expenditure for determination of Tariff, and Renovation and Modernisation expenditure for life extension, shall be serviced in the manner stipulated in these Regulations.

Unquote

5.25.5 For the purpose of arriving at the opening values of FY 2021-22, the Commission has computed the values for FY 2020-21. For APR of FY 2020-21, the Petitioner has claimed total addition of assets i.e. capitalization of Rs. 172.97 Crore. The employee expenses capitalisation has been considered the same as claimed by the Petitioner.

5.25.6 The Commission has considered the Trued-up closing GFA of FY 2019-20 as the opening GFA of FY 2020-21. Further, amount of Rs. 1.28 Crores against consultancy services for construction of 220 kV substation has also been reduced from CWIP. Further the vehicles for FY 2020-21 of Rs. 0.30 Crs has not been considered for computations, in line with the approach taken in true-up, relevant explanations are provided in True-Up Sections of FY 2019-20. The computation is shown in the Table below:

Table 6-47: Capital Investment for FY 2020-21 for NPCL (Rs. Crore)

Particulars	Approved in T.O 04/12/2020	APR Petition	Computed
Total Additions to Assets (excluding interest capitalisation)	192.30	172.97	172.67
Total Deletion to Assets (excluding interest capitalization)	5.90	5.90	5.90
Add: Closing CWIP	1.64	15.88	14.60
Less: Opening CWIP	21.64	22.93	21.50
Total Capex (excluding interest capitalisation)	**186.40**	**160.03 (A-B+C-D)**	**166.77* (A-B)**

Particulars	Approved in T.O 04/12/2020	APR Petition	Computed
Add: Interest Capitalisation	0.00	0.00	0.00
Total Capex	**186.40**	**160.03**	**166.77**
Consumer Contribution	14.55	22.50	22.50
Net Capex	**171.85**	**137.52**	**144.27**
Debt @ 70%		96.27	100.99
Equity @ 30%		41.26	43.28

*(Note: The current Regulations only consider capitalized / de-capitalized assets and not the Investment/Capex, which would have included the capitalized assets, de-capitalized assets and CWIP. The value of net Capex has not been used anywhere in the computations for FY 2020-21. Further, the net capitalization of Rs. 144.27 Crore will be considered to determine the 70% loan and 30% equity component for FY 2021-22)

5.25.7 The Commission has observed that there are large number of errors / discrepancies and inconsistencies in the data of the Petitioner in regard to GFA opening and closing, and corresponding computations of loan and equity as per MYT Regulations 2019. The Commission has considered the trued-up closing GFA of FY 2019-20 as the opening GFA of FY 2020-21. The computation is shown in tables below:

Table 6-48: Projections of Gross Fixed Asset approved for FY 2020-21 (Rs. Crore)

Particulars	Derivation	Claimed	Computed (Provisional)
Opening GFA	A	1680.20	1273.21
Addition to GFA during the year	B	172.97	172.67
De capitalisation / deduction	C	5.90	5.90
Closing GFA	E=A+B-C	1847.27	**1439.98**

6.7.27 The Table below summarises the amounts considered towards Consumer Contribution for FY 2020-21. As has been a practice for other Licensee`s also (i.e. State Discoms and UPPTCL), while considering the Consumer Contribution asset base, the written down values of the asset base is considered and the asset base is reduced by yearly amortization of assets. Accordingly, the consumer contribution for FY 2020-21 is computed as under:

Table 6-49: Consumer contribution computed for FY 2020-21 (Rs. Crore)

Particulars	Computed (Provisional)
Opening Balance of Consumer Contributions	186.12*
Additions during the year	22.50
Closing Balance	208.62

*Considered written down opening for FY 2020-21

6.7.28 The closing GFA and consumer contribution of FY 2020-21, as computed above, has been considered as the opening GFA and consumer contribution of FY 2021-22 as shown in table below:

Table 6-50: Projections of Gross Fixed Assets of NPCL for FY 2021-22

Particular	Reference	Approved
Opening GFA	A	1439.98
Opening Balance of Consumer contribution	B	199.68

* (Rs. 208.62 Crore- Rs.8.95 Crore) (depreciation of consumer contribution during the year)

6.7.29 As per Regulation 20.2 of MYT Regulations, 2019, the fixed asset base (in which the retirement or replacement or de-capitalisation of the assets is accounted for) shall be computed as on 31.03.2021 (taking into consideration the trued-up values for FY 2019-20 and APR of FY 2020-21). The equity capital as on 1.4.2021, has been computed to the extent of 30% of such fixed asset base and the debt capital has been computed to the extent of 70% of such fixed asset base.

6.7.30 Accordingly, the Debt and equity as on 1.4.2021, computed for FY 2021-22 is shown below:

Table 6-51: Debt: Equity of NPCL computed as on 01.04.2021 (Rs. Crore)

Particulars	Derivation	Approved
Opening GFA (net of Grants, which is zero)	A	1439.98
Opening Balance of Consumer Contributions	B	199.68
Net Opening GFA	C=A-B	1,240.30
Opening Equity	D=C*30%	372.09
Opening Debt	E=C*70%	868.21

6.7.31 As per Regulation 20.1 of MYT Regulations, 2019, debt-equity ratio shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 18, after making appropriate adjustment of Assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant subject to prudence check for determination of Tariff.

6.7.32 Accordingly, the closing GFA for FY 2021-22 has been computed after considering Net addition to the GFA during the year as shown in table below:

Table 6-52: Gross Fixed Asset of NPCL for FY 2021-22 (Rs. Crore)

Particulars	Derivation	Claimed	Computed
Opening GFA	A	1847.27	1439.98
Addition to GFA during the year	B	355.04	239.71
Decapitalisation/ deduction	C	6.65	6.65
Closing GFA	E=A+B-C	2195.65	**1673.04**

5.7.46 The consumer contribution base for FY 2021-22 is as under:

Table 6-53: Consumer Contribution considered for NPCL in FY 2021-22 (Rs. Crore)

Particulars	Approved
Opening Balance of Consumer Contributions,	199.68
Additions during the year in consumer contribution	112.51
Closing Balance	312.19

6.8 DEPRECIATION

6.8.1 The Petitioner submitted that based on the Capital expenditure, the amount considered for depreciation for determination of ARR is as shown in the Table below:

Table 6-54: Depreciation for FY 2021-22 as submitted by the Petitioner

Sl. No.	Particulars	Reference	Projected
1	**Gross Depreciation**	A	75.70
2	Less: Depreciation on Consumer Contribution	B	10.61
3	**Net Depreciation**	c-a+b	**65.09**
4	Average Gross Fixed Asset	D	2,021.47
5	% of Average Gross Fixed Asset	e=a/d	3.74%

6.8.2 The Petitioner submitted that the above depreciation has been worked out on following basis:-

(i) Depreciation for FY 2021-22 has been determined on the basis of written down values of assets as on 1st April, 2021 by applying depreciation rates as prescribed under MYT Regulation, 2019 on SLM method.

(ii) Depreciation on assets equivalent to Capital Contribution received have not been considered for determination of ARR for FY 2021-22 in accordance with Regulation 26(b) of the MYT Regulation.

Commission's Analysis:

6.8.3 The Regulation 21 of MYT Regulations, 2019 is provides that:

Quote

"21 Depreciation:

21.1 The Licensee, shall be permitted to recover Depreciation on the value of fixed assets used in their respective businesses, computed in the following manner:

a) The approved original cost of the fixed assets shall be the value base for calculation of Depreciation:

Provided that the Depreciation shall be allowed on the entire capitalised amount of the new assets after reducing the approved original cost of the retired or replaced or decapitalised assets.

b) Depreciation shall be computed annually based on the Straight- Line Method at the rates stipulated in the Annexure- A of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019.

Provided that the Licensee shall ensure that once the individual asset is depreciated to the extent of seventy percent, remaining depreciable value as on 31st March of the year closing shall be spread over the balance Useful Life of the asset including the Extended Life, as per submission of the Licensee and approved by the Commission.

c) The salvage value of the asset shall be considered at 10% of the allowable capital cost and Depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the asset:

Provided that land owned shall not be treated as a Depreciable asset and shall be excluded while computing Depreciation:

Provided further that Depreciation shall be chargeable from the first year of commercial operation.

d) Depreciation shall not be allowed on assets funded by Consumer Contributions or Subsidies/ Grants/ Deposit works.

21.2 In case of existing assets, the balance depreciable value as on April 01, 2020, shall be worked out taking into consideration the life of the asset, and by deducting the cumulative Depreciation as admitted by the

Commission up to March 31, 2020, from the gross depreciable value of the assets.

21.3 In case of projected commercial operation of the assets for part of the year, depreciation shall be computed based on the average of opening and closing value of assets.

21.4 Depreciation shall be re-computed for assets capitalised at the time of Truing-Up, based on Audited Accounts and documentary evidence of assets capitalised by the Petitioner, subject to the prudence check of the Commission.

Unquote

6.8.4 It is observed that the Regulation 21.1 specifies for process of computation of depreciation of the new assets, wherein depreciation shall be computed annually based on the Straight- Line Method at the rates stipulated in the Regulations and the Petitioner has to ensure that once the individual asset is depreciated to the extent of seventy percent, remaining depreciable value as on 31st March of the year closing has to be spread over the balance Useful Life of the asset including the Extended Life. However, the Regulations doesn't specifically say the same wrt to the existing Gross Block and further explains the treatment of existing assets in Regulation 21.2. Hence, the life of individual assets would be difficult to be ascertained and as such it cannot be found whether the individual asset has depreciated to the extent of seventy percent or not.

6.8.5 Accordingly, the existing assets may be dealt with separately as per Regulations 21.2 and their Net block (as on 31.3.2020) may be kept separate and may be considered Gross Block to apply SLM from 1.4.2020 onwards and the new assets to be dealt as per Regulations 21.1 of MYT Regulations, 2019.

6.8.6 Hence, the Petitioner is directed to maintain a separate individual asset wise FAR for assets capitalized after 1.4.2020 and the Gross Block and Depreciation may be computed separately from the Gross Block before 1.4.2020. Accordingly, from FY 2020-21 onwards the Petitioner to maintain two separate Gross Blocks (one for assets upto 31.3.2020 and second for assets after 1.4.2020) and two separate FAR`s depicting addition of Assets details from 01.04.2020 onwards for the purpose of depreciation computation for the purpose of Regulatory Accounts.

6.8.7 As per above, the Commission has computed the depreciation. The written down closing of FY 2019-20 is considered as Opening for FY 2020-21 where the gross depreciation computed for FY 2019-20 is negated from it to get the Net written down opening (considered to be opening GFA) due to the Change in methodology of Depreciation from Written Down Value to Straight Line Method. Further, closing of FY 2020-21 has been considered as opening of FY 2021-22 (for Part A & part B). The gross allowable depreciation for each component is sum totaled and the equivalent depreciation on assets created out of Consumer Contributions are deducted as shown under:

Table 6-55: Gross Allowable Depreciation for assets upto 31.03.2021 of the Petitioner for FY 2021-22 (Rs. Crore)

For assets upto 31.3.2021		Depreciation								
S. No.	**Particulars**	**As on 1.4.2021 (Opening GFA)**	**Addition to GFA**	**Deduction to GFA**	**Closing GFA**	**Average GFA**	**Depreciation Rate**	**Allowable Gross Depreciation**	**Consumer Contribution**	**Net Allowable Depreciation**
1	Land & Land Rights (only on leasehold land)	42.60		-	42.60	42.60	3.34%	1.29*		
2	Buildings & Civil Works	150.81		-	150.81	150.81	3.34%	5.04		
3	Plant & Machinery	34.20		-	34.20	34.20	5.28%	1.81		
4	Lines, Cables, Network etc.	491.92		4.25	487.67	489.79	5.28%	25.86		
5	Meter and other Metering Equipment's	35.72		1.00	34.72	35.22	5.28%	1.86		
6	Communication Equipment	10.53		-	10.53	10.53	5.28%	0.56		
7	Vehicles	0.00		-	0.00	0.00	9.50%	0.00		
8	Furniture and Fixtures	15.48		0.45	15.03	15.26	6.33%	0.97		
9	Office Equipment's	8.43		0.95	7.48	7.96	6.33%	0.50		
10	Intangible assets	21.95		-	21.95	21.95	15.00%	3.29		
11	Assets taken over and pending final valuation	0.74		-	0.74	0.74	15.00%	0.11		
12	Solar Power Generation Equipment's	0.17		-	0.17	0.17	5.28%	0.01		
13	**Total Fixed Assets**	**812.56**		**6.65**	**805.91**	**809.24**		**41.29**	**6.86**	**34.57**

***only on leasehold land as per Regulations. 0% depreciation on Freehold land and hence not considered in above computation.**

Table 6-56: Gross Allowable Depreciation for Assets as on 01.04.2021 of Petitioner for FY 2021-22 (Rs. Crore)

For assets from 1.4.2021 onwards		Depreciation								
S.No.	Particulars	Opening GFA (as on 1.4.2021) for FY 2021-22	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Allowable Gross Depreciation	Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	9.49	4.74		14.23	11.86	3.34%	0.40*		
2	Buildings & Civil Works	11.71	24.09		35.80	23.75	3.34%	0.79		
3	Plant & Machinery	-	-		-	-	5.28%	-		
4	Lines, Cables, Network etc.	117.97	172.99		290.96	204.46	5.28%	10.80		
5	Meter and other Metering Equipment's	11.68	7.81		19.49	15.58	5.28%	0.82		
6	Communication Equipment	9.22	6.42		15.64	12.43	5.28%	0.66		
7	Vehicles	-	-		-	-	9.50%	-		
8	Furniture and Fixtures	-	-		-	-	6.33%	-		
9	Office Equipment's	7.30	10.45		17.75	12.52	6.33%	0.79		
10	Intangible assets	4.31	5.76		10.06	7.19	15.00%	1.08		
11	Assets taken over and pending final valuation	-	-		-	-	15.00%	-		
12	Solar Power Generation Equipment's	1.00	1.66		2.66	1.83	5.28%	0.10		
13	**Total Fixed Assets**	**172.67**	**233.92**		**406.59**	**289.63**	5.33%	**15.43**	**3.75**	**11.68**

***only on leasehold land as per Regulations. 0% depreciation on Freehold land and hence not considered in above computation.**

5.25.8 Thus, the allowable depreciation for FY 2021-22 is as shown in the tables below:

Table 6-57: Net Approved Depreciation for assets before 01.04.2021 (Part A+ Part B) of NPCL for FY 2021-22 (Rs. Crore)

Particulars	Claimed (Part A+ Part B)	Approved (Part A+ Part B)
Gross Allowable Depreciation	75.70	56.73
Less: Equivalent amount of depreciation on assets acquired out of the Consumer Contribution	10.61	10.61
Net Allowable Depreciation	**65.09**	**46.12**

6.9 INTEREST ON TERM LOAN

6.9.1 The Petitioner submitted that Regulation 23 of MYT Regulations 2019 provides for treatment of Interest on Term Loan. The Relevant extract of the Regulation is reproduced below:-

*“ **23 Interest on Long-Term Loan***

23.1 The long- term loans arrived at in the manner indicated in these Regulations on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:
Provided that in case of retirement or replacement or de-capitalisation of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

23.2 The normative long- term loan outstanding as on April 1, 2020, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2020, from the gross normative loan.

23.3 Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the asset.

23.4 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long- term loan portfolio at the beginning of each year:
Provided that at the time of Truing- Up, the weighted average rate of interest of the actual long- term loan portfolio during the concerned year shall be considered as the rate of interest:
….. ”

6.9.2 The Petitioner submitted that based on regulation and capital expenditure planned and pending decision of the **Appeal dt. 18th January, 2021 and Appeal dt. 25th January, 2021** the details of Interest on Term Loans for FY 2021-22 is shown in the Table below:

Table 6-58: Interest on Term Loan as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Loan Computation	Ref.	Projected
1	**Net Normative loan – Opening**	a	**554.99**

Sl. No.	Loan Computation	Ref.	Projected
2	Increase/Decrease due to ACE during the Year	b	162.47
3	Repayments of Normative Loan during the year	c	65.09
4	**Net Normative loan – Closing**	**d=a+b-c**	**652.37**
5	Average Normative Loan	e=(a+d)/2	603.68
6	Weighted average Rate of Interest on actual Loans	F	9.91%
7	**Interest on Normative loan**	**g=e x f**	**59.84**

6.9.3 The Petitioner submitted that above interest and loans have been assessed on following basis:

1) The opening balance normative loans for FY 2021-22 has been considered as equivalent to Closing Balance of Normative Loan for FY 2020-21 as provided in APR Petition for FY 2020-21.
2) Irrespective of moratorium period, the repayment has been considered based upon the depreciation computed based on the rates and method as provided in the MYT Regulations, 2019.
3) Last available weighted average rate of interest for actual loan i.e. 9.91% has been utilized for computation of interest on long term loan.

Commission's Analysis

6.9.4 The Commission has considered debt equity ratio for the assets capitalized of 70:30 in line with the MYT Regulations, 2019. In case the equity is less than 30%, the actual equity shall be considered and if equity is more than 30%, the amount of equity shall be limited to 30%. Therefore, the balance asset capitalized shall be treated as normative loan for determination of tariff. Further, as per the Regulation 23.5, the rate of interest on long term loan is considered as the weighted average rate of interest of the actual long term loan portfolio. year. The relevant extract is provided in the following:

Quote

23 Interest on Long- Term Loan

23.1 The long- term loans arrived at in the manner indicated in these Regulations on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalisation of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

23.2 The normative long- term loan outstanding as on April 1, 2020, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2020, from the gross normative loan.

23.3 The repayment for each year shall be deemed to be equal to the Depreciation allowed for that year.

23.4 Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the asset.

23.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long- term loan portfolio at the beginning of each year:

Provided that at the time of Truing- Up, the weighted average rate of interest of the actual long- term loan portfolio during the concerned year shall be considered as the rate of interest:

Provided further that if there is no actual long- term loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest for actual loan shall be considered:

Provided also that if the Licensee, does not have actual long- term loan even in the past, the weighted average rate of interest of its other Businesses regulated by the Commission shall be considered:

Provided also that if the Licensee does not have actual long- term loan, and its other Businesses regulated by the Commission also do not have actual loan even in the past, then the weighted average rate of interest of the entity as a whole shall be considered:

Provided also that if the entity as a whole does not have actual long-term loan because of which interest rate is not available, then the rate of interest for the purpose of allowing the interest on the normative long- term loan should be the weighted average SBI MCLR (1 Year) prevailing during the concerned year.

23.6 The interest on long- term loan shall be computed on the normative average long- term loan of the year by applying the weighted average rate of interest:

Provided that at the time of Truing-Up, the normative average loan of the concerned year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.

23.7 The excess interest during construction on account of time and / or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission:

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission.

Unquote

6.9.5 For the purpose of arriving at the opening values of FY 2021-22, the Commission has computed the values for FY 2020-21. Further, lower of the Loan opening at as on 1.4.2020, computed based on 70% of GFA (net of GFA, consumer contribution and cumulative repayment), or closing normative loan closing as on 31.3.2019 as approved in True-up. Further, Loan addition during the year is 70% of net investment after reducing consumer contribution. Further, lower of the Loan opening at as on 1.4.2021, computed based on 70% of GFA (net of GFA, consumer contribution and cumulative repayment), or closing normative loan closing computed as on 31.3.2020. The closing loan base as on 31.03.2021 computed by the Commission for FY 2020-21 is as shown in the Table below:

Table 6-59: Interest on Long Term Loan of the Petitioner computed by the Commission for FY 2020-21 (Rs. Crore)

Particulars	Tariff Order dt. 04.12.2020	Petitioner's Claim	Computed (Provisional)
Opening Loan	487.31	511.54	374.74
Loan Additions (70% of Investments)	120.30	99.69	100.99
Less: Repayments (Depreciation allowable for the year)	44.58	52.81	37.29
Closing Loan Balance as on 1.4.2021	**563.03**	554.99	438.43

6.9.6 As per the Regulation 23.2, the normative long- term loan outstanding as on April 1, 2021, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021, from the gross normative loan as shown below:

Table 6-60: Opening Normative Loan of The Petitioner for FY 2021-22 (Rs. Crore)

S.No	Particulars	Approved
1	Opening debt	868.21
2	Cumulative Net Depreciation upto 31.3.2021	370.83
3	Opening Normative Loan	497.38

6.9.7 As per Regulation 20.2, the debt capital i.e. opening loan base as on 1.4.2021 shall be reduced to the extent of outstanding debt component of the fixed asset base computed as on 31.03.2021 or the normative closing loan base of FY 2020-21, whichever is lower. The same has been considered.

6.9.8 The portion of capital expenditure financed through Consumer Contributions and grants has been separated as the depreciation thereon would not be charged to the consumers. Further, the allowable net depreciation for the year has been considered for normative loan repayment.

6.9.9 The Commission has observed that the Petitioner for FY 2021-22 has claimed interest capitalisation as Nil. Hence the interest is considered as Nil for FY 2021-22

6.9.10 The computations for interest on loan term loan are shown in table below:

Table 6-61: Interest on Long Term loan approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Petitioner's Claim	Approved
Opening Loan	554.99	438.43
Loan Additions (70% of Capitalisation)	120.30	84.39
Less: Repayments (Depreciation allowable for the year)	65.09	46.12
Closing Loan Balance	652.37	476.70
Weighted Average Rate of Interest	9.91%	9.91%
Interest on long term loans	**59.84**	45.36

**As per the Regulation 23.1 of UPERC MYT Regulations, 2019, the assets put to use shall be considered as gross normative loan for calculation of interest on loan.*

6.10 INTEREST ON WORKING CAPITAL

6.10.1 The Petitioner submitted that Regulations 25 of MYT Regulations, 2019 provides for determination of Interest on Working Capital. The relevant extract of the regulation is reproduced below:

*"25 **Interest on Working Capital***

….

25.2 Distribution Business

(a) The working capital requirement of the Distribution Business shall cover:

(i) Operation and maintenance expenses for one month;

(ii) Maintenance spares at 40% of the R&M expenses for two months ; and

(iii) One and half month equivalent of the expected revenue from charges for use of Distribution system at the prevailing Tariff (excluding Electricity Duty);

minus

(iv) Amount held as security deposits from Distribution System Users:

Provided that for the purpose of Truing-Up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing- Up;

(b) Rate of interest on working capital shall be simple interest and shall be equal to the SBI MCLR (1 Year) on October 01, 2019 plus 250 basis points:

Provided that for the purpose of Truing-Up for any year, simple interest on working capital shall be allowed at a rate equal to the weighted average SBI MCLR (1 Year) prevailing during the concerned Year plus 250 basis points.

(c) Interest shall be allowed on consumer security deposits as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments/ addendums and the new Regulations made after repeal of the same. "

6.10.2 The Petitioner submitted that, as per the UP-Electricity Supply Code, 2005 (as amended), the power supply bill for a month (30/31 days) need to be raised within next 7 days with 15 days period (due date) for payment of the same. Thereafter, the Distribution Licensee must wait for another 15 days period before disconnecting supply of power in case of non-payment (disconnection date). Thus, it would take almost 67 days for a Distribution Licensee to recover payment of its electricity bills, assuming all the consumers pay their bills in-time. However, the MYT Regulations, 2019 considers debtors equivalent to 45 days only while the in MYT Regulations 2014, debtors equivalent to two months of the expected revenue were considered as a part of the working capital requirement. Therefore, the reduction of receivables from two months to one and half months is not justified and in fact is contrary to the provisions of Electricity Supply Code, 2005.

6.10.3 Apart from above the Petitioner further submitted that the Commission in its Tariff Order dated 4th December, 2020 has also not considered the Electricity Duty as part of the Receivables thereby reducing amount of Working Capital leading to disallowance of interest on working capital. In the above Order, the Commission observed as follows:

Quote

> *"3.12.11 The Commission is of the view that the UPERC (MYT for Distribution Tariff) Regulations, 2014 provides for only revenue for two months and not the electricity duty. The Commission allowed Electricity duty in IoWC for FY 2017-18 under the same regulation inadvertently. The Commission is not inclined to conduct the True Up of the True Up of FY 2017-18 and so for True-Up of FY 2018-19 wherein the Electricity duty would not be considered while determining revenue for two months. Also, Electricity Duty is the domain of GoUP and is not a part of the ARR or Revenue of the Petitioner in its regulatory accounts."*

Unquote

6.10.4 In respect of the above, the Petitioner submitted that the Electricity Duty is billed by the Company alongwith the other charges for electricity to the consumers, therefore, the same is integral part of the Receivables and the Commission in the past has allowed the same as part of the Receivables. Accordingly, disallowance of working capital interest by not considering Electricity Duty as part of Receivables is against the commercial principles as well as Commission's own earlier practice.

6.10.5 The Petitioner submitted that on the basis of above Regulation and has preferred an appeal on both above issues in the abovementioned **Appeal dt. 18th January,**

2021 and Appeal dt. 25th January, 2021 and Writ no. W.P. (MISB) No. 24992 / 2020 dt. 9th December, 2020 and pending adjudication of the same and submitted the computation of interest on working capital for FY 2021-22 as shown in Table below :-

Table 6-62: Interest on working capital as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Ref	Projected
1	O&M expenses for 1 month	a	12.14
2	One and a half month equivalent of expected revenue from distribution tariff	b	255.31
3	Maintenance spares @ 40% of the R&M Expense for 2 Months	c	4.36
4	**Gross Total**	**d=a+b+c**	**271.82**
5	Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003:		
6	Opening Balance	e	270.11
7	Received during the year (Net of Refunds)	f	14.41
8	Closing Balance	g=e+f	284.53
9	**Average Security Deposit**	**h=(e+g)/2**	**277.32**
10	Security Deposit with UPPCL	i	11.28
11	**Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003**	**j=h-i**	**266.04**
12	**Net Working Capital**	**k=d-j**	**5.78**
13	Rate of Interest for Working Capital (SBI - 1Year MCLR + 2.50%)	l	10.65%
14	**Interest on Total Working Capital**	**m=k*l**	**0.62**

6.10.6 The Petitioner submitted that as per earlier petitions and duly approved by the Commission in its last Tariff Order dated 4th December, 2020 the security deposit of Rs. 11.28 Cr passed on to UPPCL till FY 2005-06 in accordance with past arrangement, has been deducted from the total security deposit available with the Petitioner while computing working capital requirement as the same are not available at the disposal of the Petitioner for meeting its working capital requirements.

6.10.7 The Petitioner submitted that the above table does not include the amount of Rs. 10.00 Cr. paid to UPPCL based on the Orders of Commission and Hon'ble Allahabad High Court in FY 2006-07 in the matter of providing 10 MVA additional supply of power by UPPCL. The matter is now pending before the Hon'ble Supreme Court of India.

Commission's Analysis

6.10.8 In accordance with the MYT Regulations, 2019, the interest on the working capital requirement shall be computed on the normative basis and rate of interest shall be equal to the SBI MCLR (1 Year) plus 250 basis points as of the date on which Petition for determination of tariff is accepted by the Commission. Accordingly, the Commission has considered the interest rate on working capital requirement at 10.65%. The link for the same is: https://www.sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data.

6.10.9 The Interest on Working Capital as per MYT Regulations, 2019, is determined in the tables below:

Table 6-63: Interest on Working Capital for FY 2020-21 approved by the Commission for FY 2020-21 (Rs. Crore)

Particulars	ARR Petition	Approved
One month's O & M Expenses	12.14	6.24
Maintenance spares @ 40% of R&M expenses for two months	4.36	2.61
One and half month equivalent of the expected revenue from charges for use of Distribution systems at the prevailing Tariff (excluding electricity duty)	255.31	256.13
Gross Total	271.82	264.98
Total Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003		
Opening Balance	270.11	270.11
Received during the year	14.41	14.41
Closing Balance	284.53	284.53
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	266.04	266.04
Net Working Capital	**5.78**	**-1.06**
Rate of Interest for Working Capital	10.65%	10.65%
Interest on Total Working Capital	**0.62**	**0.00**

6.11 INTEREST ON CONSUMER SECURITY DEPOSIT

6.11.1 The Petitioner submitted that Regulation 25.2 (c), of the MYT Regulations, 2019 provides that that the Petitioner shall pay interest equivalent to the bank rate or more on the consumer security deposits, as may be specified by the Commission. The Commission vide its Tariff Order dated 4th December, 2020 has approved the Interest on Security Deposit @ 4.65% p.a. viz. RBI's Bank Rate prevailing on 1st April, 2020 for FY 2020-21. Accordingly, based on the RBI's Bank Rate prevailing on date of preparation of the petition i.e. 4.25% p.a., the Petitioner submitted that it has considered the same as interest payable on security deposit from consumers during FY 2021-22 as shown in the table below:

Table 6-64: Interest on security deposit as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Ref.	Projected
1	Opening Balance of Security Deposit	a	270.11
2	Addition During the year	b	14.41
3	Closing Balance for Security Deposit	c=a+b	284.53
4	**Average Balance for Security Deposit**	**d=(a+c)/2**	**277.32**
5	Rate of Interest	e	4.25%
6	**Interest payable on Security Deposit**	**f=dxe**	**11.79**

Commission Analysis:

6.11.2 The opening balances of security deposits have been considered as per closing figures of FY 2020-21 and additions during the year FY 2021-22 is considered same as projected by the Petitioner.

6.11.3 It can be observed from the above extract of UP Electricity Supply Code, 2005 that the Bank Rate as on 1st April of FY 2021-22 is applicable for computing interest on security deposit. Hence, the Commission has taken the Bank Rate of 4.50% applicable as on 01.04.2021.

Source:(https://rbidocs.rbi.org.in/rdocs/Wss/PDFs/5T_1004202059CA110D786B4E64A3434C8CD4EF8877.PDF). The Commission has approved the Interest on Consumer Security Deposit for FY 2021-22 as shown in the Table below:

Table 6-65: Interest on Security Deposit approved for FY 2021-22 (Rs. Crore)

Particulars	ARR Petition	Approved
Opening Balance of Security Deposit	270.11	270.11
Addition During the year	14.41	14.41
Closing Balance for Security Deposit	284.53	284.53
Average Balance for Security Deposit	277.32	277.32
Rate of Interest	4.25%	4.25%
Interest payable on Security Deposit	**11.79**	**11.79**

6.11.4 However, the above is subject to True-up and audited accouts.

6.12 FINANCE CHARGES

6.12.1 The Petitioner submitted that it has negotiated a number of facilities in preceding years and also estimated the requirement for ensuing year. During, FY 2021-22, the Petitioner submitted that it will incur expenses on renewal 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 issuance Commercial Paper to facilitate short-term funding of regulatory asset and working capital requirement.

6.12.2 The Petitioner submitted that it has estimated total finance charges to be incurred during FY 2021-22 as shown in the Table below:

Table 6-66: Finance charges as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Projected
1	Processing Fee	1.56
2	Credit Rating Charges	0.15
3	Collection Facilitation Charges	1.20
4	SBLC & Other Finance Charges	0.80
	Total	**3.71**

Commission's Analysis

6.12.3 The Regulation 45.3 of the UPERC (MYT for Distribution and Transmission Tariff) Regulations, 2019 provides that:

Quote

> "Provided that Interest and Finance charges such as Credit Rating charges, collection facilitation charges, financing cost of Delayed

Payment Surcharge and other finance charges shall be a part of A&G expenses."

Unquote

6.12.4 The Regulation provides that the all the Finance charges shall be part of A&G Expenses for Control Period FY 2020-21 to FY 2024-25. Therefore, Commission has not considered the Petitioner contention to allow Finance charges for FY 2021-22 separately.

6.13 SUMMARY OF INTEREST CHARGES

6.13.1 The summary of Interest charges approved by the Commission for FY 2021-22 is as follows:

Table 6-67: Summary of Interest Charges approved for FY 2021-22 (Rs. Crore)

Particulars	ARR Petition	Approved
Interest on Long term loans	59.84	45.36
Interest on short term loans/working capital	0.62	0.00
Finance charges	3.71	0.00
Interest on security deposit	11.79	11.79
Total Interest & Finance charges	**75.95**	**57.14**
Less: Interest capitalization	0.00	0.00
Net Interest & Finance charges	**75.95**	**57.14**

6.14 RETURN ON EQUITY

6.14.1 The Petitioner submitted that Regulation 22 of MYT Regulations, 2019 provides for Return on Equity as shown herein below:-

*"22 **Return on Equity***

22.1 Return on equity shall be computed in Rs. terms on equity base at the rate of 14.5% post-tax per annum for the Transmission Licensee and at the rate of 15% post-tax per annum for Distribution Licensee respectively as determined in accordance with Regulation 20:

Provided that assets funded by Consumer Contribution / Deposit works, Capital Subsidies / Grants and corresponding Depreciation shall not form part of the Capital Cost. Actual Equity infused by the Licensee as per book value shall be considered and shall be used for computation in these Regulations."

6.14.2 The Petitioner submitted that based on Equity base as on April 1, 2021 as estimated in APR for FY 2020-21 and Capital expenditure during FY 2021-22, the computation of Equity Base and Return on Equity submitted is shown in Table below:

Table 6-68: Return on Equity as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sr. No.	Particulars	Reference	Projected
1	Equity (Opening Balance)	a	482.80
2	Net additions during the year	b	73.27
3	Equity (Closing Balance)	c=a+b	**556.07**
4	Average Equity	d=(a+c)/2	519.43
5	Rate of Return on Equity	e	15%
6	**Return on Equity**	**f=d x e**	**77.91**

Commission's Analysis:

6.14.3 For the purpose of arriving at the opening values of FY 2021-22, the Commission has computed the values for FY 2020-21. 100% of the investment claimed by Petitioner during the year (FY 2020-21) has been considered excluding the capex estimated for 132 kV and above assets and associated assets and accordingly the GFA addition of has been computed. Further equity addition during the year is 30% of the net capitalisation (after reducing consumer contribution and grants). The closing equity base as on 31.03.2021 computed by the Commission for FY 2020-21 is as shown in the Table below:

Table 6-69: Return on Equity of the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	Tariff Order dt. 04.12.2020	Claimed	Computed (Provisional)
Opening Equity	383.58	437.99	315.78
Additions (30% of Capitalization)	51.55		50.03
Less: Consumer Contribution	435.13		6.75
Closing Equity	409.35	482.80	359.06
Rate of Return on Equity (%)	15.00%	15.00%	15.00%
Return on Equity	**61.40**	**69.06**	**50.61**

6.14.4 As per Regulation 20.2 of MYT Regulations, 2019, the opening equity base, shall be reduced to the extent of 30% of the fixed asset base approved as on 31.03.2021 or the closing equity base of FY 2020-21 on 31.03.2021, whichever is lower. Accordingly, the Opening equity base as computed in the section "Capital

Expenditure", has not been considered, as the opening equity as on 1.4.2021, since it is higher than the closing equity base of FY 2020-21 as computed above. Further, 30% of Net GFA addition (after considering deduction / de-capitalization and consumer contribution in GFA) has been considered as equity addition during the year. Accordingly, the Return on Equity computed is as shown in the Table below:

6.14.5 The Return on Equity (RoE) for FY 2021-22 is shown in the Tables below:

Table 6-70: RoE approved for FY 2021-22 (Rs. Crore)

Particular	ARR Petition	Approved
Equity (Opening Balance)	482.80	359.06
Net additions during the year	73.27	36.17
Equity (Closing Balance)	**556.07**	395.23
Average Equity	519.43	377.15
Rate of Return on Equity	15%	15.00%
Return on Equity	**77.91**	**56.57**

6.15 INCOME TAX

6.15.1 The Petitioner submitted that Regulation 26 of MYT Regulations, 2019 provides for determination of Income Tax to be considered in ARR for Control period FY 2020-21 to FY 2024-25. The relevant extract of the Regulation is reproduced below:

*"26. **Income Tax***

26.1 Income Tax, if any, on the licensed business of the Licensee shall be treated as expense and shall be recoverable from consumers through Tariff. However, tax on any income other than that through its Licenced business shall not be a pass through, and it shall be payable by the Licensee itself.

26.2 Notwithstanding anything contained in Regulation 26.1, total Income Tax payable by the Licensee, in any year, shall be lowest of the following:

(a) Actual payment made;

(b) ROE allowed in that year x MAT (%) or ROE allowed in that year x Corporate tax (%), whichever is applicable.

26.3 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, subject to Regulation 26.2 above, as certified by the Statutory Auditors. "

6.15.2 The Petitioner submitted that it has computed the income tax liability for FY 2021-22 as shown in Table below:

Table 6-71: Income Tax as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Sl. No.	Nature of Tax	Reference	Projected
1	Return on Equity	a	77.91
2	Income Tax Rate	b	25.17%
3	**Total Tax Expense**	**c=a x b/(1-b)**	**26.20**

6.15.3 The Petitioner submitted that the Income Tax Liability as shown above has been computed in accordance with MYT Regulations, 2019, and requested the Commission to approve and considering the same for determination of ARR for FY 2021-22.

Commission's Analysis

6.15.4 It can be observed from Regulation 26.3 of MYT Regulations, 2019, Tax on income, if any, liable to be paid shall be limited to tax on return on the equity component of capital employed. Therefore, in accordance with the aforementioned Regulations, the Licensee is eligible for the getting the amount of Tax paid by them limited to Tax on return on the equity component of capital employed.

6.15.5 Therefore, the Commission has approved Income tax for FY 2021-22 by grossing up ROE at the current Tax rate, i.e., 25.17%, without considering any efficiency gains. The Commission shall consider the Tax Demand for earlier years at the time of truing up based on the Regulations applicable for the respective FY. The detailed computation of Income Tax approved for FY 2021-22 is shown in the Table below:

Table 6-72: Income Tax approved for FY 2021-22 (Rs. Crore)

Particular	Ref.	ARR Petition for FY 2021-22	Approved for FY 2021-22
Return on Equity	a	77.91	56.57
Income Tax Rate	b	25.17%	25.17%
Total Tax Expense	**c=a x b/(1-b)**	**26.20**	**19.03**

6.16 CONTINGENCY RESERVE

6.16.1 The Petitioner submitted that Regulation 27 of MYT Regulations, 2019 states in respect of Contingency Reserve as:-

Quote

27. Contribution to Contingency Reserve

27.1 Where the Licensee has made a contribution to the Contingency Reserve, a sum not less than 0.25% and not more than 0.5% of the original cost of fixed assets may be allowed annually towards such contribution in the calculation of ARR:

Provided that where the amount of such Contingency Reserves exceeds five (5) per cent of the original cost of fixed assets, no further contribution shall be allowed:

Provided further that such contribution shall be invested in securities authorised under the Indian Trusts Act, 1882 within a period of six months of the close of the Year.

27.2 The Contingency Reserve shall not be drawn upon during the term of the Licence except to meet such charges as may be approved by the Commission as being:

(a) Expenses or loss of profits arising out of accidents, strikes or circumstances which the management could not have prevented;

(b) Expenses on replacement or removal of plant or works other than expenses requisite for normal maintenance or renewal;

(c) Compensation payable under any law for the time being in force and for which no other provision is made.

……..

Unquote

6.16.2 The Petitioner submitted that Commission in its Tariff Order issued since dated 19th October'12 has not allowed the provision of contingency reserve to reduce extra burden on the consumers. However, it is submitted that contingency reserve is 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. Therefore, the Petitioner has considered creation of contingency reserve in ARR for FY 2021-22 at lower limit of 0.25% of Opening Gross Fixed Asset as per the MYT Regulations, 2019 as shown in Table below:-

Table 6-73: Contingency Reserve as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Projected
1	Opening GFA	1847.27
2	Contribution to Contingency Reserve	4.62
3	% of Opening GFA	0.25%

Commission's Analysis

6.16.3 The Commission in the past Tariff Orders has been disallowing the contribution to contingency reserve as the same would put additional burden on the consumers. Continuing the same approach, the Commission for FY 2021-22 has not approved any fund for contingency reserve.

6.17 PROVISION FOR WRITE OFF OF BAD AND DOUBTFUL DEBTS

6.17.1 The Petitioner has submitted that the considering the estimated sales, collection efficiency as projected and in view of the debtors profile, prudent analysis, impending political scenario affecting the collections drives and ageing profile of receivables and severe economic distress due to Covid-19, the Petitioner has estimated the Provision for Write-off of Bad and Doubtful Debts for FY 2021-22 as provided in the Table below:

Table 6-74: Provision for bad and doubtful debt as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Description	Ref.	Projected
1	Revenue billed for the year	a	2042.49
2	Provision for Bad & Doubtful debts	b	2.00%
3	Provision as % of Revenue billed	c=a/b	40.85

6.17.2 The Petitioner submitted that the above Provision for Write-off of Bad and Doubtful Debts is projected in accordance with the Petitioner's policy which has also been approved by the Commission in its Tariff Orders. Actual write off will be considered upon ascertaining that the consumer account has no chance of revival and the avenues of recovery are fully exhausted. At the time of actual write off, bad debts are identified against each individual defaulting consumer and subsequently aggregated. In each such instance, supply will stand permanently disconnected and the service apparatus removed as per the Petitioner policy.

6.17.3 The Petitioner added that the estimated provision for Write-off of Bad and Doubtful Debts is within the norm as provided in MYT Regulations, 2019.

Commission's Analysis

6.17.4 The Regulation 46 of the MYT Regulation, 2019 provides as follows:

Quote

46 Provision for Write off of Bad and Doubtful Debts
46.1 For any Year, the Commission may allow a provision for write off of bad and doubtful debts up to 2% of the amount shown as Revenue Receivables from sale of electricity in the audited accounts of the Distribution Licensee for that Year or the actual write off of bad debts, whichever is less:

Provided further that such provision allowed by the Commission for any Year shall not exceed the actual provision for write off of bad and doubtful debts made by the Distribution Licensee in the audited accounts of that Year:

Provided that the Commission, in its ARR / Tariff Order, may provisionally approve provision for write off of bad and doubtful debts based on the actual provision for write off of bad and doubtful debts made by the Distribution Licensee in the latest Audited Accounts available for the Petitioner, and as allowed by the Commission:

Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included under the Non-Tariff Income of the year in which such revenue is realised.

Unquote

6.17.5 The Commission for approval of provision for bad and doubtful debt has considered the actual percentage of provision for write off of bad debt approved in True up of FY 2019-20 i.e. 0.93% (excluding electricty duty).

6.17.6 The Commission will carry out the truing up of bad debts subject to actual writing off of the bad debts during the year and as per audited accounts. The provision of bad and doubtful debts allowed for FY 2021-22 is depicted in the tables below:

Table 6-75: Provision for write off for bad and doubtful debts as approved by the Commission for FY 2021-22 (Rs. Crore)

Particular	ARR Petition	Approved
Revenue billed during the year	2042.49	2049.03
Provision as % revenue billed claimed	2.00%	0.93%
Provision of bad and doubtful debt	40.85	19.07

6.18 NON-TARIFF INCOME

6.13.2 The Petitioner submitted that the Income from delayed payment surcharge and other miscellaneous receipts incidental to business of electricity supply during FY 2021-22 is shown in the table below:

Table 6-76: Non-Tariff Income as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Projected
1	Income from Investments	0.13
2	DR, CR & Processing Fee	1.41
3	Miscellaneous receipts from consumer	2.84
4	Miscellaneous receipts Other	0.01
5	Delayed Payment Surcharge	4.96
6	Total	**9.36**

6.13.3 The Petitioner submitted that the normative working capital computed as per above regulation compensates the distribution company only for the 45 days of credit period which is given to the consumers. However, Delayed Payment Surcharge accrues when a consumer defaults in payment of bills as per due date which is generally 15 days from the date of billing which happens to be 2-7 days after the meter reading date which is generally taken after 30 /31 days interval. Hence, the total number of days after which the delayed payment surcharge accrues is almost 55 days which is more than the number of days for which a distribution licensee is compensated by interest on working capital as per above i.e. 45 days.

6.13.4 Thus, it can be concluded that DPS belongs to the period beyond normative period of 45 days for which interest on working capital is not provided in the Distribution Tariff Regulations., while, the late payment surcharge is charged only if the delay is more than normative credit period. Accordingly, for the period of delay beyond the normative period, the Distribution company has to be compensated with the cost of such additional financing.

6.13.5 Further the Petitioner submitted that it is pertinent to mention here that for debtors older than 60 days but not more than 90 days, the banks provide funding upto 75% of such debtors and remaining is contributed by the Company through equity. Further, for debtors older than 90 days, the banks normally do not provide any funding and the same is being financed by the Company through equity. Thus, to adequately compensate the Company, the Commission has been, hitherto, approving the financing cost of such deferred receivables at the rate equivalent to weighted average SBI-PLR from last many Tariff Orders.

6.13.6 The Petitioner submitted that in connection to the above, reference may be also be made to judgment dated 30th July 2010, passed by the Hon'ble Appellate Tribunal for Electricity (APTEL) in Appeal no.153 of 2009, wherein it was observed as under:

> *"23. In the light of the aspects pointed out on behalf of the Appellant, the reply made on behalf of the State Commission may not be correct for the reasons given below:*
>
> *(i) The normative working capital compensates the distribution company in delay for the 2 months credit period which is given to the consumers.*
>
> *(ii) Admittedly, the late payment surcharge is charged only if the delay is more than normative credit period.*
>
> (iii) Thus, for the period of delay beyond the normative period, the Distribution *company has to be compensated with the cost of such additional financing.*
>
> *……………..*
>
> *…………….*
>
> *25…………While fixing the interest rate, the State Commission should have considered the prevalent SBI prime lending rate. Even in the said judgment, the Tribunal has laid down the principle that the rate of carrying cost must be derived from prevalent prime lending rates."*
>
> *……. "*

6.13.7 Based on above judgement, the Commission has been allowing the Cost of

Borrowing for Delayed Payment Surcharge starting with Tariff Order dated 19th October' 2012 where it observed as follows:-

> *"6.15.6 It is quite apparent that delayed payment surcharge belongs to the period beyond normative period for which the licensee is not compensated at the time of computation of interest on working capital. Thus, to appropriately compensate for the cost incurred for financing that deferred payment beyond the normative period, the Commission in this order approves to reduce the amount of non-tariff income by the financing costs of DPS.*
>
> *6.15.7 The financing cost of delayed payment surcharge is computed by the Commission based on the actual DPS for the year. The DPS is grossed up conservatively based on the highest applicable surcharge rate which is 1.5% per month. Further, the financing cost is arrived at on the grossed-up amount and the weighted average SBI PLR rate applicable."*

6.13.8 The Petitioner submitted that from the above, it is apparent that the DPS accrues on receivables outstanding beyond the normative period of 45 days being considered for approving the normative working capital fund. Accordingly, receivables for more than 45 days on which DPS accrues are funded by the licensee which has also been acknowledged by the Commission in its various previous orders.

6.13.9 Further the Petitioner submitted that, it is pertinent to mention that the licensee needs to fund such overdue receivables either through borrowings or from its own sources and in either of cases, it is entitled to be compensated with the cost of financing the same.

6.13.10 The Petitioner in its various submission has highlighted that the banks / non-banking financial institutions (NBFCs) provides funding only up-to 75% of 60 days of debtors and the licensee has to fund such delayed recovery of dues / receivables through Promoters' Equity. It is also pertinent to mention here that the Regulated Equity approved by the Commission till FY 2019-20 is only Rs. 383.58 Cr as compared to Rs 816.79 Cr (net of consumer contribution) in Audited Financial Statements of the Company. From the above, it can be observed that the surplus equity of approx. Rs. 433.21 Cr is being utilised for funding the business operations of the Company including financing of deferred receivables and in fact is eligible for return at the rate of 15% (post tax). However, the Commission treats such excess equity as debt only (for the purpose of Capex / Working Capital/deferred receivables etc.) and allows only normative interest thereon.

6.13.11 Further the Petitioner submitted that the existence / non-existence of loans or incurrence of interest cost against such income is not relevant for computation of compensatory normative allowance of cost of funding DPS as such receivables beyond 60 days are always funded through Promoter's equity.

6.13.12 The Petitioner submitted that the Commission has been approving interest on working capital on normative basis and similarly, the cost of financing DPS has also been approved on normative basis only being computed by grossing up actual DPS for the year on highest applicable surcharge rate i.e. 2% per month and applying the normative rate of interest considered for working capital loan i.e. weighted average SBI PLR on principle amount so computed.

6.13.13 The Petitioner has submitted the cost of borrowing in respect of Delayed Payment Surcharge for Control Period has been computed as shown in Table below:-

Table 6-77: Cost of Borrowing as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Ref	Projected
1	Delayed Payment Surcharge	a	4.96
2	Working Capital Amount Utilisation @ 24% p.a.	b=(a/24%)	20.66
3	Applicable Interest Rate for Working Capital	c	10.65%
4	**Cost of Borrowing for DPS**	**d=b x c**	**2.20**

6.13.14 The Petitioner has submitted that the non-tariff income has been considered after reducing the cost of borrowing of deferred payment beyond normative period from the total non- tariff income for the purpose as in ARR as shown in Table below:-

Table 6-78: Net Non-Tariff Income as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Projected
1	Non-Tariff Income including DPS	9.36
2	Less: Cost of Borrowing for DPS	2.20
3	**Net Non-Tariff Income**	**7.16**

Commission's Analysis:

6.13.15 The Commission took a considered view and disallowed the cost of borrowing for DPS in the True-up of FY 2019-20, the same has not been approved for FY 2021-22. Accordingly, the Commission approves Non-Tariff Income as for FY 2021-22 as shown in the Table below:

Table 6-79:Non-Tariff Income approved for FY 2021-22 (Rs. Crore)

Particular	ARR Petition	Approved
Non-Tariff Income including DPS	9.36	9.36
Less: Cost of Borrowing for DPS	2.20	-
Net Non-Tariff Income	**7.16**	**9.36**

6.13.16 Further, any variation on this account would be taken up at the time of True-Up and audited accounts.

6.19 REVENUE FROM SALE OF ELECTRICITY

6.19.1 The Petitioner submitted that Regulation 5.6 of MYT Regulations, 2019 provides as :-

> *"5.6 Based on the approved Business Plan the ARR Petition shall be filed by the Licensee that shall include forecast of ARR and expected revenue from existing Tariff. Further, the Licensee shall also submit the category/ sub-category wise proposed Tariff,* ***that would meet the gap in the ARR, including unrecovered revenue gaps of previous years*** *to the extent proposed to be recovered."*

6.19.2 The Licensee based on Demand Estimates as forecasted in Business Plan, has forecasted the revenue for FY 2021-22 on the basis of existing approved tariff is shown in below:

Table 6-80: Revenue from existing Tariff as submitted for FY 2021-22 (Rs. Crore)

Sl. No.	Category	Sales	Revenue	Average Billing Rate (ABR)
		(MU)	(Rs. Crore)	(Rs./kWh)
1	Domestic (LMV-1)	768.11	557.21	7.25
2	Commercial (LMV-2)	50.71	56.58	11.16
3	Public Lighting (LMV-3)	37.52	34.87	9.29

Sl. No.	Category	Sales	Revenue	Average Billing Rate (ABR)
		(MU)	(Rs. Crore)	(Rs./kWh)
4	Public Institutions (LMV-4)	19.95	17.43	8.73
5	Private Tube Wells (LMV-5)	25.03	4.77	1.91
6	Small & Medium Power (LMV-6)	112.72	113.20	10.04
7	Public Water Works (LMV-7)	25.13	25.37	10.10
8	State Tube Wells (LMV-8)	0.09	0.12	13.92
9	Temporary Supply (LMV-9)	44.80	44.65	9.97
10	Electric Vehicle Charging (LMV-11)	5.48	3.98	7.26
11	Non Industrial Bulk Supply (HV-1)	319.96	320.58	10.02
12	Heavy and Large Industry (HV-2)	1,064.07	863.74	8.12
	Total	**2,473.58**	**2,042.49**	**8.26**

Commission's Analysis:

6.19.3 The Commission has computed the revenue as per the tariff rates approved in Tariff Order dated December 04, 2020 and the approved billing determinants for FY 2021-22. The category / sub-category wise details of the revenue at existing tariff for FY 2021-22 are annexed in this order. The following Table summarizes the revenue approved by Commission for FY 2021-22 at existing tariff:

Table 6-81: Revenue approved at existing Tariff for FY 2021-22

Particulars	Sales	Revenue	Average Billing Rate (ABR)
	(MU)	(Rs. Crore)	(Rs/kWh)
LMV-1: Domestic Light, Fan & Power	767.63	570.63	7.43
LMV-2: Non Domestic Light, Fan & Power	50.71	42.87	8.45
LMV-3: Public Lamps	37.52	32.11	8.56
LMV-4: Institutions	19.95	20.21	10.13
LMV-5: Private Tube Wells	25.49	2.72	1.07
LMV 6: Small and Medium Power	112.72	112.02	9.94
LMV-7: Public Water Works	25.13	24.96	9.93
LMV-8: STW and Pumped Canals	0.09	0.11	12.75
LMV-9: Temporary Supply	44.80	47.20	10.54
(LMV-11): Electric Vehicle Charging	5.48	3.96	7.23
HV-1: Non Industrial Bulk Power	319.98	317.75	9.93
HV-2: Large and Heavy Power	1,064.07	874.47	8.22
Subtotal	**2,473.57**	**2,049.03**	**8.28**

6.20 SUMMARY OF ARR FOR FY 2021-22

6.20.1 In the preceding Sections, the Commission has detailed the expenses submitted by the Licensee and that approved by the Commission for various elements for FY 2021-22. Based on the above, the approved ARR and the revenue from tariff for FY 2021-22 is summarized in the Table below:

Table 6-82: Summary of ARR approved for FY 2021-22 (Rs. Crore)

Sr. No.	Particulars	Petition	Approved
1	Power Purchase Expenses	1,258.29	1,044.51
2	Transmission Charges (UPPTCL+PGCIL)	211.98	200.46
3	Employee cost	70.21	31.25
4	A&G expenses	20.04	14.51
5	R&M expenses	65.45	39.16
6	**Gross O&M Expenses**	**155.70**	**84.93**
7	Interest charges	75.95	57.14
8	Depreciation	65.09	46.12
9	Contingency Reserve	4.62	-
10	Income Tax	26.20	19.03
11	**Gross Expenditure**	**1,797.83**	**1,452.18**
12	Employee cost capitalized	10.00	10.00
13	Interest capitalized		-
14	A&G expenses capitalized	-	-
15	**Net Expenditure**	**1,787.83**	**1,442.18**
16	GST Impact		
17	Provision for Bad & Doubtful debts	40.85	19.07
18	Miscellaneous Expenses	2.00	
21	**Total net expenditure with provisions**	**1,830.68**	**1,461.25**
22	Add: Reasonable Return / Return on Equity	77.91	56.57
23	Less: Non-Tariff Income	7.16	9.36
24	Add: Efficiency Gains		
25	**Annual Revenue Requirement (ARR)**	**1901.44**	**1508.46**
26	Revenue from effective Tariff (excluding Regulatory Surcharge)	2042.49	2049.03
27	Tariff revision impact	-	
28	**Revenue Gap/ (Surplus)**	**(141.05)**	**(540.57)**

6.20.2 Analysis on few parameters is depicted below:

Table 6-83: Summary of FY 2021-22

Parameters	FY 2021-22 Approved
Total Sales (MU)	2,473.57
Revenue from Tariff (Rs. Crore)	2,049.03
Total Power Purchase (MU)	2682.83
Total Power Purchase (Rs. Crore)	1,244.96
ARR (Rs. Crore)	1508.46
APPC (Rs./kWh) without Transmission (at NPCL Periphery)	3.89
APPC (Rs./kWh) including Transmission (Inter + Intra) at NPCL periphery	4.64
ABR (Rs./kWh)	8.28
ACoS (Rs./kWh)	6.10

7 OPEN ACCESS

7.1 BACKGROUND

1.1.1. In regard to Open Access, the Commission has finalized the necessary regulatory framework as below:

7.1.1.1 UPERC (Terms and Conditions for Open Access) Regulations, 2019 that includes among others, the detail procedure (s) for Long-Term Open Access, Medium term Open Access and Short-Term Open Access for use of Distribution system, with or without transmission system;

7.1.1.2 Procedures for Forecasting, Scheduling and Deviation Settlement of Solar and Wind Generation Sources, 2020.

1.1.2. The Electricity Act, 2003 has defined Open Access as non-discriminatory provision for use of transmission lines or distribution system or associated facilities thereof. Considering the operation constraints and other relevant factors, the Commission directs that the Open Access shall be allowed to those who wish to avail Open Access as per the provisions outlined by the Commission in its Regulations, Orders and any amendments from time to time.

1.1.3. The Commission has finalized the model Bulk Power Transmission Agreement (BPTA) and Bulk Power Wheeling Agreement (BPWA) for availing transmission and distribution services, which is to be signed in regard to payment of wheeling charge, transmission charges, surcharge and additional surcharge, if any, by the long-term Open Access customer.

7.1.2 Further, the Regulation 18.3 of UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020 provides the application fee for Short Term Open Access and Operating Charges for Short-Term Open Access.

7.2 OPEN ACCESS TRANSMISSION CHARGES

7.2.1 The Commission in the Tariff Order for FY 2021-22 dated 29.06.2021 of UPPTCL has determined the Transmission Charges payable by Open Access customers for use of UPPTCL transmission network for transmission of electricity.

7.2.2 Similarly, the Commission also determines the wheeling charges payable by the Open Access customers for utilising the distribution network of the Distribution

Licensee for wheeling of electricity in subsequent section.

7.3 OPEN ACCESS WHEELING CHARGES

7.3.1 The UPERC MYT (Transmission and Distribution) Regulations, 2019, embarks upon maintaining separate books of accounts for Wheeling and Retail Supply Business. The Regulations provide that if complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of the Distribution Licensee, the ARR of the Distribution Licensee shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with an Allocation Matrix to be prepared by the Licensee and submitted for the Commission’s approval. The extract of the relevant portion of the Regulations (i.e., Regulation 39.1 of the MYT (Transmission and Distribution) Regulations, 2019) is as follows:

Quote

39.1Every Distribution Licensee shall maintain separate accounting records for the Distribution Wires Business and Retail Supply Business and shall prepare an Allocation Statement to enable the Commission to determine the Tariff separately for:

(a) Distribution Wires Business (Wheeling);

(b) Retail Supply Business:

Provided that in case complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of the Distribution Licensee, the ARR of the Distribution Licensee shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with an Allocation Matrix to be prepared by the Licensee and submitted for the Commission`s approval:

Provided further that the Allocation Matrix shall be applied for all or any of the heads of expenditure and revenue, where actual accounting separation has not been done between the Distribution Wires Business and Retail Supply Business:

Provided also that the Commission may require the Distribution Licensee to file separate Petitions for determination of Tariff for the Distribution Wires Business and Retail Supply Business.

Unquote

7.3.2 The Licensee submitted that the Commission in its Tariff Order dated 4th December, 2020, for the purpose of encouraging Open Access transactions in the State has segregated the wheeling charges payable by consumers seeking Open Access based on the voltage levels at which they are connected to the distribution network. The wheeling charges have been worked out by the Commission on the assumptions that the wheeling expenses at 11 kV voltage level shall be 80% of the average wheeling charges determined for the Wheeling function of the Petitioner. The Commission instead of maintaining equality between open access consumers it has further, reduced the wheeling charges by 50% of the average wheeling charges approved by it for consumers seeking open access above 11kV voltage level on its own.

7.3.3 The above reduction in wheeling charges for consumers intending to obtain open access above 11kV voltage level by the Commission is not supported by any provisions of the Electricity Act, 2003, National Policies or any Regulations of the Commission. In view of the erroneous interpretation and undue benefit given to the intending open access consumers, the Petitioner requests the Commission to look into the matter afresh as such hypothetical reduction in wheeling charges only to promote open access in the State at the cost of Distribution Licensee is against the provisions of Electricity Laws and natural justice. The Commission is, therefore, requested to keep the wheeling charges same for intending open access consumers irrespective of their voltage level and at 100% of the average wheeling charges determined for the wheeling functions of the Petitioner.

7.3.4 The Petitioner submitted that it has adopted a methodology for determination for cost allocation. The Company for the purpose of clarity would like to submit that it has adequate power supply arrangements for servicing its consumers barring open access issues created by the UPPTCL / UP-SLDC.

7.3.5 The Company has been maintaining its cost accounts and records as prescribed by the Companies (Cost Records and Audit) Amendment Rules, 2014 {Amendment by G.S.R. 695(E) and called Companies (Cost Records and Audit) Amendment Rule, 2016} issued by Government of India.

7.3.6 The cost accounts and records so prepared has been verified and audited by a qualified Cost Accountant in accordance with provisions of Section 148 of the Companies Act, 2013 and duly approved by the Board of Directors of the Company.

7.3.7 The methodology adopted in preparation of cost records is comparable with the methodology suggested under Regulation 39 of the MYT Distribution Tariff Regulation, 2014 barring some differences in the nomenclature / terminology for segregating the cost as elaborated below:-

I. As per the MYT Distribution Tariff Regulation, 2014, demand costs are the cost of fixed nature, related to capacity creation which includes interest on capital borrowing, depreciation on assets with fixed nature etc. On the similar lines, the Company, in its Cost Records, is allocating such costs of fixed nature under the head "Distribution cost also known as "Wheeling Cost". These costs are further allocated to their respective consumer category who are demarcated based on their respective voltage at which they are being served e.g. the Depreciation charged at each voltage level has been allocated on the basis of capex actually incurred with respect to each voltage. Similarly, all related cost with respect to creation/ building of capacity like Interest on Term Loan, RoE etc. are being allocated on the same basis.

II. "Customer" in the MYT Regulation, 2014 includes operating expenses associated with meter reading, billing and accounting, all these costs are covered under the head named as "Cost of Supply" being termed as "Retailing" in the cost records prepared by the Company. Further, the allocation of cost is being done based on the voltage wise categorization of consumers, hence, costs such as advertisement, billing expenses etc. has been segregated voltage wise on the basis of number of consumers.

III. "Energy", in the MYT Regulation, 2014 are concerned with quantum of electricity consumption of consumer, such as fuel cost, interest on working capital, etc., this again forms a part of " Cost of Supply" also known as "Retailing". Further, these costs like Interest on working capital including processing fees for working capital facilities is being allocated on the basis of their respective consumption in the respective voltage category in the records.

7.3.8 The aforesaid methodology has been explained in detail in the audited cost records for FY 2019-20. Based on the above the Petitioner has done the allocation as under:

Allocation of cost - FY 2019-20 (in %)			
Particulars	**Wheeling Cost**	**Retailing Cost**	**Total**
R&M Expenses	81%	19%	100%
Employees Expenses	58%	42%	100%
A&G Expenses	65%	35%	100%
Debits, Write-offs and any other items	0%	100%	100%
Depreciation	88%	12%	100%
Interest on Term Loan	100%	0%	100%
Interest on Working Capital	97%	3%	100%
Carrying Cost of Regulatory Asset	97%	3%	100%
Taxes	91%	9%	100%
Return on Equity	91%	9%	100%
Total Cost of Service	**82%**	**18%**	**100%**

7.3.9 Further, the Petitioner submitted the allocations of ARR into wheeling & retail supply for FY 2021-22 in the following table:

Table 7-1: Wheeling and Retail Supply ARR submitted by the Petitioner for FY 2021-22

Particulars	Allocation %			Allocation			
	Wheeling	Energy	Supply	Wheeling	Energy	Supply	Total
Cost of Power Procurement	0%	100%	0%	-	1,258.29	-	1,258.29
Transmission and Load Dispatch Charges	0%	100%	0%	-	211.98	-	211.98
Net O&M Expenses				**247.47**	**-**	**53.17**	**300.65**
Net Employee cost	58%	0%	42%	34.65	-	25.56	60.21
Net A&G expenses	65%	0%	35%	13.05	-	6.99	20.04
R&M expenses	81%	0%	19%	52.80	-	12.65	65.45
Net Interest & Finance charges	100%	0%	0%	75.95	-	0.00	75.95
Depreciation	88%	0%	12%	57.58	-	7.51	65.09
Carrying cost	97%	0%	3%	13.44	-	0.46	13.91
Gross Expenditure				**247.47**	**1,470.27**	**53.17**	**1,770.92**
Provision for Bad & Doubtful debts	0%	0%	100%	-	-	40.85	40.85
Provision for Contingency Reserve	91%	0%	9%	4.20	-	0.42	4.62
Total net expenditure with provisions				**251.68**	**1,470.27**	**94.44**	**1,816.38**
Add: Return on Equity	91%	0%	9%	70.88	-	7.04	77.91
Add : Income Tax	91%	0%	9%	23.84	-	2.37	26.20
Add : Other Item	0%	0%	100%	-	-	2.00	2.00
Less: Non-Tariff Income	91%	0%	9%	-	-	-	-
Aggregate Revenue Requirement (ARR)				**346.39**	**1,470.27**	**105.84**	**1,922.50**

7.3.10 Further the Petitioner submitted that the wheeling charges are in line with the consistent philosophy of the Commission in past Tariff Orders and Regulation 51 of the UPERC MYT (Transmission and Distribution) Regulations, 2019.

Table 7-2: Wheeling Charges Submitted by Petitioner for FY 2021-22

S. No	Particulars	Units	Claimed
1	Wheeling ARR	Rs. Crores	346.39
2	Retail sales	MU	2473.58
3	Average Wheeling charge	Rs./kWh	1.40

Table 7-3: Voltage Wise Charges Submitted by Petitioner for FY 2021-22

S. No.	Particulars	Units	% of Avg. wheeling charge	FY 2021-22 (ARR Claimed)
1	Connected at 11 kV			
i	Long Term	Rs./kWh	100%	1.40
ii	Medium Term	Rs./kWh	100%	1.40
iii	Short Term	Rs./kWh	100%	1.40
2	Connected above 11 kV			
i	Long Term	Rs./kWh	100%	1.40
ii	Medium Term	Rs./kWh	100%	1.40
iii	Short Term	Rs./kWh	100%	1.40

Commission's Analysis:

7.3.11 The Commission has considered the allocation as per the Licensee and has approved the wheeling and retail supply ARR for FY 2021-22 in line with Regulation 51 of the MYT Regulations 2019, as shown in the Table below:

Table 7-4: Wheeling and Retail Supply ARR approved by the Commission for FY 2021-22

Particulars (Rs Crore)	Allocation %		Allocation FY 2021-22		
	Wheeling	Supply	Wheeling ARR	Retailing Supply ARR	Total Approved ARR
Power Purchase Exp.	0%	100%	0.00	1044.51	1044.51
Transmission Charge (Inter + Intra State)	0%	100%	0.00	200.46	200.46
Gross O&M expenses			0.00	0.00	0.00
Employee cost	58%	42%	17.99	13.27	31.25
A&G expenses	65%	35%	9.45	5.06	14.51
R&M expenses	81%	19%	31.59	7.57	39.16
Interest & Finance charges	100%	0%	57.14	0.00	57.14

Particulars (Rs Crore)	Allocation %		Allocation FY 2021-22		
	Wheeling	Supply	Wheeling ARR	Retailing Supply ARR	Total Approved ARR
Depreciation	88%	12%	40.58	5.53	46.12
Income Tax	91%	9%	17.31	1.71	19.03
Gross Expenditure			174.06	1278.11	1452.18
Expense capitalization			5.76	4.24	10.00
Employee cost capitalized	58%	42%	5.76	4.24	10.00
Net Expenditure			168.31	1273.87	1442.18
Provision for Bad & Doubtful debts	0%	100%	0.00	19.07	19.07
Miscellaneous Expenses	100%	0%	0.00	0.00	0.00
Total net expenditure with provisions			168.31	1292.94	1461.25
Add: Return on Equity	91%	9%	51.48	5.09	56.57
Less: Non-Tariff Income	91%	9%	8.51	0.84	9.36
Annual Revenue Requirement (ARR)	**14%**	**86%**	211.28	1297.19	1508.46

7.3.12 Based on the above, the wheeling charges for FY 2021-22 has been worked out by the Commission as shown in the Table below:

Table 7-5: Wheeling charges approved by the Commission for FY 2021-22 (WC)

S. No	Particulars	Units	Approved (FY 2021-22)
1	Wheeling ARR	Rs. Crores	211.28
2	Retail sales	MU	2473.57
3	Average Wheeling charge	Rs./kWh	0.8541

7.3.13 Further, since the Petitioners have proposed a higher ARR, resulting in a higher ACoS and higher wheeling charge of Rs. 1.40/unit. The Commission has approved the ACoS of Rs. 6.10/unit compared to Rs. 6.17/unit approved in FY 2020-21. Accordingly, the wheeling charges have reduced for FY 2021-22 as compared to last year.

7.3.14 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. As being done in previous Tariff Orders, 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 all Distribution Licensees and that for wheeling at voltages above 11 kV shall be 50% of the average wheeling charges. Further, as specified in the Tariff Order of UPPTCL for FY 2021-22, 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. In view of the same the Commission has approved the short-term distribution wheeling charges same as long term wheeling charges.

Table 7-6: Approved Voltage-wise wheeling charges for FY 2021-22 (WC)

S. No.	Particulars	Units	Approved (FY 2021-22)
1	Connected at 11 KV		
i	Long Term (@ 80% of Average Wheeling Charge)	Rs./kWh	0.683
ii	Medium Term (@ 80% of Wheeling Charge)	Rs./kWh	0.683
iii	Short Term (@ 80% of Average Wheeling Charge)	Rs./kWh	0.683
2	Connected above 11 kV		
I	Long Term (@ 50% of Average Wheeling Charge)	Rs./kWh	0.427
Ii	Medium Term (@ 50% of Wheeling Charge)	Rs./kWh	0.427
Iii	Short Term (@ 50% of Average Wheeling Charge)	Rs./kWh	0.427

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

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

7.4 CROSS SUBSIDY SURCHARGE

7.4.1 The cross-subsidy surcharge for Open Access consumers has been computed in accordance with the methodology specified in Clause 49 of the UPERC MYT (Transmission and Distribution) Regulations, 2019.

7.4.2 The Petitioner submitted that the Commission in its Tariff Order dated 4th December, 2020 had approved the cost of supply for FY 2019-20 for the purpose of computation of cross subsidy surcharge. The Petitioner further added that as per the methodology specified in Regulation 49 of MYT Regulations, 2019 the cross-subsidy surcharge for the relevant consumer categories is computed using the following formula:

S= T – [C/ (1-L/100) + D+ R]

Where:

S is the Cross Subsidy Surcharge;

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level;

R is per unit carrying cost of regulatory assets:

Provided that the Cross Subsidy Surcharge shall not exceed 20% of the Tariff applicable to the category of the consumers seeking Open Access.

7.4.3 The Petitioner further submitted that for the purpose of determination of cross subsidy surcharge as per above methodology the avoidable cost of supply of the Open Access consumers for control period is shown in the table below, which shall 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. The Cross Subsidy Surcharge for FY 2021-22 at existing and proposed tariff is provided below:

Table 7-7: Computation of Cross subsidy surcharge as submitted by the Petitioner for FY 2021-22

Table 17: Computation of Cross Subsidy Surcharge at proposed tariff : FY 2021-22

Sl. No	Categories	Avg. Rate	Wh. Cost	Carrying Cost	Wt. Avg Pur. Cost	System Loss	Total Cost	Cross Subsidy Surcharge
		(T)	(D)	(R)	(C)	(L)	[C /(1- L / 100) + D+R]	(S)=(T)-[C (1+ L / 100) + D+R]
---------- 33 kV ----------								
1	Large & Heavy Power (HV-2)	8.12	0.84	0.05	5.44	2.29%	6.45	1.66
---------- 11 kV ----------								
2	Non Industrial Bulk Load (HV-1)	10.02	1.57	0.05	5.44	4.17%	7.30	2.72
3	Large & Heavy Power (HV-2)	8.12	1.57	0.05	5.44	4.17%	7.30	0.82
---------- LT------------								
4	Domestic Light, Fan & Power (LMV-1)	7.25	2.19	0.07	5.44	6.27%	8.05	-
5	Non - Domestic Light, Fan & Power (LMV-2)	11.16	2.19	0.07	5.44	6.27%	8.05	3.10
6	Public Lamps (LMV-3)	9.29	2.19	0.07	5.44	6.27%	8.05	1.24
7	Light ,Fan & Power for Institutions (LMV-4)	8.73	2.19	0.07	5.44	6.27%	8.05	0.68
8	Small Power for Private Tubewell (LMV-5)	1.91	2.19	0.07	5.44	6.27%	8.05	-
9	Small and Medium Power (LMV-6)	10.04	2.19	0.07	5.44	6.27%	8.05	1.99
10	Public Water Works (LMV-7)	10.10	2.19	0.07	5.44	6.27%	8.05	2.04
11	Temporary Supply (LMV-9)	9.97	2.19	0.07	5.44	6.27%	8.05	1.91
12	Temporary Supply (LMV-11)	7.26	2.19	0.07	5.44	6.27%	8.05	-
13	State Tube Wells (LMV-8)	13.92	2.19	0.07	5.44	6.27%	8.05	5.87

Commission's Analysis:

7.4.4 The Commission has computed the cross-subsidy surcharge based on the provisions of Regulation 49.2 of the UPERC (MYT for Distribution and Transmission Tariff) Regulations, 2019. For the purpose of computation of Cross subsidy surcharge, as per the formula, D needs to be computed, where D is the aggregate of transmission, distribution and wheeling charges applicable to the relevant voltage level. The Commission has considered Wheeling charges (WC) as computed above, Transmission charges – Inter-state charges (PC) & Intra State charges (TC), Retail Supply/Distribution charges (DC). Accordingly, only for the purpose of computation of D, i.e. aggregate of transmission, distribution and wheeling charges applicable to the relevant voltage levels, the Commission has computed (DC), (TC), (PC) in the tables below:

Table 7-8: DISTRIBUTION/ RETAIL SUPPLY CHARGES FOR COMPUTATION OF 'D' for FY 2021-22 (DC)

S. No	Particulars	Units	Computed (FY 2021-22)
1	Supply ARR (excluding Power Purchase & Transmission charges) (A)	Rs. Crores	52.22
2	Retail sales (B)	MU	2473.57
3	Average Supply/Distribution charge (DC) ((A/B)*10)	Rs./kWh	0.21

Table 7-9: Intra-State Transmission Charges for Computation of 'D' for FY 2021-22 (TC)

S.No	Particulars	Units	Approved (FY 2021-22)
1	Transmission Cost (A)	Rs. Crores	50.86
2	Energy Handled in Open access (Retail sales)* (B)	MU	2473.57
3	Average Transmission Charge (TC) ((A/B)*10)	Rs./kWh	0.2056

Table 7-10: Average Transmission Charge (excluding Intra) for Computation of 'D' for FY 2021-22 (PC)

S. No	Particulars	Units	Approved (FY 2021-22)
1	Transmission Cost (A)	Rs. Crores	149.59
2	Energy Handled in Open access (Retail sales)* (B)	MU	2473.57
3	Average Transmission Charge (excluding UPPTCL) (PC) ((A/B)*10)	Rs./kWh	0.6048

*In FY 2020-21, TC & PC were computed considering energy handled for that particular system. However, it was found that this approach does not reflect true ACoS for computation of Open Access. Hence, for the purpose of this computation for FY 2021-22, TC & PC are computed considering total energy delivered to consumers i.e. sales, which reflects the true value of ACoS, as ACoS & wheeling charges are also computed on sales i.e. the total delivered energy.

Table 7-11: Aggregate of transmission, distribution & wheeling charges, applicable to relevant voltage level) D = PC + TC + DC + WC for FY 2021-22

S. No	Particulars	Units	Approved (FY 2021-22)
1	Transmission + Wheeling +Supply Charge (PC+ TC + DC +WC)	Rs./kWh	1.88
2	PC+ TC + DC +WC (at 11 kV) @80% of WC	Rs./kWh	1.70
3	PC+ TC + DC + WC (above 11 kV) @50% of WC	Rs./kWh	1.45
4	TC+PC (above 132 kV)	Rs./kWh	0.81

7.4.5 Further, the formula provides for computation of 'L', where L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level. The voltage wise losses provided by the Petitioner in Form P1 of tariff formats is as under:

Table 7-12: Distribution Loss at various voltage levels for FY 2021-22 as submitted by Petitioner

FY 2021-22	NPCL
Voltage Level (kV)	**Loss (%)**
132 kV (above 33 kV)	-
33 kV	1.18%
11 kV	2.97%
LT	21.91%
Overall Total Loss	8.54%

7.4.6 The Commission vide data gap dated 10th june 2021 sought information regarding voltage wise wheeling charge and Losses and directed the Licensee to submit the voltage wise wheeling charge and Losses as per Format P1 for FY 2019-20, FY 2020-21, FY 2021-22 for voltage level 220kV, 132kV, 33kV, 11KV, LT and reconcile the same with cross-subsidy calculation at various voltage levels in Format 40A. The Petitioner in reply submitted that the Company procures power at 33 kV voltage and then distributes the same at 33 kV, 11kV and LT voltages. Thus, the power distributed at 11 kV voltage incurs losses at 33 kV voltage level and the power distributed at LT voltage incurs losses both, at 33 kV and 11kV voltage levels. From the above, it may kindly be observed that out of the total technical losses incurred during the power flow at 33 kV voltage, some losses are exclusively assigned to the power sold at same voltage i.e. 33 kV while the other portion of the losses is further assigned to sales at lower voltages viz. 11 kV and LT voltage level sales. Similarly, in case power flow at 11 kV voltage, some losses are exclusively assigned to the power sold at 11 kV voltage while the other portion of the losses is further assigned to sales at lower voltages viz. LT voltage level sales. The entire methodology has been described in detail in the Audited Cost Accounts enclosed as Annexure 9 of our petition no.1684 of 2021. We once again enclose the relevant pages for your ready reference as Annexure-4.

Further, the RTF F-40A shows the undistributed losses at 33 kV and 11 kV level for the recovering losses through Cross Subsidy from outgoing consumer. On the other hand, Form- P1 shows the net losses (total losses minus the losses assigned to lower voltages), so that only losses pertaining to energy consumed at 33kV level are shown as losses at 33 KV level. Further, it is humbly submitted that even though the loss percentage appears differently in both the formats (prepared for separate purposes), the total technical losses remains same i.e. 6.27% as may be seen from following table : -

Voltage LEVEL	DISTRIBUTION LOSS AS PER FORM P1		UNDISTRIBUTED LOSSES APPLICABLE FOR CROSS SUBSIDY		
	MU	LOSS%	33 KV	11 KV	LT
IMPORT	2704.57				
TECHNICAL LOSS					
33 KV	31.84	1.18%	2.29%	2.29%	2.29%
11 KV	42.6	1.58%	0%	1.88%	1.88%
LT	95.15	3.52%	0%	0.00%	2.10%
TOTAL TECHNICAL LOSS	169.59	6.27%	2.29%	4.17%	6.27%

7.4.7 It is observed that the Petitioner has submitted different loss levels in different formats and there is no clarity on the actual loss level. Accordingly, the Commission has considered the loss at 11 kV & 33 KV as submitted as per P1 in the table above which are lower. Further, it is observed that NPCL for FY 2021-22 has proposed addition of a consumers above 132 kV level under HV-2 category. However, NPCL has not submitted losses losses at 132 kV (above 33 kV) level & 220 kV (above 132 kV) level. Hence, for the purpose of computation, the Commission has considered the losses similar to the losses of state owned Discoms as all the Licensee are within the State and share boundaries too. Accordingly, based on the submission of the Petitioner, the voltage wise Loss at each voltage level considered for computation of CSS as under:

Table 7-13: VOLTAGE WISE LOSSES APPROVED FOR OPEN ACCESS COMPUTATION for FY 2021-22

S.No	Particulars	Loss Levels (%)
1	Inter State Transmission Loss (PGCIL)	2.99%
2	Intra State Transmission Loss (UPPTCL)	3.33%
3	Distribution Loss above 132 kV	0.00%
4	Distribution Loss above 33 kV (132kV,66 kV)*	0.21%
5	Distribution Loss at 33 kV	1.18%
6	Distribution Loss at 11 kV	1.58%
7	Overall Distribution Loss	7.80%

*Since the Petitioner has not submitted for 132 kV, Losses of State owned Discoms have been considered, as per Tariff Order dated 29.7.2021

7.4.8 The open access charges and the losses to be borne by the Open Access consumers / customers may be reviewed by the Commission on submission of the relevant information by the Licensees.

7.4.9 As per the above formula, the avoidable cost of supply for the Open Access consumers as approved is provided in the Tables 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 7-14: COST OF SUPPLY AS COMPUTED BY THE COMMISSION FOR FY 2021-22 (Rs./kWh)

S No.	Categories	Wh. Charge (D= PC+TC+DC+WC)	Wt. Avg. Pur Cost (C)	Transmission (PGCIL) Loss (L1)	Transmission (UPPTCL) Loss (L2)	Distribution Loss (L3)	R (per unit cost of carrying Regulatory Assets)	Total Cost of Supply = [C/((1-L1)*(1-L2)*(1-L3)) + D+ R]
1	HV Categories above 132 KV	0.81	3.89	2.99%	3.33%	0.00%	0.00	4.96
2	HV Categories above 33 KV (132,66kV)	1.45	3.89	2.99%	3.33%	0.21%	0.00	5.61
3	HV Categories at 33 KV	1.45	3.89	2.99%	3.33%	1.18%	0.00	5.65
4	HV Categories at 11 KV	1.70	3.89	2.99%	3.33%	1.58%	0.00	5.92

7.4.10 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. The category/sub-category-wise Tariff applicable (i.e. ABR) for the HV categories are as under:

S No.	Categories	Sales (MU)	Revenue (Rs. Crore)	Average Billing Rate (ABR)
		A	B	C=B/A*10
1	HV-1 (Supply at 11 kV)	116.65	100.98	8.66
2	HV-1 (Supply above 11 kV)	203.31	216.77	10.66
4	HV-2 (Supply at 11 kV)	404.22	362.45	8.97
5	HV-2 Urban Schedule (Supply above 11 kV and upto 66kV)	643.05	498.71	7.76
6	HV-2 Urban Schedule (Supply above 66 kV and upto 132kV)			0.00
7	HV-2 Urban Schedule (Supply above 132 kV)	16.80	13.32	7.93

7.4.11 Based on the above, the Cross-Subsidy Surcharge has been computed by subtracting the avoidable cost of supply for the Open Access consumers from the tariff applicable (ABR) for the relevant consumer.

Table 7-15: CROSS SUBSIDY SURCHARGE COMPUTED BY THE COMMISSION FOR FY 2021-22 (RS. /KWH)

S No.	Categories	Average Billing Rate (ABR)	T = ABR + RS (i.e. Regulatory Surcharge)	Cost of Supply	Cross Subsidy Surcharge "CSS" (Computed)	Cross Subsidy Surcharge "CSS" (as per MYT 19) (with a cap of 20% of T)
1	HV-1 (Supply at 11 kV)	8.66	8.66	5.92	2.73	**1.73**
2	HV-1 (Supply above 11 kV)	10.66	10.66	5.65	5.01	**2.13**
3	HV-2 (Supply at 11 kV)	8.97	8.97	5.92	3.04	**1.79**
4	HV-2 (Supply above 11 kV and upto 66kV)	7.76	7.76	5.65	2.11	**1.55**
5	HV-2 (Supply above 66 kV and upto 132kV)	0.00	0.00	5.61	0.00	**0.00**
6	HV-2 (Supply above 132 kV)	7.93	7.93	4.96	2.97	**1.59**

7.4.12 However, as per Licensee's submission, the CSS computed in few categories/sub-categories comes out to be lower. As the same was published for the comments of the stakeholder & public at large, the Commission, to ensure that consumers are not adversely affected and get best rates possible, approves the lower of its computations and Licensee`s proposal. The approved CSS for FY 2021-22 is as under:

Table 7-16: CROSS SUBSIDY SURCHARGE Approved BY THE COMMISSION FOR FY 2021-22 (RS. /kWH)

Categories	Units	FY 2021-22		Approved CSS for FY 2021-22
		Claimed by Petitioner	Computed	
		h	k	
HV-1 (Supply at 11 kV)	Rs./kWh	2.72	1.73	1.73
HV-1 (Supply above 11 kV)	Rs./kWh	-	2.13	2.13
HV-2 (Supply at 11 kV)	Rs./kWh	0.82	1.79	0.82
HV-2 (Supply above 11 kV and upto 66kV)	Rs./kWh	1.66	1.55	1.55
HV-2 (Supply above 66 kV and upto 132kV)	Rs./kWh	-	-	-
HV-2 (Supply above 132 kV)	Rs./kWh	-	1.59	1.59

7.5 ADDITIONAL SURCHARGE

7.5.1 The Petitioner submitted that the Regulation 50 of the MYT Regulation, 2019 provides as under:

> ***"50 Additional Surcharge***
>
> *"50.1 The additional surcharge for obligation to supply as per Section 42(4) of the Act shall become applicable only if it is conclusively demonstrated that the obligation of a Licensee, 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."*

7.5.2 The Petitioner submitted that the recently circulated Draft amendment to the Tariff Policy 2016 provides a lot of emphasis on meeting of demand through LT PPA, 24X7 power for all and grant of full Open Access to consumers. The Petitioner added that for fulfilling the universal supply obligation, to adequate protect its consumers from the loss of revenue due to outgoing OA consumers, there is a need of time to allow the distribution licensee to recover Additional Surcharge from such open access consumer.

I) Under sub section (4) of section 42 of the Electricity Act 2003, DISCOMs have a universal supply obligation and are required to supply power as and when required by the consumers in its area of supply.

II) Considering the sales forecast approved by the State Commission while determining Annual Revenue Requirement, the DISCOMs enter into long term / medium term / short term Power Purchase Agreements (PPAs) with sellers (generators/ traders etc.) so as to ensure supply of power for the envisaged increase in the load.

III) While contracting energy through such long term / medium term PPAs, the tariff payable to the generators generally consists of two part i.e. capacity charges and energy charges. In case of short term PPAs, the same are based on single part tariff which invariably carries a covenant to procure at least 80-85% of the contracted supply or else the DISCOMs will have to pay compensation of 20% of the tariff per unit of the shortfall. Therefore, the DISCOMs have to bear the fixed cost or compensation even when there is no off take of energy through such source.

IV) Whenever any consumer opts for open access and takes intermittent supply through open access, the DISCOMs continue to pay fixed charges or compensation in lieu of its contracted capacity with generating stations. However, DISCOMs are unable to sufficiently recover such fixed cost or compensation obligation from the open access consumers.

V) The DISCOMs establish assets for supplying power to certain specific consumers. There may be certain cases wherein such assets become redundant. In such cases, fixed charges for such stranded assets should be borne by the customers as part of Additional Surcharge.

VI) Not only the Fixed Charge, compensation and network cost should form part of Additional Surcharge, a part of regulatory asset should also be included in the Additional Surcharge as regulatory asset was created when open access consumer was part of the system. Such consumer had enjoyed the benefit of suppressed tariff when regulatory asset was being created. Thus, when such consumer leave the tariff base of the DISCOMs, part of regulatory assets become stranded. Therefore, one of the component of Additional Surcharge should also cover for regulatory asset.

VII) The cost recovered from fixed charges in the tariff schedule is less than the fixed cost or compensation incurred by the DISCOM for supplying energy. This leads to the situation where the DISCOM is saddled with the stranded cost on account of its universal supply obligation.

VIII) In view of the adverse financial situation caused by arrangements made for complying with the obligation to supply, Section 42 (4) of the Electricity Act, 2003 provides as under:

> *"Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by*

the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply."

IX) Section 8.5 of the Tariff Policy 2016 also provides;

"*The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, 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. The fixed costs related to network assets would be recovered through wheeling charges"*

X) Clause 5.8.3 of the National Electricity Policy notified by the Ministry of Power, Govt. of India, reads as under.

"5.8.3... An additional surcharge may also be levied under sub-section (4) of Section 42 for meeting the fixed cost of the distribution licensee arising out of his obligation to supply in cases where consumers are allowed open access. ……."

XI) Further, the Hon'ble 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.

7.5.3 The Petitioner submitted that recently, Ministry of Power, Government of India has issued draft of the amendments in Tariff Policy, 2016. The one of the proposed draft amendment in Para 8.0 of the Tariff Policy, 2016 is as under:

"It shall be mandatory for the Distribution Company to show to the respective Commission that they have tied up long term/ medium term PPAs to meet the annual average power requirement in their area of supply, failing which their license shall be liable to be suspended. 24 hours supply of adequate and uninterrupted power may be ensured to all categories of consumers by March, 2019 or earlier"

7.5.4 From the above proposed amendment, the Petitioner will require to tie up its annual average power requirement through long term / medium term PPAs which will ultimately increase its obligation to pay the fixed charges under the long term / medium term PPAs. Further, with consumers frequently switching their mode of supply between Petitioner and open access, it will become difficult for the Petitioner to assess the quantum of power that will continue to remain stranded.

7.5.5 Further, the UPERC notified the Open Access Regulations in 2019 clearly specifying the criteria and requirements for consumers opting for Open Access. Subsequent to the notification of the above regulations, the Company has observed a steep rise in consumers seeking Open Access in the State for purchasing power from the open market.

7.5.6 The Hon'ble Commission may please appreciate that the power purchased under Open Access becomes even more lucrative when a consumer opts for renewable power as a source of supply due to various incentives given by the Hon'ble Commission and the Central/State Government. For instance, if a consumer opts to purchase solar power, the following incentives are provided by the Hon'ble Commission and the State Government:

1. 50 % exemption on wheeling charges/transmission charges on intra-state Open Access.
2. Exemption of electricity duty for 10 years for purchase of solar power from the project setup within the State.

7.5.7 Further, apart from the above exemptions, the consumers who have been opting for Group Captive route of Open Access are even getting waiver from payment of cross-subsidy surcharge as well. Also, all new industrial units producing electricity from captive power plants for self-use are exempted from payment of electricity duty for 10 years.

7.5.8 Therefore, the Company expects migration of consumers to Open Access from its licensed area. So far, the Company has granted Open Access for 4.60 MW (long term Open Access) and the same is expected to rise in coming years.

7.5.9 For FY 2021-22, the Company is expecting at least 10 MW power would be migrated from HV-2 consumers to Open Access. Such migration would result in some stranded energy with the Company from our already tied-up long term and medium term agreements.

7.5.10 The Regulation 50.1 of the MYT Regulations, 2019 provides that the additional surcharge for obligation to supply as per Section 42(4) of the Act shall become applicable only if it is conclusively demonstrated that the obligation of a Licensee, 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.

7.5.11 Accordingly, to demonstrate the loss of revenue due to open access, the Petitioner has considered a case where considering 10 MW power from the Company's long term PPA i.e. with M/s DIL to remain stranded in FY'2021-22. The details of stranded energy are as follows:

Table 7-17: Stranded Energy as submitted by Petitioner (MUs)

S. No.	Month	Open Access Energy at Regional Periphery (MUs)	Stranded Energy at Regional Periphery (MUs)
1	Oct-19	7.44	7.44
2	Nov-19	7.20	7.20
3	Dec-19	7.44	7.44
4	Jan-20	7.44	7.44
5	Feb-20	6.96	6.96
6	Mar-20	7.44	7.44
Total		**43.92**	**43.92**

7.5.12 The average fixed cost of the power purchased from M/s DIL on the basis of actual bills raised by them during the period April, 2020 to September, 2020 is considered for calculation of stranded energy cost. The details are as follows:

Table 7-18: Cost of Stranded Energy as submitted by Petitioner (Rs. Crore)

S. No.	Particulars	Calculation	Value	Unit
1	Stranded Power at Regional Periphery	A	43.92	MUs
2	Stranded Power at Consumer Periphery	B=A-A*Losses	37.90	MUs
3	Energy received from LT at Regional Periphery	C	746.64	MUs
4	Corresponding Energy at Consumer Periphery	D=C-C*Losses	644.34	MUs
5	Billed Fixed Cost	E	121.10	Rs. Cr.

S. No.	Particulars	Calculation	Value	Unit
6	Weighted Average Fixed Cost at Consumer Periphery	F=E*10/D	1.88	Rs./Unit
7	Total Cost of Stranded Power due to OA Consumer	G=F*B/10	7.12	Rs. Cr.
8	Total Open Access Energy at regional Periphery	H	43.92	MUs
9	Total Open Access Energy at Consumer Periphery	I=H-H*Losses	37.90	MUs
10	**Applicable Additional Surcharge on the Open Access Unit during the period**	**J=G*10/I**	**1.88**	**Rs./Unit**

7.5.13 Further, Regulation 18 of the UPERC Open Access Regulations provides for Additional Surcharge:

Quote

"18. Additional Surcharge

18.1. A consumer availing open access and receiving supply of electricity from a person other than the Distribution Licensee of his area of supply shall pay to the Distribution Licensee an additional surcharge, as determined by the Commission, in its Tariff Order, in addition to wheeling charges and cross subsidy surcharge, to meet the fixed cost of such Distribution Licensee arising out of his obligation to supply as provided under sub-section (4) of section 42 of the Act."

Unquote

7.5.14 The Petitioner requested the Commission approve the Additional Surcharge to cover the Fixed Cost, Compensation, Network Cost and Regulatory Assets.

Commission's Analysis:

7.5.15 The Commission has taken note of the submission made by the Petitioner. It is observed that approx. 50% of the power purchased by the Licensee is from short & medium-term sources. In view of the same, it is not understood, how a consumer opting for open access would then result in the stranded costs for the Petitioner.

7.5.16 Further, it has been observed that the Petitioner has not given any detailed computation of additional surcharge. Therefore, the Petitioner is directed to refer to Commission's Order dated February 25, 2019 in Petition No. 1323 of 2018 in the matter of "*Recall of the order of this Hon'ble Commission dated 30.11.2017, contained specifically in paragraphs 7.4.8 to 7.4.17 and in paragraph 7.5.3, read with 7.5.4, on the subject of approval of Business plan / MYT ARR and tariff for State Discoms for FY 2017-18 to FY 2019-20 and true up of FY 2014-15*" related to treatment of additional surcharge and comply to the same. In the above referred Petition, the Petitioners were the State Discoms, however in the said Petition, the Commission had given its views on the methodology /procedure of determination of additional surcharge Petitions/submissions and would apply to NPCL too.

7.5.17 Hence in the absence of any detail computation, the Commission approves the additional surcharge as zero, however the Petitioner may submit the requisite data and justification separately vide a Petition for determination and approval of Additional Surcharge, which will be dealt accordingly.

8 TARIFF PHILOSOPHY

8.1 CONSIDERATION IN TARIFF DESIGN

8.1.1 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.

8.1.2 The linkage of tariffs to cost of service and gradual elimination of cross-subsidization 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, 2016 also advocates that the tariff should progressively reflect the efficient and prudent cost of supply.

8.1.3 The Commission has approved the retail tariff for FY 2021-22 taking into consideration the Electricity Act, 2003, Tariff Policy and UPERC (MYT for Distribution and Transmission) Regulations, 2019. The Commission in its earlier Tariff Orders during determination of ARR/Tariff has been allowing tariff hikes to the Licensee in view of gaps.

8.1.4 The Commission has also considered the suggestions and objections of the stakeholders and public at large while fixation of the Tariffs. The Commission in its past Tariff Orders had laid emphasis on adoption of factors that encourages economy, efficiency, effective performance, autonomy, regulatory discipline and improved conditions of supply & services. On these lines, the Commission, in this

Tariff Order too, has applied similar principles keeping in view the ground realities.

8.1.5 As regards to the linkage of Tariff with the Cost of Supply, the Regulations 53 of UPERC (MYT for Distribution and Transmission) Regulations, 2019 states as follows:

Quote

53 Determination of Retail Supply Tariff

53.1 The Commission may categorize consumers on the basis of their Load Factor, Power Factor, Voltage, total consumption of electricity during any specified period, or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

53.2 The retail supply Tariff for different consumer categories shall be determined on the basis of the Average Cost of Supply. While determining the Tariff, the Commission shall also keep in view the cost of supply at different voltage levels and the need to minimise Tariff shock to consumers.

53.3 It would be endeavoured to rationalize the number of consumer categories and Tariff structure. The Fixed / Demand Charges will be gradually aligned over a period upto the Fixed Cost of the ARR which would comprise of Fixed Charges of Generating Stations, Transmission Charges, Return on Equity, Interest on Loan, Depreciation, O&M & other fixed costs. The Energy Charge will be gradually aligned to the remaining ARR, i.e., the Variable Cost of the ARR, which would comprise the Fuel Cost of the Generating Stations & other variable costs.

Unquote

8.1.6 In terms of the UPERC (MYT for Distribution and Transmission) Regulations, 2019, Tariff Policy, 2016 and the Electricity Act, 2003, the Commission opines that in the ideal scenario, the retail tariff of any category should be linked to the cost incurred by the system for the said category. However, as these details are not available for all Distribution Licensees, the Commission while determining the tariff for each category, has looked into the relationship between the tariff and the overall average cost of supply for FY 2021-22. Efforts are made as far as possible, to move the tariff of appropriate consumer categories, towards the band of +/- 20% to meet the declared objectives of the UPERC (MYT for Distribution and Transmission) Regulations, 2019, Tariff Policy, 2016 and the Electricity Act, 2003.

8.1.7 The Petitioner has not proposed any Tariff hike for FY 2021-22. The Commission determines the retail Tariff keeping in the mind the guiding principles as stated in Section 61 and 62 of the Electricity Act, 2003. The Commission in its Tariff Order for FY 2019-20 dated September 03, 2019, had revised the Tariff for State Discoms and NPCL both. Further, taking into consideration the gap/ (surplus) in Petition, the Commission did not approve any Tariff increase in Tariff Order for FY 2020-21 dated December 04, 2020. Further, in FY 2021-22, after considering the position of gap/(surplus), the Commission as detailed in subsequent chapter, has not approved any Tariff revision in FY 2021-22 and has considered the same 'Rate Schedule' as approved in Tariff Order for FY 2020-21 dated December 04, 2020.

1.1.4. Further, the State owned Discoms in their Petition for FY 2021-22 submitted a proposal for tariff rationalisation for consumer category / sub-category / slab simplification under uniform tariff for Discoms, thereby reducing the number of categories. Further, after consideration of suggestions & objections of various stakeholders, public at large and SAC Committee members, who have strongly opposed the above proposal. Taking in consideration the same, the Commission has decided not to approve the proposal for Tariff rationalisation as the said proposal needs more deliberations from the stakeholders and public at large.

8.1.8 In view of the above, the Commission has not done any tariff revision/ rationalisation for FY 2021-22 and has considered the same rates as approved in Tariff Order for FY 2020-21 dated December 04, 2020.

8.2 APPLICABILITY OF TARIFF CATEGORY

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

9 REVENUE GAP

9.1 REVENUE FROM SALE OF POWER AT APPROVED TARIFF

9.1.1 The Petitioner stated that Regulation 35 of MYT Regulations, 2014 provides for allowance of carrying cost on regulatory assets.

9.1.2 The Petitioner submitted that keeping the above in view, the Commission, in its Tariff Order dated September 03, 2019 has allowed carrying cost of regulatory asset at weighted average SBI-PLR on monthly compounding basis. Accordingly, the Commission has approved carrying cost of Rs. 9.90 Crore for FY 2019-20 in its aforesaid Tariff Order dated September 03, 2019.

9.1.3 Based on the same principles, the carrying cost of Regulatory Asset created and subsequent recoveries till FY 2018-19 is given in the Table below:

Table 9-1: Carrying Cost for FY 2019-20 as submitted by Petitioner (Rs. Crore.)

Sl. No.	Particulars	Ref.	Approved Vide T.O. dated September 03, 2019	Actual
1	**Regulatory Assets at the beginning of Year**	A	204.62	303.28
2	Regulatory Assets amortised from Regulatory Surcharge	B	(39.16)	(48.91)
3	Addition to Regulatory Assets during the year	C	(234.18)	(3.15)
4	Closing Regulatory Assets (before Carrying cost	d=a+b+c	(68.71)	251.22
5	Average Regulatory Asset	e=(a+d)/2	67.95	277.25
6	Applicable Interest Rate for Working Capital Finance (Weighted average SBI -PLR)	F	13.68%	13.80%
7	Monthly Compounded Rate (Aptel Appeal No. Order dt.)	G	14.57%	14.71%
8	**Carrying Cost of Regulatory Asset**	**h=e x g**	**9.90**	**40.78**

9.1.4 Further, it has been observed that vide several submissions in response to Commission`s queries, the Petitioner has submitted and changed the values of power purchase cost during the proceedings and accordingly, the True-up ARR & Gap claimed by the Petitioner has changed (wrt the True-up petition submitted initially) and has been considered as per the last submission of the Petitioner.

9.1.5 Accordingly, the Petitioner submitted that on the basis of the above, the Commission, is requested to approve carrying cost of Regulatory Asset for FY 2019-

20 at Rs. 40.78 Crore., however it changed to 40.74 as per recent submissions of the Petitioner. Similarly, the Petitioner has submitted a carrying cost of Rs. 24.93 Crore for FY 2020-21 and Rs. 13.91 Crore for FY 2021-22 which has been changed to be claimed as Rs. 24.86 Crore for FY 2020-21 and Rs. 13.82 Crore for FY 2021-22.

9.1.6 As discussed earlier in this Order, the Commission has continued with the same retail Tariff as approved for FY 2020-21. Thus, the Tariff so published shall become the notified Tariff applicable in the area of supply and shall come into force after seven days from the date of such publication of the Tariff approved in this Order, and unless amended or revoked, shall continue to be in force till issuance of the next Tariff Order.

9.1.7 The revenue at existing Tariff is already approved in the ARR chapter for FY 2021-22. The estimated gap / surplus for FY 2021-22 of NPCL is as given in the Table below:

Table 9-2: ESTIMATION OF ARR GAP / SURPLUS OF NPCL FOR FY 2021-22 (RS. CRORE)

Total Revenue Gap/(Surplus)	FY 2019-20			FY 2020-21			FY 2021-22	
	Approved in TO (ARR of FY 2018-19)	Claimed (True-UP)	Approved (True-UP)	Approved in TO (ARR of FY 2019-20)	Claimed (APR)	Computed for APR	Claimed	Approved
Opening (i.e. closing of last year)	204.62	303.28	61.74	(277.55)	291.37	(385.84)	200.34	(548.99)
Gap/(surplus)during the year	(277.55)	(52.65)	(425.72)		(115.89)	(115.89)	(141.05)	(540.57)
Closing GAP/(Surplus)		250.63	(363.98)		175.48	(501.73)	59.28	(1,089.55)
carrying cost rate (%) @IWC, compounding		14.71%	14.46%		10.65%	10.65%	10.65%	10.65%
Carrying cost (Rs. Crore) for the year		40.74	(21.85)		24.86	(47.26)	13.82	(87.25)
Overall Gap/(Surplus)		291.37	(385.84)		200.34	(548.99)	73.11	**(1176.81)**

9.1.8 From above, the Commission has computed the overall (surplus) of Rs. 1176.81 Crore for FY 2021-22 taking into consideration True Up of FY 2019-20 and APR of FY 2020-21.

9.1.9 Further, it has been observed that Dhariwal Infrastructure Limited (DIL) has filed a no. of Petitions before the Commission detailed as follows:

- MYT Petition of DIL for True-Up of FY 2016-17 to FY 2018-19 Petition No. 1500 of 2019 (proceedings are still going on).

- MYT Petition of DIL for ARR of FY 2019-20 to FY 2023-24 Petition No. 1531 of 2019 (proceedings are still going on).

9.1.10 The impact of the above Orders and other proceedings of Change in law, additional coal etc, will have an impact on the power purchase cost of the Licensee and its revenue (surplus)/gap. The Commission has analysed the provisional impact of the same as under:

9.1.11 The impact of Additional Coal Charges for FY 2019-20 (after True-Up) would be approx. Rs. 7.23 Crs.

9.1.12 Further, the impact of True-Up Petition of DIL True-Up of FY 2016-17 to FY 2018-19 Petition No. 1500 of 2019 (currently proceedings are going on) would be as under:

Year	True Up / APR / ARR	Claimed by NPCL True Up / APR / ARR	Considered in True Up / APR / ARR	Claimed by DIL in True Up Petition	Impact of DIL True-Up (Rs. Crore)
		Total Cost (Rs. Crore)	Total Cost (Rs. Crore)	Total Cost (Rs. Crore)	
			A	B	C=B-A
FY 2016-17	True Up	37.11	37.11	38.13	1.02
FY 2017-18	True Up	447.36	447.36	489.23	41.87
FY 2018-19	True Up	515.61	416.74	502.95	86.21
		1,000.08	**901.21**	**1,030.31**	**129.10**

9.1.13 It can be inferred from above that the impact of True-up of DIL Petition for FY 2016-17 to FY 2018-19 would provisionally be Rs. 129.10 Crores. Hence, the Commission has provisionally considered the same in computation of revenue Gap / (Surplus).

9.1.14 Further, the impact of MYT Petition of DIL True-Up of FY 2019-20 and FY 2020-21 Petition No. 1531 of 2019 (currently proceedings are going on) would be as under:

Year	True Up / APR / ARR	Claimed by NPCL True Up / APR / ARR	Considered in True Up / APR / ARR	Claimed by DIL in MYT Petition	Impact of DIL Petition (Rs. Crore)
		Total Cost (Rs. Crore)	Total Cost (Rs. Crore)	Total Cost (Rs. Crore)	
			A	B	C=B-A
FY 2019-20	True-Up	522.47	401.67	571.15	169.48
FY 2020-21	APR	600.42	600.42	587.77	(12.65)
FY 2021-22	ARR	598.42	452.69	598.67	145.98
		1,721.31	**1,454.78**	**1,757.59**	**302.81**

9.1.15 It can be inferred from above that the impact of DIL Petition for FY 2019-20 would be approx. Rs. 169.48 Crores (subject to True up), for FY 2020-21 would provisionally be Rs. (12.65) Crores. For FY 2021-22, the impact vis-à-vis approved of power purchase for FY 2020-21 would provisionally be Rs. 145.98 Crores.

9.1.16 From the above discussion, of the total provisional impact of DIL Petitions and upcoming Orders on power purchase would be as under:

Particulars	Impact computed (Rs. Crore)
Impact of True-up of FY 2016-17 to FY 2018-19 for DIL	129.10
Impact of MYT Order of DIL for FY 2019-20, FY 2020-21, FY 2021-22	302.81
Impact of change in Law/additional charges	7.23
Total Impact of Orders of DIL (provisionally considered)	**439.14**

9.1.17 Hence, the net revenue Gap / (surplus) approved for FY 2021-22 is as under:

Table 9-3: ESTIMATION OF ARR GAP / SURPLUS OF NPCL FOR FY 2021-22 (RS. CRORE)

Particulars	Revenue Gap / (Surplus) (Rs. Crore)
Revenue Gap / (Surplus) approved for FY 2020-21	(1176.81)
Impact of Orders of DIL (provisionally considered)	439.14
Net Revenue Gap / (Surplus) approved for FY 2020-21	**(737.67)**

9.1.18 The surplus of Rs. (737.67) Crore for FY 2021-22 at existing / approved revenue will be treated appropriately at the time of next tariff proceedings. Further, there are a few matters and appeal pending in various courts filed by NPCL against the Commission`s Orders, whose impact may alter the ARR of the Licensee of those respective years.

9.1.19 The computations of ARR and Revenue for FY 2021-22 in the Order are estimated figures and may vary and so the projected gap / surplus will also undergo change correspondingly. The Commission will analyze these points in future tariff proceedings.

9.2 AVERAGE COST OF SUPPLY

9.2.1 The table below summarizes the per unit revenue realization (average billing rate) as a percentage of ACoS. The ACoS is worked out to be Rs. 6.10 / kWh (Rs. 1508.46 Crore / 2473.57 MU x 10).

Table 9-4: REVENUE REALIZED AS % OF ACOS (without subsidy)

Consumer Sub-Category	Average Billing Rate Rs. / kWh	(ABR – ACOS) as % of ACOS (+/-)
LMV-1: Domestic Light, Fan & Power		
Life Line Consumers (both Rural and Urban) (Sub-Total)	7.64	25.36%
Dom: Rural Schedule (unmetered) (Sub-Total)	-	-
Dom: Rural Schedule (metered) other than BPL (Sub-Total)	5.26	-13.82%
Dom: Supply at Single Point for Bulk Load (Sub-Total)	7.58	24.32%
Other Metered Domestic Consumers other than BPL (Sub-Total)	7.78	27.52%
LMV - 1 (Total)	**7.43**	**21.82%**
LMV-2: Non-Domestic Light, Fan & Power	-	-
Non-Dom: Rural Schedule (unmetered) (Sub-Total)	-	-
Non-Dom: Rural Schedule (metered) (Sub-Total)	-	-
Non-Dom: Private Advertising /Sign Post/Sign Board/GlowSign (Sub-Total)	-	-
Non-Dom: Other Metered Non-Domestic Supply (Sub-Total)	8.45	38.63%
LMV - 2 (Total)	**8.45**	**38.63%**
LMV-3: Public Lamps	**9.35**	**53.33%**
LMV-4: Light, fan & Power for Institutions	**10.13**	**66.10%**
LMV-5: Private Tube Wells/ Pumping Sets		
PTW: Rural Schedule (unmetered)	-	-
PTW: Rural Schedule (metered)	2.39	-60.87%
PTW: Urban Schedule (metered)	7.80	27.89%
LMV - 5 (Total)	**1.09**	**-82.17%**
LMV 6: Small and Medium Power upto 100 HP (75 kW	**9.95**	**63.19%**
LMV-7: Public Water Works	**9.93**	**62.90%**
LMV-8: State Tube Wells & Pump Canals upto 100 HP	**13.32**	**118.38%**
LMV-9: Temporary Supply	**10.54**	**72.75%**
LMV-11: Electrical Vehicles	**7.23**	**18.50%**
HV-1: Non-Industrial Bulk Loads	**9.93**	**62.85%**
HV-2: Large and Heavy Power above 100 BHP (75 kW)	**8.22**	**34.76%**
Grand Total	**8.29**	**36.02%**
ACOS	**6.10**	

9.2.2 The Licensee should ensure that it must at least achieve & maintain the category wise ABRs approved, failing which the Commission may take an appropriate view and necessary action.

9.2.3 Analysis on few parameters are depicted below:

Table 9-5: Summary of FY 2021-22

Parameters	FY 2021-22 Approved
Total Sales (MU)	2,473.57
Revenue from Tariff (Rs. Crore)	2,049.03
Total Power Purchase (MU)	2682.83
Total Power Purchase (Rs. Crore)	1,244.96
ARR (Rs. Crore)	1508.46
APPC (Rs./kWh) without Tranmission (at NPCL Periphery)	3.89
APPC (Rs./kWh) including Transmission (Inter+Intra) at NPCL periphery	4.64
ABR (Rs./kWh)	8.28
ACoS (Rs./kWh)	6.10

9 DIRECTIVES

9.1 COMPLIANCE WITH DIRECTIVES ISSUED IN THE ORDER DATED DECEMBER 04, 2020

9.1.1 The Commission has issued certain directives to the Petitioners in the Order dated December 04, 2020. The status of compliance submitted by the Petitioner with the same is as shown in the table given below:

Table 6: STATUS OF COMPLIANCE / PETITIONER'S REPLY TO COMMISSION'S DIRECTIVES

Sl. No	Description of Directives	Status of Compliance / Petitioner's Reply
1	The Commission directs the Petitioner to ensure to file its ARR/ tariff Petition on time strictly in accordance with the applicable UPERC MYT Regulations.	The Petitioner vide letter no P/77A/2021/032 dated 26th November 2020 submitted to the Commission that the Petition no 1526 of 2019 for approval of Business Plan for the control period FY 2020-21 to FY 2024-25 and Petition No. 1541 of 2019 for approval of ARR for FY 2020-21 is pending for approval and therefore, the Petitioner shall be allowed to file the ARR petition for FY 2021-22 on or before 31st Jan'2021. The Commission vide letter no. UPERC/D(T)/2021-22/Tariff/20-1447 dated 8th December 2020 allowed the Company to file its aforesaid petition by 31st January2021. In compliance to the above, the Petitioner has filed the petition before 31st January21.
2	The Commission directs the Petitioner that while filing ARR/ Tariff Petition, it shall upload on its website the Petitions filed before the Commission along with all regulatory filings, information, particulars and related documents, which shall be signed digitally and in searchable pdf formats along with all excel files.	Being complied with.
3	The Commission directs that either pre-paid meter or smart meters be installed for all new connections or replacement of faulty meters.	The Petitioner submitted that presently, all consumers having contractual load 5 kW and above are provided with LPR (Low Power Radio Frequency) or AMR enabled meters. The reading efficiency for AMR enabled meters is around 94% and that of LPR meters is about 96%. The high reading efficiency in both AMR and LPR segment ensures error free meter reading without any

Sl. No	Description of Directives	Status of Compliance / Petitioner's Reply
		manual intervention. This in turn ensures timely and error free billing for the consumers. Deployment of Smart Meters on a piecemeal basis is not feasible as the initial cost of infrastructure involved would be huge and would be a burden on the consumers. On one hand, the company would not be able to take full benefit of smart metering features if they are installed on a piecemeal basis towards replacement and new connection, henceforth and on the other hand, it will have to deploy work force simultaneously to cater to both the conventional meters & smart meters in the same area. Hence, it will be immensely costly and complicated without any tangible benefits. The Petitioner, therefore, seeks to defer the deployment of Smart Meters on tit-bit basis and would seek approval from the Commission to continue with installation of conventional meter till the time when the company is ready to roll out smart meters for the entire consumer base. As and when smart meter rollout plan is prepared for any particular area in Greater Noida, the Petitioner would submit its plan for the prior approval of the Commission. Nevertheless, in case of conversion of single point connection society into multi-point individual connection in the existing Group Housing Societies where DG supply and Discom supply is provided through single rising mains, installation of smart prepaid meters only have been considered. The Petitioner further reiterated that due to technical limitations, the solution deployed in converting Single point to multipoint connections are suitable for clustered consumer base only where all the meters are running on the common infrastructure.
4	100% metering is a necessary condition for an efficient distribution network and financial viability of the distribution	The Petitioner has initiated steps towards converting all unmetered customers into metered as per prescribed timelines and continuously pursuing with the consumers for the same;

Sl. No	Description of Directives	Status of Compliance / Petitioner's Reply
	companies. As per the submission made by the Petitioner, the metering of all the consumers (except LMV-5) shall be completed by end of FY 2020-21. The Petitioner to ensure metering of consumers in LMV-5 category as well because 100% metering of consumers is necessary.	however, due to reluctance and steep protest by the unmetered consumers, the conversion process is not getting its momentum and may take some more time to complete.
5	The Petitioner is directed to ensure 100% feeder metering and DT metering within next one year.	The Petitioner has initiated steps towards 100% feeder metering and DT metering as per prescribed timelines.
6	The Commission also directs the Licensee to submit the voltage wise (440V, 11kV, 33kV, 66kV, 132 kV) - Energy Sales and Losses. Also, the now mandatory energy audit report and the cost audit report (prepared in accordance with Companies (Cost Records and Audit) Rules 2014) shall also be submitted every year along with the ARR Petition.	The Petitioner submitted that presently, energy audit activity is being carried out on regular basis at 33/11 kV Substation and 11 kV feeder level by mapping the consumers under respective 11 kV feeders through GIS mapping. However, due to less number of 33 kV feeders in it's system, switching between various supply points / switching stations are done on regular basis to ensure supply reliability & continuity, which in turn throws inconsistent result in feeder level energy audit. In order to overcome such issues and to have more reliable outcome of energy audit, 100% DT Metering is essential, as also directed by the Commission. It plans to cover DT level metering by FY 2021-22 and, accordingly, equip with DT level energy audit. The Voltage wise Energy Sales and Losses is submitted along with the petition.
7	The Petitioner must submit the details of each investment scheme / project exceeding Rs. 10 Crore and obtain prior approval of the Commission as per Regulations for inclusion as regulatory expenditure in the ARR. Failure to do so will result in disallowance of such investment in the ARR in order to safeguard the consumers from unjust and unfair charges	Noted for compliance.
8	Further, all procurements made by the Petitioner should be through	Noted for compliance

Sl. No	Description of Directives	Status of Compliance / Petitioner's Reply
	Competitive Bidding only.	
9	The licensee is directed not to contract any PPA beyond the license period. However, no approval will be required for purchasing power through exchange or to fulfil contingent/ short term power requirements. For all other power purchases, prior approval of the Commission is necessary. The Licensee is also directed to strictly follow the Central Government Guidelines for Procurement of power for short term (i.e. for a period more than one day to one year) through tariff-based bidding process using National e-bidding portal.	The Petitioner has appealed before the Hon'ble APTEL on this matter, therefore, the matter is sub judice before the Hon'ble APTEL
10	The Petitioner is directed not to buy luxury cars and also restrict itself in respect to the number of cars which seems to be on very higher side.	The Petitioner submitted that in its Business Plan for the Control period as well as ARR for FY 2020-21, it has proposed to buy utility & executive vehicles for the purpose of operations of the Company. These vehicles are being provided to the Senior Officers / staff for discharging their official duties efficiently including travelling within NCR and destinations within 300 Kms. As the Commission is kindly aware that the licensed area of the Petitioner is spread over 335 Sq. Kms. and vehicles are required for smooth movement of these officers for discharging their duties. Such vehicles are also necessary for 24x7 availability as well as safety of the employees. The vehicles provided to the officers varies as per their seniority/designation. As per the policy these vehicles are generally replaced after 5 years period. For field duties and shift-based duties in call center, control room etc. pooled vehicles are provided to the officers/staff. It is pertinent to mention that even now Greater Noida city lacks adequate public transport facility for local

Sl. No	Description of Directives	Status of Compliance / Petitioner's Reply
		movement. Further, the Petitioner has filed an appeal before the Hon'ble APTEL. The matter is sub judice before the Hon'ble APTEL.
	Directives Provided Within the Chapters	
a	**2.2.354 & 3.6.51 Uploading of Petition on Website** The Commission directs the Petitioner that while filing ARR/ Tariff Petition, it shall upload on its website the Petitions filed before the Commission along with all regulatory filings, information, particulars and related documents, which shall be signed digitally and in searchable pdf formats along with all excel files.	Being complied with.
b	**3.6.68 Procurement of Short Term Power** The Commission directs the Petitioner that in future it should strictly follow the Central Government Guidelines for Procurement of power for short term (i.e. for a period more than one day to one year) by Distribution Licensees through tariff-based bidding process using National e-bidding portal-reg dated March 30, 2016.	Noted for compliance.
c	**3.6.70 Prior Approval of Short Term Power / Banking** As regards banking of power, the Commission is of the view that only the banking of power purchase approved in FY 2017-18, is allowed without transmission charges. All other excess and unapproved short-term power purchased and banked in FY 2018-19 are disallowed and the Petitioner is	Noted for compliance. The Petitioner submitted that banking is a cashless transaction (since settled in unit terms and not in amount) doesn't carry any rate / amount. It is for this reason the banking transactions have been specifically kept beyond the purview of DEEP Portal of Ministry of Power, GoI for procurement of power. Since, there is no rate/amount involved in the banking of power, therefore, there is no occasion for specific adoption of tariff as mandated under Section 63

Sl. No	Description of Directives	Status of Compliance / Petitioner's Reply
	directed to take prior approval of Commission for short-term procurement (other than from exchanges) and for banking of power in future	of the Electricity Act 2003 nor any need for determination of tariff as mandated under Section 62 of the Electricity Act 2003. Further the relevant para of the "Guidelines for short-term (i.e. for a period of more than one day to one year) Procurement of Power by Distribution Licensees through Tariff based bidding process" dated 30.11.2016 is reproduced hereunder: *"2.5. As and when considered appropriate, the Central Government would notify the amendment to these guidelines for procurement of power through Banking mechanism."* ***<u>Therefore, it is humbly submitted that the company will keep the Hon'ble Commission informed about the procurement of power from Banking.</u>***
d	**3.9.51 Land** The Commission has also observed that the Petitioner has land parcels which are not utilised and has high market rates. The Petitioner is directed to submit the details regarding optimum utilisation of all the lands which remain unutilised failing which appropriate treatment may be done.	The details of land has been provided in the Petition.
e	**5.8.6 Fixed Asset Register (FAR)** Hence, the Petitioner is directed to maintain a separate individual asset wise FAR for assets capitalized after 1.4.2020 and the Gross Block and Depreciation may be computed separately from the Gross Block before 1.4.2020. Accordingly, from FY 2020-21 onwards the Petitioner to maintain two separate Gross Blocks (one for	Noted for compliance.

Sl. No	Description of Directives	Status of Compliance / Petitioner's Reply
	assets upto 31.3.2020 and second for assets after 1.4.2020) and two separate FAR`s depicting addition of Assets details from 01.04.2020 onwards for the purpose of depreciation computation for the purpose of Regulatory Accounts.	
f	**8.2.2 ABR maintenance** The Licensee should ensure that it must at least achieve & maintain the category wise ABRs approved, failing which the Commission may take an appropriate view and necessary action.	The sale of power is a factor which is not in the control of the Petitioner, further, it is also pertinent to mention here that prevailing Rate Schedule largely comprises of two components viz. demand charge based on connected load irrespective of actual consumption and energy charge which varies directly in proportion to actual consumption of the consumers. Thus, due to power supply, load factor by consumers, and various other reasons which the Commission would appreciate, are beyond the control of the Company, the actual average billing realization (ABR) as per Audited Accounts will vary as compared to the ABR approved. Further, the Company has preferred an appeal before the Hon'ble APTEL with regard to the aforesaid direction of the Commission.

9.2 DIRECTIVES ISSUED IN THIS ORDER

9.2.1 The Commission directs the Petitioner to ensure to file its ARR/ tariff Petition on time strictly in accordance with the applicable UPERC MYT Regulations.

9.2.2 The Commission directs the Petitioner that while filing ARR/ Tariff Petition, it shall upload on its website the Petitions filed before the Commission along with all regulatory filings, information, particulars and related documents, which shall be signed digitally and in searchable pdf formats along with all excel files.

9.2.3 Provide the details of all the pending cases filed by NPCL against UPERC in various forums along with the status of the same.

9.2.4 The Commission directs that pre-paid meter / smart meter be installed for all new connections or replacement of faulty meters.

9.2.5 100% metering is a necessary condition for an efficient distribution network and financial viability of the distribution companies. As per the submission made by the Petitioner, the metering of all the consumers (except LMV-5) shall be completed by end of FY 2020-21. The Petitioner to ensure metering of consumers in LMV-5 category as well because 100% metering of consumers is necessary.

9.2.6 The Petitioner is directed to ensure that the actual category/sub-category wise Billing Determinants (No. of Consumers, Connected Load & Sales) & actual Revenue are made part of the Audited Balance Sheet.

9.2.7 The Petitioner is directed to ensure that the actual Power Purchased (MUs) ex-bus & at energy delivered at NPCL periphery (MU) along with inter & intra state losses are made part of the Audited Balance Sheet.

9.2.8 The Petitioner is directed to ensure that the actual Power Purchase Cost with detailed break-up of each source, inter-state transmission charges, inter-state transmission charges are made part of the Audited Balance Sheet.

9.2.9 The Petitioner directed to ensure 100% feeder metering and DT metering with energy audit within next one year.

9.2.10 The Petitioner directed not to book excess sales under the unmetered categories.

9.2.11 Further, all procurements made by the Petitioners should be through Competitive Bidding only.

9.2.12 The Petitioner must submit the details of each investment scheme / project exceeding Rs. 10 Crore and obtain prior approval of the Commission as per Regulations for inclusion as regulatory expenditure in the ARR. Further, Petitioner should submit the Petiitons on quarterly basis for approval of the Commission in line with the MYT Regulations 2019. Failure to do so will result in disallowance of such investment in the ARR in order to safeguard the consumers from unjust and unfair charges.

9.2.13 The Commission directs the Petitioner, that the Open Access shall be allowed to those who wish to avail Open Access as per the provisions outlined by the Commission in its Regulations, Orders and any amendments from time to time.

9.2.14 The licensee is directed not to contract any Long term and medium term PPA beyond the license period. However, no approval will be required for purchasing power through exchange. For all other power purchases, prior approval of the Commission is necessary. The Licensee is also directed to strictly follow the Central Government Guidelines for Procurement of power for short term (i.e. for a period more than one day to one year) through tariff-based bidding process using National e-bidding portal. The Petitioner to ensure that it fulfils all the Renewable Purchase Obligation (solar, non-solar, HPO) and the procure power from GTAM markets or as per Central Government Guidelines and to get prior approval of the Commission wherever requires.

9.2.15 The Commission directs the Licensee to explore and start a pilot project in it's area of supply for implementation of peer to peer (P2P) trading of electricity in rooftop solar energy using Blockchain Technology.

9.2.16 The Commission also directs the Licensee to explore and implement projects including battery storage, and to seek innovative solutions based on energy storage systems and other innovative technologies to reduce the system losses, provide better services to the consumers etc.

9.2.17 The Commission directs the Licensee to comply to all the directives given in this Tariff Order.

9.2.18 The Commission directs that all the directions of earlier Tariff Orders which have not been complied yet may be complied with immediately.

11 APPLICABILITY OF THE ORDER

The Licensee, in accordance with Regulation 5.10 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, shall publish the Tariff approved by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the area of supply and shall put up the approved Tariff on its internet website.

The Tariff so published shall be in force after seven days from the date of such publication of the Tariff and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein. 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.

(Vinod Kumar Srivastava)	(Kaushal Kishore Sharma)	(Raj Pratap Singh)
Member (Law)	**Member**	**Chairman**

Place: Lucknow

Date: August 26, 2021

SANJAY KUMAR SINGH

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Date: 2021.08.26 18:17:41 +05'30'

12 ANNEXURES

12.1 RATE SCHEDULE FOR FY 2021-22

Rate Schedule for FY 2021-22

(Applicable for NPCL)

A. GENERAL PROVISIONS:

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

1. NEW CONNECTIONS:

All new connections shall be given in kW, kVA, or BHP as agreed to be supplied by the licensee. Further, if the contracted load (kW / kVA) of already existing consumer is in fractions then the same shall be treated as next higher kW / kVA load. If the contracted load is in kW and is being converted into kVA, the conversion factor of 0.90 will be used (kVA = kW / 0.90) for tariff application purposes and the same shall be rounded off up to two decimal places.

2. READING OF METERS:

As per applicable provisions of Electricity Supply Code 2005 and its amendments.

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 2005 and its amendments.

4. BILLING IN CASE OF DEFECTIVE METERS:

As per the applicable provisions of Electricity Supply Code 2005 and its amendments.

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:

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

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

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

The converted rates (i.e. Energy charge in Rs. / kVAh and Fixed / Demand charges in Rs. / kVA) will be rounded up to two decimal places.

Further, for converting energy slabs of different categories specified in kWh to kVAh, average power factor of 0.90 will be used as a converting factor for converting each energy slab (specified in kWh) into energy slabs (in KVAh). The converted energy slabs (in KVAh) will be rounded to next higher kVAh.

Note 1: In case of kVAh billing only kVAh reading will be used for billing purpose.

Note 2: If the average power factor of a consumer in a billing cycle 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 on kwh basis. 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 only” logic of the meter should be used which blocks leading kVArh.

6. BILLABLE LOAD / DEMAND:

For all consumers having TVM / TOD / Demand recording meters installed, the billable load / demand during a month shall be the actual maximum load / demand as recorded by the meter (can be in parts of kW or kVA) or 75% of the contracted load / demand (kW or kVA), whichever is higher.

In case the Licensee's meter reader does not note the actual maximum load / demand, then the Licensee will raise the bill at 75% of the contracted load and in cases where the consumer approaches the Licensee with a meter reading but does not provide the proof of actual maximum load / demand displayed on his meter, then in such case the Licensee will raise the bill at 100% of the contracted load.

Further in case a consumer feels that his maximum load / demand reading has been noted wrong, the consumer may approach the licensee with a photo of the actual maximum load / demand reading displayed on his meter of the concerned month. The licensee shall accept the same for the purpose of computation of billable demand, however if the licensee wishes to, it can get the same verified within 5 days.

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% on the dues (excluding late payment surcharge) per month; up-to first three months of delay and subsequently at 2.00% on the dues (excluding late payment surcharge) 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 delayed payment 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 **domestic consumer** having TVM / TOD / Demand recording meter exceeds the contracted load / demand, then such excess load / demand shall be levied equal to 100% of 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 the 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.

b) If the maximum load / demand in any month, for the consumers of **other category (except (a) above)** having TVM / TOD / Demand recording meter exceeds the contracted load / demand, then such excess load / demand shall be levied equal to 200% of the normal rate apart from the normal fixed / demand charges as per the maximum load / demand recorded by the meter.

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 charge shall be levied as per the 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 0.90 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 1 kVA shall be given, unless shunt capacitors having I.S.I specifications of appropriate ratings are installed, as described in section H - 'LIST OF POWER FACTOR APPARATUS' of this Rate Schedule.

iii. In respect of the consumers with or without TVM / TOD / Demand recording meters, excluding consumers under LMV-1 category up to contracted load of 10 kW and LMV-2 category up to contracted 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 0.90; then a surcharge of 15% on the 'RATE' 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. PROTECTIVE LOAD AND PROTECTIVE LOAD CHARGE:

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 shall be levied on the sanctioned protective load (as per Electricity Supply Code, 2005 and its amendments) per month as protective load charge. 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 additional charges for such excess load.

10. ROUNDING OFF:

All bills will be rounded off to the nearest rupee i.e. up to 49 paisa shall be rounded down to previous rupee and 50 paisa upwards shall be rounded up to next rupee. The difference due to such rounding shall be adjusted in subsequent bills.

11. OPTION OF MIGRATION TO HV-1 & 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.

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

(i) Any consumer having prepaid meters shall also be entitled to a discount of 2.00 % on the 'RATE' as defined in the Tariff Order.

(ii) 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.

13. 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.

14. 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.

15. REBATE ON PAYMENT ON OR BEFORE DUE DATE:

A rebate at the rate of 1.00 % on the 'RATE' shall be given in case the payment is made on or before the due date. However, a rebate at the rate of 5.00% on the 'RATE' shall be given to LMV-5 (Rural) (i.e. PTW Rural Category Agricultural Consumers) category of electricity consumers 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 the 'RATE'.

16. 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 energy bills. On such advance deposit the consumers shall be paid interest, at the interest rate applicable on security deposit, 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, quarterly report regarding the same must be submitted to the Commission.

17. FACILITATION CHARGE FOR ONLINE PAYMENT:

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

(ii) 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.

18. 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 charges are 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 (if any) plus Energy Charge on the basis of actual consumption for the month and additional charges such as Electricity Duty, Regulatory Surcharges, FPPCA / Incremental Cost 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 / Incremental Cost Surcharges and any other charges as specified by the Commission from time to time.

19. INTEREST ON DUES PAYABLE TO CONSUMER BY THE LICENSEE:

If a consumer becomes eligible for dues from the Licensee which may arise out of rectification / adjustment / settlement of bill(s), then such consumer will also be entitled to get interest at rate applicable for interest on security deposits on all the dues payable by the Licensee to the consumer. The Licensee shall compute the interest amount for the period during which such pending amounts exists and adjust such interest towards the future monthly bills of consumers. After adjustment of the interest amount in a particular month, the balance amount, will be carried forward to next month for adjustment with interest on balance amount. The details of such interest amount and adjustment made during the month shall be shown separately in the bill. Further, separate accounting of interest paid must be maintained by the Licensees.

20. DEFINITION OF RURAL SCHEDULE:

Rural Schedule means supply schedule as defined and notified by State Load Despatch Centre (SLDC), Lucknow from time to time.

B. RETAIL TARIFFS FOR FINANCIAL YEAR 2021-22

RATE SCHEDULE LMV – 1:

DOMESTIC LIGHT, FAN & POWER:

1. APPLICABILITY:

This schedule shall apply to:

a) Premises for residential / domestic purpose, Accommodation for Paying Guests for 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, Shelter Homes, orphanages, old age homes, Institutions run for mentally retarded and forsaken children. Non-commercial places occupied by religious persons, of any religion, are also entitled in this category, for a maximum load up to 5 kW, subject to the condition that such non-commercial place shall have a valid registration/recognition from a charitable trust.

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 at least 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, 2005 and its amendments.

3. RATE:

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

(a) Consumers getting supply as per 'Rural Schedule':

1. **Lifeline consumers:** Consumers with contracted load upto 1 kW, energy consumption up to 100 kWh / month.

Description	Fixed Charge	Energy Charge
Metered Lifeline*	Rs. 50.00 / kW/ month	Rs. 3.00 / kWh

**Only for consumers with connected load upto 1 kW and for consumption up to 100.00 kWh / month*

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

Description	Fixed Charge	Energy Charge
i) Un-Metered (all Loads)	Rs. 500 / kW / month	Nil

Description	Consumption Range	Fixed Charge	Energy Charge
ii) Metered	For first 100 kWh / month	Rs. 90.00/ kW / month	Rs. 3.35 / kWh
	For next 101 - 150 kWh / month		Rs. 3.85 / kWh
	For next 151 – 300 kWh / month		Rs. 5.00 / kWh

Description	Consumption Range	Fixed Charge	Energy Charge
	For next 301 – 500 kWh / month		Rs. 5.50 / kWh
	For above 500 kWh / month (Starting from 501st unit)		Rs. 6.00 / kWh

(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. 110.00 / kW / Month	Rs. 7.00 / 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 5% additional charge on the above specified 'Rate' from its consumers apart from other applicable charges such as Regulatory Surcharge, Penalty, Rebate and Electricity Duty on actual basis.

The 5% additional charge shall be towards facilitating supply of electricity to the individual members to recover its expenses towards supply of electricity, distribution loss, electrical maintenance in its supply area, billing, accounting and audit etc.

The deemed 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 every billing cycle on half yearly basis. If he fails to do so, then the consumers may approach the Consumer

Grievance Redressal Forum (CGRF) having jurisdiction over their local area for the redressal of their grievances.

The deemed franchisee shall arrange to get its account(s) audited by a Chartered Accountant mandatorily. The audited accounts will be made available to all the consumers of the deemed franchisee within 3 months of the closure of that financial year. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum (CGRF) having jurisdiction over their local area for the redressal of their grievances.

The deemed franchisee should separately meter the electricity supplied from back up arrangements like DG sets etc. The bill of its consumers should clearly depict the units and rate of electricity supplied through back up arrangement and electricity supplied through Licensee.

The deemed franchisee shall not disconnect the supply of electricity of its consumers on the pretext of defaults in payments related to other charges except for the electricity dues regarding the electricity consumed by its consumers and electricity charges for lift, water lifting pump, streetlight if any, corridor / campus lighting and other common facilities.

In case the deemed franchisee exceeds the contracted load / demand under the provisions of Clause 7(ii) – 'Charges for Exceeding Contracted demand' of the General Provisions of this Rate Schedule, only in such case the deemed franchisee will recover the same from the individual members who were responsible for it on the basis of their individual excess demands.

(c) OTHER METERED DOMESTIC CONSUMERS:

1. **Lifeline consumers:** Consumers with contracted load of 1 kW, energy consumption up to 100 kWh / month.

Description	Fixed Charge	Energy Charge
Loads up to 1 kW only and for consumption up to 100 kWh / month	Rs. 50.00 / kW / month	Rs. 3.00 / kWh

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

Description	Consumption Range	Fixed Charge	Energy Charge
All loads	For first 150 kWh / month	Rs. 110.00 / kW / month	Rs. 5.50 / kWh
	For next 151 - 300 kWh / month		Rs. 6.00 / kWh
	For next 301 – 500 kWh / month		Rs. 6.50 / kWh
	For above 500 kWh / month (Starting from 501st unit)		Rs. 7.00 / kWh

Note:

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 of 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, 2005 and its amendments.

3. RATE:

Rate, gives the fixed and energy charges at which the consumer shall be billed 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. 1000 / kW / month	Nil
ii) Metered	All Load	Rs. 110 / kW / month	Rs. 5.50 / 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

**Note: Minimum charge payable by a consumer under the category "(b) Private Advertising / Sign Posts / Sign Boards / Glow Signs / Flex category" shall be Rs. 1800 / kW / Month.*

Note:

1. 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.

Contracted Load	Fixed Charge
Up to 2 kW	Rs. 330.00 / kW / month
Above 2 kW to 4 kW	Rs. 390.00 / kW / month
Above 4 kW	Rs. 450.00 / kW / month

Consumption Range	Energy Charge
For first 300 kWh / month	Rs. 7.50 / kWh
For next 301 – 1000 kWh / month	Rs. 8.40 / kWh
For above 1000 kWh / month (Starting from 1001st unit)	Rs. 8.75 / kWh

Note: *Minimum charge 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:

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 provided in accordance with the applicable Government orders 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, 2005 and its amendments.

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 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. 2100 / kW or part thereof per month	Rs. 3200 / kW or part thereof per month	Rs. 4200 / 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. 200 / kW / month	Rs. 7.50 / kWh	Rs. 250 / kW / month	Rs. 8.00 / kWh	Rs. 250 / kW / month	Rs. 8.50 / 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' Point refer Section C - 'PUBLIC LAMPS' of this Rate Schedule.

RATE SCHEDULE LMV– 4:

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

1. APPLICABILITY:

Applicable for load less than 75 kW.

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 trusts & Institutions having a valid registration under Section 12 AA & 30G issued by the Income Tax department including 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, 2005 and its amendments.

3. **RATE:**

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

Description	Contracted Load	Fixed Charge
(A) For Public Institutions	All Load	Rs. 300 / kW / month
(B) For Private Institutions	Up to 3 kW	Rs. 350 / kW / month
	Above 3 kW	Rs. 400 / kW / month

Description	Consumption Range	Energy Charge
(A) For Public Institutions	For first 1000 kWh / month	Rs. 8.25/ kWh
	For next 1001 – 2000 kWh / month	Rs. 8.50/ kWh
	For above 2000 kWh / month (Starting from 2001st unit)	Rs. 8.75/ kWh

Description	Consumption Range	Energy Charge
(B) For Private Institutions	For first 1000 kWh / month	Rs. 9.00 / kWh
	For above 1000 kWh / month (Starting from 1001st unit)	Rs. 9.30 / 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. This schedule shall also be applicable for separate PTW connection for registered Goshalas for load up to 5 BHP having separate light and fan connection with the condition that such Gaushala – Cow shed shall not be used for commercial purpose. All new connections under this category shall necessarily have the ISI marked energy efficient mono-bloc pump sets with capacitors of adequate rating to qualify for the supply. All existing pump sets shall be required to install capacitors of adequate rating.

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code, 2005 and its amendments.

3. RATE:

Rate gives the fixed and energy charges at which the consumer shall be billed 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. 170 / BHP / month	NIL
Consumer under this category will be allowed a maximum lighting load of 120 watts	

(ii) Metered Supply

Fixed Charges	Minimum Charges	Energy Charge
Rs. 70.00 / BHP / month	Rs. 160 / BHP / month	Rs. 2.00 / kWh

Note: *Minimum amount payable by a consumer under the category "Rural Schedule (Metered Supply) shall be Rs. 160 per BHP per month, till the installation of the meter. Regulatory Surcharge, Duty, Taxes etc. will be payable extra.*

(iii) Energy Efficient Pumps

Fixed Charge	Minimum Charges	Energy Charge
Rs. 70.00 / BHP / month	Rs. 140 / BHP / month	Rs. 1.65 / kWh

Note: *Minimum amount payable by a consumer under the category "Rural Schedule (Energy Efficient Pumps) shall be Rs. 140 per BHP per month, till the installation of the meter. Regulatory Surcharge, Duty, Taxes etc. will be payable extra.*

(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. 130.00 / BHP / month	Rs. 215 / BHP / month	Rs. 6.00 / kWh

Note: *Minimum amount payable by a consumer under the category "Urban Schedule (Metered Supply) shall be Rs. 215 per BHP per month, till the installation of the meter. Regulatory Surcharge, Duty, Taxes etc. will be payable extra.*

RATE SCHEDULE LMV– 6:

SMALL AND MEDIUM POWER:

1. APPLICABILITY:

This schedule shall apply to all consumers of electrical energy having a contracted load less than 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 and Farming units with contracted load less than 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, 2005 and its amendments.

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 during the billing period applicable to the category:

(A) Consumers getting supply other than Rural Schedule:

Contracted Load	Fixed Charge
All Load	Rs. 290 / kW / month

Consumption Range	Energy Charge
Up to 1000 kWh / month	Rs. 7.30 / kWh on entire consumption
Up to 2000 kWh / month	Rs. 7.40 / kWh on entire consumption
For above 2000 kWh / month	Rs. 7.90 / kWh on entire consumption

TOD Structure:

Summer Months (April to September)

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	(-) 15%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	0%

Winter Months (October to March)

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	0%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	(-) 15%

(B) Consumers getting supply as per Rural Schedule:

The consumer under this category shall be entitled to a rebate of 7.5% on 'RATE (Excluding the TOD rates as applicable to the hour of operation)' as given for 'Consumers getting supply other than Rural Schedule'. Further, no 'TOD RATE' shall be applicable for this 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, kolhu 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, however for Kolhu consumers such load is of 10 HP or above.

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.

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-season 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 period, 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 off-season would attract normal 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 violation in the off-season, the consumer will be charged at the normal billable demand for the entire off-season and energy charges calculated at the unit rate 50% higher than the applicable tariff during normal period.

5. REBATE TO POWER LOOMS:

Rebate to Power Loom consumers shall be provided in accordance with the applicable Government orders 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, 2005 and its amendments.

3. RATE:

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

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

Fixed Charge	Energy Charge
Rs. 375.00 / kW / month	Rs. 8.60 / kWh

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

The consumer under this category shall be entitled to a rebate of 7.5% on 'RATE' as given for 'Consumer getting supply 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 with contracted load less than 100 BHP (75 kW).

(ii) Laghu Dal Nahar having load above 100 BHP (75 kW).

2. CHARACTER AND POINT OF SUPPLY:

As per the applicable provisions of Electricity Supply Code, 2005 and its amendments.

3. RATE:

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

Description	Fixed Charge	Energy Charge
Metered	Rs. 330.00 / BHP / month	Rs. 8.50 / kWh
Un-metered	Rs. 3300.00 / BHP / month	Nil

4. For finding out net load during any quarter of the year for this category refer Section D - 'STATE TUBE – WELLS' of this Rate Schedule.

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, 2005 and its amendments.

3. RATE (SEPARATELY FOR EACH POINT OF SUPPLY):

Rate gives the fixed and energy charges at which the consumer shall be billed 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. 4750.00 / day
(ii) Fixed charges for temporary shops set-up during festivals / melas or otherwise and having load up to 2KW	Rs. 560.00 / day / shop

B. Metered*:

Description	Fixed Charge	Energy Charge
Individual Residential construction	Rs. 200 / kW / Month	Rs. 8.00 / kWh
	From 3rd year onwards: Base Tariff applicable for current year plus additional 10% of the applicable Energy Charge.	
Others	Rs. 300 / kW / Month	Rs. 9.00 / kWh
	From 3rd year onwards: Base Tariff applicable for current year plus additional 10% of the applicable Energy Charge.	

**Minimum bill payable by a consumer under the category "Metered" shall be Rs. 450.00 / kW / week.*

4. Charge/Rate as specified, above shall be paid by the consumer in advance.

RATE SCHEDULE LMV- 11:

ELECTRIC VEHICLE CHARGING

1. Domestic Consumers

All the metered domestic consumers covered under the LMV-1 category will be allowed to charge their Electric Vehicle at their residence, provided the load of Electric Vehicle does not exceed the connected / contracted load. The Tariff that is applicable as per the rate schedule will be applicable on Electric Vehicle Charging as well.

2. Multi Storey Buildings (covered under LMV-1b & HV-1b of the Rate Schedule)

Those who wish to install Electric Vehicle Charging station in the premises Multi Storey Building, will have to take a separate connection for EV Charging Station. The Tariff applicable for such Charging Station in the Multi Storey Building will be as follows:

Category	Demand Charge	Energy Charge
Multi Story Buildings (Covered under LMV-1b)	Nil	Rs. 6.20 / kWh
Multi Story Buildings (Covered under HV-1b)	Nil	Rs. 5.90 / kWh

The consumer will be required to pay one time charges etc. wherever applicable.

3. Public Charging Stations

The Tariff applicable for Public Charging Stations will be as follows:

Category	Demand Charge	Energy Charge
Public Charging Station (LT)	Nil	Rs. 7.70 / kWh
Public Charging Station (HT)	Nil	Rs. 7.30 / kWh

The consumer will be required to pay one-time charges etc. wherever applicable.

Time of Day (ToD) Structure for public Charging Stations:

Summer Months (April to September)

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	(-) 15%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	0%

Winter Months (October to March)

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	0%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	(-) 15%

4. **Other Consumers**

The consumers of other categories (any metered consumers of LMV-2(a), LMV2(c), LMV-4, LMV-6, LMV-7, LMV-8 (Metered), LMV-9 (Metered), HV-1 (excluding Multi Storey Buildings covered under LMV-1b & HV-1b of the Rate Schedule), HV-2, HV-3 and HV-4), will be charged as per the Tariff applicable for their respective category or to say they need not to take a separate connection, they can do the Charging within their respective connections, provided the load of EV does not exceed the connected / contracted load.

Note: It is advised that the consumer should take precaution to take adequate contracted load in order to meet the load of Charging of Electrical Vehicle. In case the contracted / connected load is breached then the consumer will be liable to pay penalty. Further, the other provisions of General Provisions of Rate Schedule and Electricity Supply Code will also come into effect in case consumers load breaches the contract demand.

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, 2005 and its amendments.

3. RATE:

Rate, gives the demand and energy charges at which the consumer shall be billed 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 above 11 kV
Contracted Load	**All Load**	
Demand Charges	Rs. 430.00 / kVA / month	Rs. 400.00 / kVA / month

	For supply at 11kV		For supply above 11 kV	
Consumption Range	**For first 2500 kVAh / month**	**For above 2500 kVAh / month (Starting from 2501st kVAh)**	**For first 2500 kVAh / month**	**For above 2500 kVAh / month (Starting from 2501st kVAh)**
Energy Charges	Rs. 8.32 / kVAh	Rs. 8.68 / kVAh	Rs. 8.12 / kVAh	Rs. 8.48 / 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 above 11 kV
Contracted Load	**All Load**	
Demand Charges	Rs. 380.00 / kVA / month	Rs. 360.00 / kVA / month

	For supply at 11kV		For supply above 11 kV	
Consumption Range	**For first 2500 kVAh / month**	**For above 2500 kVAh / month (Starting from 2501st kVAh)**	**For first 2500 kVAh / month**	**For above 2500 kVAh / month (Starting from 2501st kVAh)**
Energy Charges	Rs. 7.70 / kVAh	Rs. 7.90 / kVAh	Rs. 7.50 / kVAh	Rs. 7.70 / 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 5% additional charge on the above specified 'Rate' from its consumers apart from other applicable charges such as Regulatory Surcharge, Penalty, Rebate and Electricity Duty on actual basis.

The 5% additional charge shall be towards facilitating supply of electricity to the individual members to recover its expenses towards supply of electricity, distribution loss, electrical maintenance in its supply area, billing, accounting and audit etc.

The deemed 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 every billing cycle on half yearly basis. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum (CGRF) having jurisdiction over their local area for the redressal of their grievances.

The deemed franchisee shall arrange to get its account(s) audited by a Chartered Accountant mandatorily. The audited accounts will be made available to all the consumers of the deemed franchisee within 3 months of the closure of that financial year. If he fails to do so, then the consumers may approach the Consumer Grievance Redressal Forum (CGRF) having jurisdiction over their local area for the redressal of their grievances.

The deemed franchisee should separately meter the electricity supplied from back up arrangements like DG sets etc. The bill of its consumers should clearly depict the units and rate of electricity supplied through back up arrangement and electricity supplied through Licensee.

The deemed franchisee shall not disconnect the supply of electricity of its consumers on the pretext of defaults in payments related to other charges except for the electricity dues regarding the electricity consumed by its consumers and electricity charges for lift, water lifting pump, streetlight if any, corridor / campus lighting and other common facilities.

In case the deemed franchisee exceeds the contracted load / demand under the provisions of Clause 7(ii) – ‘Charges for Exceeding Contracted demand’ of the General Provisions of this Rate Schedule, only in such case the deemed franchisee will recover the same from the individual members who were responsible for it on the basis of their individual excess demands.

RATE SCHEDULE HV– 2:

LARGE AND HEAVY POWER:

1. APPLICABILITY:

This rate schedule shall apply to all consumers with contracted load of 75 kW (100 BHP) and above for industrial and / or processing purposes as well as to Arc / induction furnaces, rolling / re-rolling mills, mini-steel plants and Floriculture, Mushroom and 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, 2005 and its amendments.

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 during the billing period applicable to the category:

(A) Urban Schedule:

	For supply up to 11 kV	For supply above 11 kV and up to 66 kV	For supply above 66 kV and up to 132 kV	For supply above 132 kV
BASE RATE				
Demand Charges	Rs. 300.00 / kVA / month	Rs. 290.00 / kVA / month	Rs. 270.00 / kVA / month	Rs. 270.00 / kVA / month
Energy Charges	Rs. 7.10 / kVAh	Rs. 6.80 / kVAh	Rs. 6.40 / kVAh	Rs. 6.10 / kVAh

TOD Structure:

Summer Months (April to September)

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	(-) 15%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	0%

Winter Months (October to March)

Hours	% of Energy Charges
05:00 hrs – 11:00 hrs	0%
11:00 hrs – 17:00 hrs	0%
17:00 hrs – 23:00 hrs	(+) 15%
23:00 hrs – 05:00 hrs	(-) 15%

(B) Rural Schedule:

This schedule shall be applicable only to consumers getting supply up to 11 kV as per 'Rural Schedule'. The consumer under this category shall be entitled to a rebate of 7.5% on 'BASE RATE' as given for 11 kV consumers under urban schedule. Further, no 'TOD RATE' shall be applicable for this category.

(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 off-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 violation in the off-season, the consumer will forfeit the benefit of seasonal rates for the entire season and energy charges shall be calculated at the unit rate 50% higher than the applicable tariff during normal period.

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, below and above 132 kV	 Rs. 400.00 / kVA / month
(b) Energy Charge (all consumption in a month) For supply at and above 132 kV Below 132 kV	 Rs. 8.50 / kVAh Rs. 8.80 / kVAh

Note: *Minimum charge payable by a consumer under this category shall be Rs. 950.00 / 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 maximum 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 CORPORATION:

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. 300.00 / kVA / month
Energy Charges	Rs. 7.30 / kVAh

Note: *Minimum charge payable by a consumer under this category shall be Rs. 900 / kVA / month.*

- Penalty @ Rs. 540 / kVA / month will be charged on excess demand, if maximum 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 with contracted load of 100 BHP (75kW) and above.

2. **CHARACTER OF SERVICE & POINT OF SUPPLY:**

   As per applicable provisions of Electricity Supply Code, 2005 and its amendments.

3. **RATE:**

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

(a) Demand Charges:

Voltage Level	Rate of Charge
For supply at 11 kV	Rs. 350.00 / kVA / month
For supply above 11 kV upto 66 kV	Rs. 340.00 / kVA / month
For supply above 66 kV upto 132 kV	Rs. 330.00 / kVA / month

(b) Energy Charges:

Voltage Level	Rate of Charge
For supply at 11 kV	Rs. 8.50 / kVAh
For supply above 11 kV upto 66 kV	Rs. 8.40 / kVAh
For supply above 66 kV upto 132 kV	Rs. 8.25 / kVAh

c) **Minimum Charges:**
Minimum charge payable by a consumer under this category shall be Rs. 1125.00 / 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.

C. 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.

D. 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 31^{st} 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.

E. SCHEDULE OF MISCELLANEOUS CHARGES

S. 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 / Smart 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	1000.00
	b. Power consumers up to 100BHP/75kW	Per Job	500.00
	c. All other categories of consumers.	Per Job	300.00
	d. Smart Meters consumers having load upto 5 kW	Per Job	50.00
	e. Smart Meters consumers having load above 5 kW	Per Job	100.00
	f. Pre-Paid Meters	Per Job	NIL

S. No.	NATURE OF CHARGES	UNIT	RATES (₹)
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
6.	Checking of Capacitors (other than initial checking) on consumer's request:		
	a. At 400 V / 230 V	Per Job	100.00
	b. At 11 kV and above.	Per Job	200.00

F. LIST OF POWER FACTOR APPARATUS

FOR MOTORS:

S. 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:

S. 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

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

12.2 LIST OF PERSONS WHO HAVE ATTENDED PUBLIC HEARING

List of people who attended the virtual Public Hearing on May 24, 2021		
S. No	**Name**	**Organisation**
1	Shri R.C. Agarwala	CEO & MD, NPCL
2	Shri Abhishek Anand	NPCL
3	Shri Manoj Jain	NPCL
4	Shri A K Arora	NPCL
5	Shri Sanjiv Kumar Goel	NPCL
6	Ms Megna Doshi	NPCL
7	Shri Alok Sharma	NPCL
8	Shri Harinder Singh	NPCL
9	Shri Sanket Srivastava	NPCL
10	Shri Harinder Singh	NPCL
11	Shri Neeraj Agarwal	CE, RAU, UPPCL
12	Shri Surendra Kumar Das	NPCL
13	Shri Rahul Sahi	Consultant, PVVNL
14	Shri Avadesh Kumar Verma	Chairman, U.P Rajya Vidyut Upbhokta Parishad, Consumer Forum
15	Shri Pradeep Singhal	UP Roller Floor Millers Ass.
16	Shri Manish Pal	Consumer
17	Shri Vivek Gupta	Consumer
18	Shri Kumar Amit	Consumer
19	Shri Chanmeet Singh Syal	Consultant, UPERC
20	Shri Akhil Katiyar	Consultant, UPERC
21	Shri Inian Sri Malan	Consultant, UPERC
22	Shri Somshuklo Biswas	Consultant, UPERC
23	Shri Prabhat Gupta	Consultant, UPERC
24	Shri Arjun Manohar	Consultant, UPERC

12.3 SUB-CATEGORY WISE AVERAGE BILLING RATE FOR FY 2021-22

Type of Charge	FY 2021-22		
	Sales (MU)	Revenue (Rs. Crore)	ABR (Rs. /kWh)
LMV-1: Domestic Light, Fan & Power			
Life Line Consumers (both Rural and Urban) (Sub-Total)	0.34	0.26	7.64
Dom: Rural Schedule (unmetered) (Sub-Total)	11.94	0.00	0.00
Dom: Rural Schedule (metered) other than BPL (Sub-Total)	42.35	22.26	5.26
Dom: Supply at Single Point for Bulk Load (Sub-Total)	344.86	261.46	7.58
Other Metered Domestic Consumers other than BPL (Sub-Total)	368.62	286.66	7.78
SUB TOTAL (LMV - 1)	**768.11**	**570.63**	**7.43**
LMV-2: Non Domestic Light, Fan & Power			
Non-Dom: Rural Schedule (unmetered) (Sub-Total)			
Non-Dom: Rural Schedule (metered) (Sub-Total)			
Non-Dom: Private Advertising /Sign Post/Sign Board/GlowSign (Sub-Total)			
Non-Dom: Other Metered Non-Domestic Supply (Sub-Total)	50.71	42.87	8.45
SUB TOTAL (LMV - 2)	**50.71**	**42.87**	**8.45**
LMV-3: Public Lamps			
Unmetered (Sub-Total)			
Unmetered - Gram Panchayat			
Unmetered - Nagar Palika & Nagar Panchayat			
Unmetered - Nagar Nigam			
Metered (Sub-Total)	34.34	32.11	9.35
Metered - Gram Panchayat			
Metered - Nagar Palika & Nagar Panchayat			
Metered - Nagar Nigam	34.34	32.11	9.35
SUB TOTAL (LMV - 3)	**34.34**	**32.11**	**9.35**
LMV-4: Light, fan & Power for Institutions			
Inst: Public (Sub-Total)	7.79	6.98	8.96
Inst: Private (Sub-Total)	12.16	13.23	10.88
SUB TOTAL (LMV - 4)	**19.95**	**20.21**	**10.13**
LMV-5: Private Tube Wells/ Pumping Sets			
Unmetered (Sub-Total)	14.16	0.00	0.00
PTW: Rural Schedule (unmetered)	14.16	0.00	0.00
Metered (Sub-Total)	10.87	2.72	2.50
PTW: Rural Schedule (metered)	10.63	2.54	2.39
PTW: Urban Schedule (metered)	0.24	0.18	7.80
SUB TOTAL (LMV - 5)	**25.03**	**2.72**	**1.09**
LMV 6: Small and Medium Power upto 100 HP (75 kW)			
Consumers getting supply as per "Rural Schedule" (Sub-Total)	0.03	0.03	11.75
Consumers getting supply other than "Rural Schedule" (Sub-Total)	112.53	111.99	9.95
SUB TOTAL (LMV - 6)	**112.56**	**112.02**	**9.95**

Type of Charge	FY 2021-22		
	Sales (MU)	Revenue (Rs. Crore)	ABR (Rs. /kWh)
LMV-7: Public Water Works			
Rural Schedule (Sub-Total)			
Rural Schedule: Jal Nigam			
Rural Schedule: Jal Sansthan			
Rural Schedule: Other PWWs			
Urban Schedule (Sub-Total)	25.13	24.96	9.93
Urban Schedule: Jal Nigam			
Urban Schedule: Jal Sansthan			
Urban Schedule: Other PWWs			
SUB TOTAL (LMV - 7)	**25.13**	**24.96**	**9.93**
LMV-8: State Tube Wells & Pump Canals upto 100 HP			
Metered (Sub-Total)	0.09	0.11	13.32
Metered STW	0.09	0.11	13.32
Unmetered (Sub-Total)			
Unmetered:STW/Panch.Raj/WB/ID/P. Canals/LI upto 100 BHP			
Unmetered: Laghu Dal Nahar above 100 BHP			
SUB TOTAL (LMV - 8)	**0.09**	**0.11**	**13.32**
LMV-9: Temporary Supply			
Metered (Sub-total)	44.80	47.20	10.54
Metered TS: Individual residential consumers			
Metered TS: Others	44.80	0.00	0.00
Unmetered (Sub-Total)			
Unmetered TS: Ceremonies			
Unmetered TS: Temp shops			
SUB TOTAL (LMV - 9)	**44.80**	**47.20**	**10.54**
LMV-11: Electrical Vehicles			
Multi Story Buildings (Sub-Total)	1.13	0.70	6.17
LMV-1b	1.02	0.63	6.20
HV-1b	0.11	0.06	5.90
Public Charging Station (Sub-Total)	4.35	3.26	7.50
LT	2.18	1.68	7.70
HT	2.18	1.59	7.30
SUB TOTAL (LMV - 11)	5.48	3.96	7.23
HV-1: Non-Industrial Bulk Loads			
SUB TOTAL (HV - 1)	**319.96**	**317.75**	**9.93**
HV-2: Large and Heavy Power above 100 BHP (75 kW)			
SUB TOTAL (HV - 2)	**1064.07**	**874.47**	**8.22**
Grand Total	**2470.23**	**2049.03**	**8.29**

12.4 ADMITTANCE ORDER

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION, LUCKNOW

Petition No. 1684 / 2021

IN THE MATTER OF:

Application for determination of Annual Revenue Requirement (ARR) for the FY 2021-22, Annual Performance Review (APR) for FY 2020-21 and True-up for the FY 2019-20 (Petition No. - 1684 of 2021) of Noida Power Company Limited, Noida (NPCL)

ORDER

As per provisions of Section 64 of the Electricity Act, 2003, it is incumbent upon the Licensee to make an application to the State Electricity Regulatory Commission for determination of Tariff in such manner as may be specified by the Commission as per the applicable Regulations.

The Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 were notified on May 12, 2014. These Regulations were applicable for determination of Tariff in all cases covered under these Regulations from April 1, 2015 to March 31, 2020, unless otherwise extended by the Commission. Embarking upon the MYT framework, the Commission has divided the period of five years (i.e. April 1, 2015 to March 31, 2020) into two periods namely –

a. Transition period (April 1, 2015 to March 31, 2017)
b. Control period (April 1, 2017 to March 31, 2020)

As per the provisions stipulated in Regulation 12 of Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 (hereinafter referred to as "MYT Regulations, 2014"), the Petitions for determination of Aggregate Revenue Requirement (ARR) and Tariff, Annual Performance Review (APR) and True Up, complete in all respect has to be filed by the Distribution Licensee each year of the control period (FY 2017-18 to FY 2019-20).

Subsequently, the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 were notified on September 23, 2019 (hereinafter referred to as "MYT Regulations, 2019") which shall be applicable for determination of Tariff from April 1, 2020 onwards up to FY 2024-25 (i.e., till March 31, 2025) unless extended by the Commission. Further, as per the provisions stipulated in Regulation 4, the Petition for determination of Aggregate Revenue Requirement (ARR) and Tariff, Annual Performance Review (APR) and Truing Up, complete in all respect has to be filed by the Distribution Licensee before the Commission on or before November 30 of each year.

1

The Distribution Licensee namely Noida Power Company Limited (hereinafter referred to as "Petitioner"), filed the Petition for determination of Annual Revenue Requirement and Tariff for FY 2021-22, Annual Performance Review of FY 2020-21 and True-up for the FY 2019-20 on February 01, 2021.

A preliminary analysis of the Petition was conducted, wherein the Commission asked the Petitioner to revise its ARR based on the billing determinants and distribution loss trajectory approved by the Commission in the Business Plan Order dated 26.11.2020, along with various other deficiencies observed, which were communicated vide letter dated February 22, 2021. However, the Petitioner vide its letter dated March 04, 2021 requested the Commission to provide additional 4 weeks, for submission of the information required. Further, the Petitioner submitted its response to the deficiencies in respect to True-Up of FY 2019-20, Annual Performance Review of FY 2020-21 and Annual Revenue Requirement for FY 2021-22 on April 02, 2021. The Licensee has also not submitted any tariff proposal and has not submitted any details as to how the consolidated revenue gap proposed for FY 2021-22 would be managed.

The Technical Validation Session covering all the Petitions was conducted on April 09, 2021 via Video Conference, which was attended by the senior officials of the Commission & the Petitioner and during the Technical Validation Session, they explained various issues raised in the deficiencies. Subsequently, minutes of meeting (M.O.M) along with pending data / information were issued and the Licensees were directed to submit the pending information within 10 days. Pending information such as category/sub-category wise monthly Sales and Revenue for FY 2019-20, other matters related to Power Purchase, Capex etc as captured in the M.O.M.

The Commission would like to reiterate that the Licensee has not submitted any Tariff Proposal.

Further, since the determination of ARR / Tariffs has already been significantly delayed, the Commission admits the Petition for further processing. The Commission directs the Petitioner to submit the pending responses immediately and also directs them to furnish further information / clarifications, if any, as deemed necessary by the Commission during the processing of the Petitions and provide the same to the satisfaction of the Commission within the time frame as stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

The Petitioner in accordance with the Regulation 5.8 of MYT Regulations, 2019, shall publish a Public Notice within three working days of issue of the Admittance Order in at least two English and two Hindi daily newspapers having wide circulation in its licence area, outlining the True-Up, ARR, proposed Tariff, approved and actual Distribution losses for FY 2019-20 & 2020-21 along with proposed losses for FY 2021-22, Power Purchase Cost, Average Cost of Supply, Average Retail tariff from each category / sub-category of consumers, wheeling charges, Open Access related charges etc. and such other matters, if any as directed by the

Commission, and invite suggestions and objections within 15 days from the date of publication of the Public Notice(s) from the stakeholders and public at large. The Public notice should also indicate that the stakeholders should regularly check the websites of the Petitioner for further submissions made in respect to these proceedings. The Petitioner shall also submit a set of notices along with the copies of original newspapers.

The Petitioner shall also upload on its website the Petition filed before the Commission along with all regulatory filings, information, particulars, and related documents, which shall be signed digitally and in searchable pdf formats along with all excel files. The Petitioner shall also ensure that for downloading the same, there is no requirement of providing personal information. The Petitioner shall not provide or put up any such information, particulars, or documents, which are confidential in nature, without the prior approval of the Commission.

It is pertinent to mention that the Commission, in wake of prevailing COVID-19 pandemic outbreak which has led to restricted movement across the country and due to the subsequent requirement of social distancing for prevention of spread of the disease, proposes to hold the Public Hearing in May through video conferencing.

The details of the same will be provided subsequently on the Commission's website www.uperc.org. The Licensee shall take all necessary steps to ensure the necessary arrangements for smooth functioning of the same in accordance with the guidelines/instructions issued in this regard by the Commission from time to time.

The Commission reserves the right to seek any further information / clarifications as deemed necessary during the processing of this Petition.

(Vinod Kumar Srivastava)	(Kaushal Kishore Sharma)	(Raj Pratap Singh)
Member (Law)	Member	Chairman

Place: Lucknow
Date: 26.04.2021

3