



Uttar Pradesh Electricity Regulatory Commission

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Sanjay Srivastava
Secretary

Ref: UPERC/Secy/D(T)/2016/336
Dated: 09 December, 2016

To,

1. **Managing Director**, U.P. Power Corporation Ltd. 7th Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow- 226001.
2. **Managing Director**, Madhyanchal Vidyut Vitran Nigam Ltd. 4-A, Gokhale Marg, Lucknow-226001.
3. **Managing Director**, Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura bypass Road, Agra-282007.
4. **Managing Director**, Paschimanchal Vidyut Vitran Nigam Ltd. Victoria Park, Meerut-250001.
5. **Managing Director**, Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi-221004.
6. **Chief Engineer (RAU)** Regulatory Affairs Unit 15th Floor, Shakti Bhawan Extension, 14 – Ashok Marg, Lucknow – 226001.

Sub: - Revision of Consumption Norms for unmetered category of consumerers.

Sir,

Kindly find enclosed herewith a copy of the Commission's Order dated 9th December, 2016 regarding above cited matter.

Yours sincerely

Encl: As above.


(Sanjay Srivastava)
Secretary



**BEFORE
THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,
LUCKNOW**

Petition No. : Suo-Moto Proceedings

Present:

- (1) Shri Desh Deepak Verma, Chairman
- (2) Shri Suresh Kumar Agarwal, Member

IN THE MATTER OF:

Revision of Consumption Norms for unmetered category of consumers

AND

IN THE MATTER OF:

1. The Managing Director, U. P. Power Corporation Ltd., 7th Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow – 226001.
2. The Managing Director, Madhyanchal Vidyut Vitran Nigam Ltd., 4-A, Gokhale Marg, Lucknow - 226001.
3. The Managing Director, Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan, 220KV Sub-Station Mathura by pass Road, Agra - 282007.
4. The Managing Director, Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut - 250001.
5. The Managing Director, Poorvanchal Vidyut Vitran Nigam Ltd., Bhikharipur, 132KV Sub-Station, Poorvanchal Vidyut Bhawan, P.O. Diesel Locomotive Works, Varanasi - 221004.

The following were present:

1. Shri Anil Kumar, Director (Tech.), PUVNL
2. Shri S. K. Verma, Director (Tech.), MVVNL
3. Shri S. C. Gupta, Director (Comm.), MVVNL
4. Shri A. K. Pathak, CE (Comm.), UPPCL
5. Shri Vijay Saluja, SE (Comm.), UPPCL
6. Shri P. Tripathi, SE (Comm.), PuVVNL
7. Shri Vivek Srivastava, SE (Comm.), MVVNL
8. Shri R. P. Prasad, EE (Comm.), UPPCL
9. Shri A. K. Singh, EE (Comm.), UPPCL
10. Shri D. C. Verma, EE (RAU), UPPCL
11. Shri Sayed Abbas Rizvi, EE (RAU), UPPCL



[Signature]

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ORDER

(Hearing- November 29, 2016)

The Commission is in receipt of a petition on "Revision of Consumption Norms for Unmetered Category Consumers" filed by UPPCL and 4 State Discoms (i.e. DVVNL, PVVNL, PuVVNL & MVVNL).

The submissions made by the petitioners have been quoted below:

Quote

1. To account for the energy consumed by the unmetered consumers, distribution licensees, in accordance with circular No: 2649-CUR/L-1, dated July 7, 2001 have been booking energy in commercial statements. These norms were fixed in the year 2001 with the assumption of 8 hours of supply in the rural area, as per following details:

Sl. No	Category	Consumption Norm
1	LMV1: Domestic Rural	72 kWh / kW / month
2	LMV2: Non Domestic Rural	72 kWh / kW / month
3	LMV5: Private Tube Wells (Rural)	91.66 kWh / kW / month
4	LMV8: State Tube Wells	3562.35 kWh / connection / month

2. That, the licensees were also utilizing above norms for projection of sales in the ARR petitions till FY2014-15 for rural unmetered category of consumers and Hon'ble Commission has duly recognized the same in the respective Tariff Orders.

3. That, it is to submit that the supply to rural areas was increased from 8 hours to 12 hours in FY 2014-15 and Licensees have through an executive order No: 165-CUR-2/R-3 dated February 14, 2014 revised the above consumption norms. The details of same areas under:

Sl. No	Category	Consumption Norm
1	LMV1: Domestic Rural	108 kWh / kW / month
2	LMV2: Non Domestic Rural	108 kWh / kW / month
3	LMV5: Private Tube Wells (Rural)	137.49 kWh / kW / month
4	LMV8: State Tube Wells	5343.53 kWh / connection / month

4. That, the Hon'ble Commission has duly recognized the above consumption norms for purpose of projection of sale in the respective tariff orders.

5. That Hon'ble Commission in order dated 29May 2015 during course of Suo - Motu proceedings on matters of 1. Provisional Billing in case of defective meters / Normative Consumption for Un-metered consumers and other matters, has directed



that in future any revision in the consumption norms shall be done with prior permission of the Commission. The relevant para is reproduced as under:

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

6. That, as per the commitment of the Government, licensees have increased supply to rural areas from 12 Hours to 14 hours from April, 2016 to October, 2016 and further to 18 hours w.e.f. 29.10.2016. This has once again necessitated revision of the consumption norms for the rural unmetered category of consumers. The pro-rata revised consumption norms based on increased hours of supply 14 hrs w.e.f April, 2016 to October, 2016 and 18 hours from 29.10.2016 onwards are proposed as under:

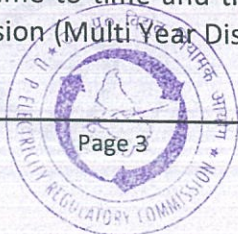
Sl. No	Category	Consumption Norm (April,16 to Oct,16)	Consumption Norm (Since November,2016)
1	LMV1: Domestic Rural	126 kWh / kW / month	162 kWh / kW / month
2	LMV2: Non Domestic Rural	126 kWh / kW / month	162 kWh / kW / month
3	LMV5: Private Tube Wells (Rural)	119.67 kWh/BHP/month or 160.41 kWh / kW / month	153.86 kWh/BHP/month or 206.24 kWh / kW / month
4	LMV8: State Tube Wells	6234.12 kWh / connection / month	8015.295 kWh / connection / month

7. That, the above revision of norms is necessary for the energy accounting purpose in the commercial statements as well as for sales projections of sales in the ensuing ARR petitions. Further, the above revision of norms is also necessary for proper assessment of AT&C losses which is also one of the parameter for performance ranking of distribution licensees.

8. That, the Commission has been insistent on 100% metering of rural consumers and accordingly the licensees have vide letter No: 274/CE(Com)/C-1 dated Oct 4, 2016 submitted the road map for 100% metering of rural consumers, however, till such time 100% metering of rural consumers is achieved by the distribution licensees the Commission is requested to approve the proposed revised norms for consumption of electricity by rural un-metered consumers for the period April, 16 to Oct, 16 and further for November, 2016 onwards.

Unquote

Accordingly, a hearing was conducted on November 29, 2016 in the above matter wherein the officials from UPPCL, Discoms and Officers of UPERC were present. In the hearing, the Commission inquired from the licensees the purpose of approaching the Commission for the revision of norms and as to why the study on consumption norms has not been completed till date despite various directions from time to time and the provision of the same in the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014.





The Licensees submitted that the revision of norms was only for purpose of energy accounting (i.e. in CS-3 statements) and the Tariff of the consumers will not change. The Commission directed the Licensees that the same must be submitted on an Affidavit. The petitioners have submitted the same on December 2, 2016, in which they have reiterated that the revision of consumption norms as requested for in the subject Petition is only for the purpose of energy accounting in commercial statements, as well as for sale projections in the ARR, which in no way shall be used for increase in tariff for the category under present Tariff Order.

Commission's Analysis:

In regard to the Consumption Norms, the following provision has been provided in the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014:

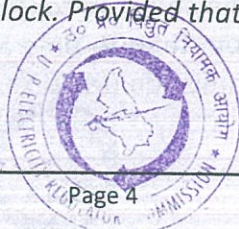
Quote

17 Un-metered Sales Forecast

17.1 Methodology for determination of un-metered sales

- a) *Till the time 100% metering of electricity consumers is achieved in area of operation of Distribution Licensee, an independent study shall be conducted by the Distribution Licensee to assess actual consumption of power by unmetered consumer segment.*
- b) *For three years, i.e. FY 2015-16, FY 2016-17 & FY 2017-18, year-long, month-wise, block-wise study shall be conducted by the Distribution Licensee and submitted to the Commission.*
- c) *The study referred to in clause (b) of these regulations shall cover actual consumption in the zones (hours of usage, specifications of motor (power etc.)) demonstrating seasonal impact, economic development, demographics consumption pattern, etc. This would aid to develop baseline norms pertaining to electricity consumption in un-metered consumer segments.*
- d) *Baseline norms shall be established after completion of study in the first year which shall be revised / fine-tuned in the remaining two subsequent years.*
- e) *After three years of annual study leading to streamlining of processes, study shall be conducted on alternate year basis.*
- f) *Stratified random sampling shall be used to identify consumers in block/ district of study which would be, well distributed representation of the block under purview such that sampled consumers shall exhibit same demographic profile, energy consumption pattern, water level etc. as the block. Provided that the sample selected shall be from all the block / districts in the state.*

Unquote





Further, the Commission, vide its Tariff Orders for FY 2016-17 dated August 1, 2016 directed all State Discoms to conduct a detailed study to provide accurate and effective consumption norms as per the Regulations. Relevant extract of the Tariff Order for FY 2016-17 has been reproduced for ready reference:

Quote

5.2.12 Hence, the Commission reiterates that the Licensees should adhere to the time line outlined in Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 for conducting a detailed study to provide accurate and effective consumption norms as specified by the Commission in its earlier Orders.

5.2.13 Further, vide letter No. 83/ PCL/ Revenue dated March 31, 2014, UPPCL submitted the minimum consumption units for billing the consumers with defective meters in urban area as specified below:

Table 5-3: CONSUMPTION NORMS IN URBAN AREA SUBMITTED BY UPPCL

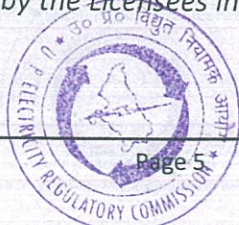
Sl. No	Category	Consumption Assessed
1	LMV-1: Domestic	155 / kW / Month
2	LMV-2: Non-Domestic	260 / kW / Month
3	LMV-6: Small & Medium power	260 / kW / Month

5.2.14 The Commission passed Suo Moto Order on May 11, 2015 in the matter of provisional billing in case of Defective meters and Normative Consumption for unmetered Consumer wherein the Commission has directed the Licensees to explain as to why revised consumption norms have been issued inspite of the specific instruction in the Tariff Order for FY 2014-15 to conduct a detailed study to provide accurate and effective consumption norms. Further, in the aforesaid Order the Commission has also directed the Distribution Licensees to submit their proposal regarding the Normative Consumption for unmetered consumers.

5.2.15 In the above matter the Commission has passed another Order on May 29, 2015 directing the Licensee to use the normative consumption billing method for defective meters as per the provisions specified in the Electricity Supply Code 2005 and with regard to the study for assessment of metered and unmetered consumers, the Commission directed the Licensees to complete the study adhering to the stipulated timeframe as specified in UPERC (Multi Year Distribution Tariff) Regulations, 2014.

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

Unquote





The Commission is aware that increasing the normative consumption figures for unmetered categories of consumers will result in decrease in the loss level of the licensee but reduction in billing per unit of energy, thereby increasing the subsidy bill of GoUP. Further, the overall ABR will go down thereby increasing the Gap between the ACOS and ABR. Furthermore, revised consumption norms will result in improving one of the parameter of UDAY i.e. loss level but at the same time other parameter i.e. gap between ACOS and ABR will go up.

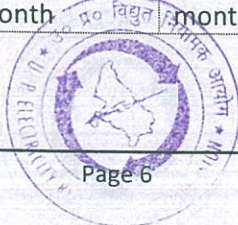
The Commission is also well aware of the fact that the normative consumption will not increase with the increase of hours exactly pro-rata basis.

As per the licensee's submission the normative consumption of rural domestic consumers has been proposed at 162 units / kW / month for a supply of 18 hours. This is more than the existing normative consumption of urban domestic, which is 155 unit / kW / month. Hence it is obvious that the normative consumption norms of all categories need to be relooked into, for which it is utmost necessary to have a study done at the earliest

However, to assist the licensee in the various practical difficulties in regard to normative consumption and considering all the above facts, the following is being approved:

The Licensee's proposal is approved on interim basis for the next six months (i.e. till 30th June, 2017) and they are directed to complete the studies before that date, after which they will use only the approved consumption norms based on study as provided for in the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014, duly approved by the Commission. In case consumption norms are not got approved on the basis of such studies, and also if number of hours of supply gets less than 18 hours, then they will use the existing (old) consumption norms figures for all purposes. The consumption norms approved are summarized in the tables below:

Consumption Norms						
Sl. No	Category	Existing (Old)	April, 2016 to October, 2016 (Supply of 14 hours)		Since November, 2016 (Supply of 18 Hours)	
			Licensee's Submission	Approved by the Commission	Licensee's Submission	Approved by the Commission
1	LMV1: Domestic Rural	108 kWh / kW / month	126 kWh / kW / month	126 kWh / kW / month	162 kWh / kW / month	144 kWh / kW / month
2	LMV2: Non Domestic Rural	108 kWh / kW / month	126 kWh / kW / month	126 kWh / kW / month	162 kWh / kW / month	144 kWh / kW / month

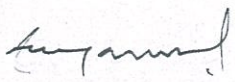


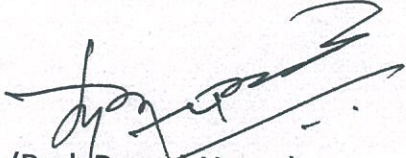


Consumption Norms						
Sl. No	Category	Existing (Old)	April, 2016 to October, 2016 (Supply of 14 hours)		Since November, 2016 (Supply of 18 Hours)	
			Licensee's Submission	Approved by the Commission	Licensee's Submission	Approved by the Commission
3	LMV5: Private Tube Wells (Rural)	137.49 kWh / kW / month	119.67 kWh / BHP / month or 160.41 kWh / kW / month	119.67 kWh / BHP / month or 160.41 kWh / kW / month	153.86 kWh / BHP / month or 206.24 kWh / kW / month	136.76 kWh / BHP / month or 183.32 kWh / kW / month
4	LMV8: State Tube Wells	5343.53 kWh / connection / month	6234.12 kWh / connection / month	6234.12 kWh / connection / month	8015.295 kWh / connection / month	7124.71 kWh / connection / month

It is once again reiterated that the approved consumption norms will only be used for the purpose of energy accounting and the tariff of consumers will not change. For all billing purposes, even in the cases of assessment, NA, NR, defective meter, meter not installed in a metered connection etc. the existing (old) consumption norms will be used till the Commission approves the new revised consumption norms based on studies.

The Petition is disposed of.


(S. K. Agarwal)
Member


(Desh Deepak Verma)
Chairman

Place: Lucknow
Date: 09th December, 2016

