



UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

**PETITION NO. 1541 OF 2019/ PETITION NO. 1684 OF 2021/ PETITION NO. 1797 OF 2021/
PETITION NO. 1919 OF 2022/ PETITION NO. 2039 OF 2023/ PETITION NO. 2168 OF 2024**

**Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2020-21, Annual
Performance Review (APR) for FY 2019-20, and True-Up for FY 2018-19**

**Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2021-22, Annual
Performance Review (APR) for FY 2020-21, and True-Up for FY 2019-20**

**Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2022-23, Annual
Performance Review (APR) for FY 2021-22, and True-Up for FY 2020-21**

**Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2023-24, Annual
Performance Review (APR) for FY 2022-23, and True-Up for FY 2021-22**

**Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2024-25, Annual
Performance Review (APR) for FY 2023-24, and True-Up for FY 2022-23**

**Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2025-26, Annual
Performance Review (APR) for FY 2024-25, and True-Up for FY 2023-24**

FOR

Noida Power Company Limited (NPCL)

**(APPEAL No. 98 OF 2021; IA No. 2004 OF 2024; APPEAL No. 465 OF 2023; APPEAL No. 343 OF 2021;
APPEAL No. 398 OF 2022; APPEAL No. 676 OF 2023; APPEAL No. 58 OF 2025 AND APPEAL No. 153
OF 2026)**

June 17, 2026



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BEFORE THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW

PETITION NO. 1541 OF 2019
PETITION NO. 1684 OF 2021
PETITION NO. 1797 OF 2021
PETITION NO. 1919 OF 2022
PETITION NO. 2039 OF 2023
PETITION NO. 2168 OF 2024

IN THE MATTER OF:

Petition No. 1541 of 2019: Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2020-21, Annual Performance Review (APR) for FY 2019-20, and True-Up for FY 2018-19

Petition No. 1684 of 2021: Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2021-22, Annual Performance Review (APR) for FY 2020-21, and True-Up for FY 2019-20

Petition No. 1797 of 2021: Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2022-23, Annual Performance Review (APR) for FY 2021-22, and True-Up for FY 2020-21

Petition No. 1919 of 2022: Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2023-24, Annual Performance Review (APR) for FY 2022-23, and True-Up for FY 2021-22

Petition No. 2039 of 2023: Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2024-25, Annual Performance Review (APR) for FY 2023-24, and True-Up for FY 2022-23

Petition No. 2168 of 2024: Approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2025-26, Annual Performance Review (APR) for FY 2024-25, and True-Up for FY 2023-24

AND

IN THE MATTER OF:

NOIDA POWER COMPANY LTD., GR. NOIDA (NPCL)

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ORDER

1. BACKGROUND AND PROCEDURAL HISTORY

- 1.1. The Uttar Pradesh Electricity Regulatory Commission (Multi-Year Distribution Tariff) Regulations, 2014, were notified on May 12, 2014. As per these Regulations, a transition period of two years was provided, during which UPERC (Terms and Conditions for Determination of Distribution Tariff) Regulations 2006 were applicable and Uttar Pradesh Electricity Regulatory Commission (Multi-Year Distribution Tariff) Regulations, 2014 were applicable from FY 17-18 to FY 19-20.
- 1.2. The Uttar Pradesh Electricity Regulatory Commission (Multi-Year Tariff for Distribution and Transmission) Regulations, 2019 (hereinafter referred to as “**MYT Regulations, 2019**”) were notified on September 23, 2019. These Regulations are applicable for the determination of ARR and Tariff for the Control Period from FY 2020-21 to FY 2024-25.
- 1.3. The Petitioner, Noida Power Company Limited (“**NPCL**” or “**the Licensee**”) filed Tariff Petition No. 1541 of 2019 before the Commission on December 27, 2019, seeking True-Up of FY 2018-19, APR for FY 2019-20, and ARR for FY 2020-21. The Commission admitted the Petition on 05.06.2020, after obtaining clarifications, additional documents and issuance of a Public Notice by the Petitioner comprising the summary and highlights of the proposed ARR and tariff. After conducting a public hearing on 08.07.2020 and seeking further clarifications from the Petitioner, the Commission passed its Tariff Order dated 04.12.2020 in Petition No. 1541 of 2019, approving the True-Up of FY 2018-19, APR of FY 2019-20, and ARR for FY 2020-21 of the Petitioner.
- 1.4. Aggrieved by certain disallowances made in the Order dated 04.12.2020, the Petitioner preferred Appeal No. 98 of 2021 (the “**Lead Appeal**”) before the Hon’ble Appellate Tribunal for Electricity (“**Hon’ble APTEL**”), raising several issues relating to the True-Up of FY 2018-19, APR for FY 2019-20, and ARR for FY 2020-21. Separately, Appeal No. 465 of 2023 was filed before the Hon’ble APTEL by Mr. Rama Shanker Awasthi (Respondent No. 2 in Appeal No. 98 of 2021) in his capacity as a consumer-appellant, raising issues relating to the treatment of earlier-year tariff orders.
- 1.5. During the pendency of lead appeal, the Hon’ble APTEL passed the interlocutory orders on 08.11.2024, 02.01.2025, 09.01.2025 and 09.09.2025 remanding specific issues to the Commission for its consideration. The Hon’ble APTEL pronounced its final Judgement in Appeal No. 98 of 2021 and Appeal No. 465 of 2023 on 28.11.2025 (“**Lead Judgement**”). The Hon’ble APTEL in its Judgement comprehensively adjudicated all issues raised in both appeals and set out detailed directions to the Commission, including remands in respect of several issues.
- 1.6. The Hon’ble APTEL in the Judgement further directed the Commission to pass orders, consequent on remand, after hearing the Petitioner, “*with utmost expedition preferably within four months from the date of receipt of a copy of this order.*”

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- 1.7. The Hon'ble APTEL vide its Judgement disposed of both Appeal No. 98 of 2021 and Appeal No. 465 of 2023. The key outcomes of Hon'ble APTEL Judgement, insofar as they concern the present proceedings, are as follows:
- Appeal No. 465 of 2023:** The Hon'ble APTEL held that tariff orders for earlier years, having attained finality, cannot be reopened or interfered with by the Commission while adjudicating tariff applications for subsequent years, and that any such review or amendment can only be undertaken in terms of Section 94(1)(f) of the Act read with Section 114 and Order 47 of the Code of Civil Procedure, 1908. Liberty was, however, granted to the consumer-appellant to raise the issue of true-up of financials of FY 2007-08 (following revision of the input price of supply by UPPCL) before the Commission in accordance with law.
 - Appeal No. 98 of 2021:** The lead appeal was disposed of in terms of the directions summarised in the table forming Part D of Hon'ble APTEL Judgement (Pages 352 to 358 thereof). Of the 37 total issues raised by the Petitioner, 17 issues and 1 sub-issue were withdrawn or not pressed. The remaining issues were either decided on merits in favour of the Petitioner (with principles laid down for implementation by the Commission) or remanded for its consideration.
- 1.8. The Petitioner, vide its letter dated 02.12.2025, forwarded a copy of Hon'ble APTEL Judgement to the Commission, indicating that it was in the process of preparing detailed submissions for filing before the Commission. The Commission, vide its letter dated 15.12.2025, sought specific information and clarifications from the Petitioner on certain issues, as a preliminary step in the remand proceedings.
- 1.9. The Petitioner on 08.01.2026 filed its detailed written submissions before the Commission (the "NPCL Remand Submissions"), addressing each remanded issue with supporting data, computations, and documentary evidence, including certified computations by its Chartered Accountant firm (M/s SRVM & Associates), relevant contracts, invoices, correspondence, and revised ARR summaries for FY 2018-19, FY 2019-20, and FY 2020-21.
- 1.10. During the pendency of APL No. 98 of 2021, the regulatory treatment adopted by the Commission in the Order dated 04.12.2020 was also consistently applied in subsequent tariff/true-up orders, all of which has been assailed by the Petitioner. Accordingly, the Petitioner had preferred appeals against subsequent Tariff/True-up Orders as tabulated below:

Table 1-1 DETAILS OF APPEALS AGAINST SUBSEQUENT TARIFF/ TRUE-UP ORDERS

S. No.	UPERC Case No. & Order dated	Description	NPCL's Appeal No.
1.	Order dated 26.08.2021 in 1684/2021	ARR of FY 2021-22, APR of FY 2020-21 and True-up of FY 2019-20	Appeal No. 343/2021

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S. No.	UPERC Case No. & Order dated	Description	NPCL's Appeal No.
2.	Order dated 20.07.2022 in 1797/2021	ARR of FY 2022-23, APR of FY 2021-22 and True-up of FY 2020-21	Appeal No. 398/2022
3.	Order dated 24.05.2023 in 1919/2022	ARR of FY 2023-24, APR of FY 2022-23 and True-up of FY 2021-22	Appeal No. 676/2023
4.	Order dated 10.10.2024 in 2039/2023	ARR of FY 2024-25, APR of FY 2023-24 and True-up of FY 2022-23	Appeal No. 58/2025
5.	Order dated 22.11.2025 in 2168/2024	ARR of FY 2025-26; APR of 2024-25; and True-Up of FY 2023-24	Appeal No. 153/2026

- 1.11. The Petitioner had also sought liberty to file additional submissions on common grounds recurring in subsequent tariff years, where the principles now stand settled in terms of the Judgement and merit in-principal adoption by the Commission, subject to its regulatory discretion. Accordingly, the Petitioner on 06.03.2026 filed additional submission (the "NPCL Additional Submissions"), on (i) such common grounds recurring in subsequent tariff years, where principles either stand settled in terms of the Judgement and remanded for its consideration, and (ii) also the consequential/spill-over impact of the Judgement in FY 2018-19; 2019-20 and FY 2020-21, on the ensuing years tariff, for consideration of the Commission.
- 1.12. Subsequently, Hon'ble APTEL, vide its daily orders dated 08.04.2026, 20.04.2026 and 11.05.2026 in the above connected appeals preferred against the subsequent true-up/tariff orders, directed the common issues already covered by the Judgement dated 28.11.2025 in the lead appeal be dealt with by the Commission in accordance with the principles settled therein, or be considered in accordance with law pursuant to the remand. The Hon'ble APTEL further directed to consider the issues in the Tariff Order to be passed for FY 2026-27.
- 1.13. The Commission has considered the Judgement in the lead appeal and the daily orders of the Hon'ble APTEL passed in the connected appeals, the written submissions and additional submissions filed by the Petitioner, the material available on record, and the record of the original tariff/ true-up proceedings and proceeds to decide the remanded issues in the manner set out below.
- 1.14. This Order is being passed in compliance with the Judgement in lead appeal and the subsequent daily orders passed by the Hon'ble APTEL in the connected appeals arising from the true up orders for the subsequent financial years, whereby the common issues were remanded for consideration by the Commission on the same principles, subject to factual determination.
- 1.15. Since multiple issues recurring across FY 2018-19 to FY 2023-24 arise for determination, the Commission considers it appropriate to deal with the matter issue-

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wise, while setting out the year-wise analysis and financial impact under each issue separately.

- 1.16. The common issue falling for consideration before the Commission on remand, along with the nature of the direction given by the Hon'ble APTEL in connected matters, are summarised in Chapter-2.

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2. ISSUES FOR DETERMINATION AND TRIBUNAL'S DIRECTION THEREON

- 2.1. The issues arising for determination in the present remand proceedings fall into two categories. *Firstly*, there are issues expressly dealt with in the Judgement dated 28.11.2025 in Appeal No. 98 of 2021 (lead appeal), where the Hon'ble APTEL either laid down the governing principle or remanded the matter with specific directions. *Secondly*, there are the subsequent appeals relating to true-up for FY 2019-20 onwards, in which the Hon'ble APTEL, vide daily orders, remanded the matters for Commission's consideration in respect of common issues recurring from the lead appeal.
- 2.2. The issues falling for consideration before the Commission on remand, along with the nature of the direction passed in Judgement dated 28.11.2025 in the Lead Appeal, are set out in the following table:

Re. Issues Concerning True-Up of FY 2018-19

Table 2-1 MISCELLANEOUS ISSUES

S. No.	Issue	Nature of Direction by Hon'ble Tribunal
1	Expenses Incurred Due to Change in Law — GST	Decided in favour of the Petitioner. Remanded to the Commission to work out the average percentage increase under Change in Law — GST, subject to a maximum average percentage of 5.88% as sought by the Petitioner.
2	Non-Tariff Income — Cost of Borrowing for DPS	Allowed on normative basis at the same rate as approved for working capital interest. Commission directed to work out financing cost of DPS accordingly.
3	Disallowance of Unmetered Sales	Remanded for fresh consideration after complying with the rules of natural justice; all contentions left open. No opinion expressed on merits.
4	Sharing of Gains or Losses on Account of Controllable Factors	Remanded for consideration afresh in light of Regulations 9.2, 11.1, and 11.2 of MYT Regulations, 2014, both on facts and law. No opinion expressed on merits.
5	Inclusion of Treasury Income in NTI for Reducing the ARR	Decided in favour of the Petitioner. Inclusion of Treasury Income under Non-Tariff Income set aside. Remanded for factual determination of Treasury Income claimed by the Petitioner, for the purpose of its exclusion from Non-Tariff Income in the working of ARR.

Table 2-2 POWER PURCHASE ISSUES

S. No.	Issue	Nature of Direction by Hon'ble Tribunal
1	Medium-Term Power Purchase	Remanded for fresh consideration in accordance with law, after giving the Petitioner an opportunity of being heard; Commission to assign reasons. No opinion expressed on merits.

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S. No.	Issue	Nature of Direction by Hon'ble Tribunal
2	Short-Term Power	Allowed on actuals, provided total short-term procurement utilised in FY 2018-19 is within approved quantum of 315.74 MUs and average rate as per ARR Order dated 22.01.2019. Transmission charges for banking of power allowed.
3	Banking of Power	Same direction as Issue 7 above; additionally, prudence check on banking of power undertaken in FY 2018-19 to be conducted by the Commission.
4	Sale of Surplus Power	Allowed on actuals, subject to concomitant adjustments consistent with direction on short-term power.

TABLE 2-3 CAPITAL EXPENDITURE ISSUES

S. No.	Issue	Nature of Direction by Hon'ble Tribunal
1	CAPEX on Projects above Rs. 10 (Ten) Crore	Reduction of Opening GFA for FY 2018-19 set aside. Opening GFA to be taken as the approved Closing GFA of FY 2017-18 as per its True-Up Order. Overall 25% disallowance in CAPEX for FY 2018-19 set aside. Matter remanded for prudence check of CAPEX incurred in FY 2018-19 vis-à-vis CAPEX approved in ARR Order dated 22.01.2019.
2	Vehicles	Disallowance of Opening GFA of vehicles accumulated up to FY 2017-18 (along with reduction in accumulated depreciation) set aside. Disallowance of cost of vehicles purchased in FY 2018-19 set aside. Remanded for prudence check.
3	CAPEX on 132 kV and Above Assets	Disallowance of Opening GFA (along with accumulated depreciation up to FY 2017-18) for RC Green, Gharbara, KP-5, BZP substations, and all other 132 kV and above assets, set aside. Closing GFA and accumulated depreciation as approved in True-Up Order of FY 2017-18 to be taken as opening figures for FY 2018-19 True-Up. CAPEX additions in FY 2018-19 remanded for prudence check.
4	Disallowance of Capital Works in Progress (CWIP)	(a) Rs. 19.12 (Nineteen Crore Twelve Lakh) Crore (LILO works at RC Green): Disallowance upheld; no interference. (b) Rs. 20.48 (Twenty Crore Forty-Eight Lakh) Crore (5 Nos. 33 kV Bays, Sector 148 Substation, Noida): Disallowance set aside; remanded for prudence check vis-à-vis ARR Order dated 22.01.2019. (c) Rs. 1.28 (One Crore Twenty-Eight Lakh) Crore (Consultancy fee paid to PGCIL): Disallowance set aside; to be considered as CWIP for FY 2018-19.

Re. Issues Concerning APR of FY 2019-20

TABLE 2-4 ISSUES CONCERNING APR OF FY 2019-20

S. No.	Issue	Nature of Direction by Hon'ble Tribunal
1	Capital Works in Progress (CWIP)	CWIP as allowed for FY 2018-19 to be carried forward and considered under CWIP for FY 2019-20.

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Re. Issues Concerning ARR of FY 2020-21

TABLE 2-5 ISSUES CONCERNING ARR OF FY 2020-21

S. No.	Issue	Nature of Direction by Hon'ble Tribunal
1	Loss on Retirement/ Impairment of Assets	Disallowance of Return on Equity and interest on debt for assets retired in the Impugned Order set aside. Remanded for working out debt and equity of the retired assets in terms of Regulation 20.2 of MYT Regulations, 2019.
2(a)	Disallowance of O&M Expenses — Financing Cost of DPS	Disallowance of financing cost of DPS set aside. Remanded for recalculation of A&G expenses, considering the financing cost of DPS on normative basis as decided for FY 2018-19, in accordance with MYT Regulations, 2019.
2(b)	Disallowance of O&M Expenses — Error in Computation of Normative O&M Expenses	Calculation of Base O&M charges in the Impugned Order set aside. Remanded for re-determination of Base O&M charges in terms of specific directions on employee cost capitalisation, GST impact, and Statutory Expenses as laid down by Hon'ble Tribunal.
3	Deviation from MYT Regulations — Computation of Debt-Equity Ratio	Recalibration/re-determination of debt: equity in the ratio of 70:30 for assets commissioned prior to 01.04.2020 set aside. Remanded for consideration of capitalisation of fixed assets as on 01.04.2020 with the debt-equity ratio allowed by the Commission in the ARR/True-Up Orders as on 31.03.2020, in terms of Regulations 20.2 and 23.2 of MYT Regulations, 2019.

2.3. The common issues arising in the true-up orders for FY 2019-20 to FY 2023-24, along with the extent of the remand by the Hon'ble APTEL vide daily orders dated 08.04.2026, 20.04.2026 & 11.05.2026, in respective appeals against the relevant true-up orders, are summarised in the matrix below:

TABLE 2-6 SUMMARY OF COMMON ISSUES AND SCOPE OF REMAND IN TRUE-UP ORDERS (FY 2019-20 TO FY 2023-24)

S. No.	Common Issue	Tariff years covered	Nature of Direction by Hon'ble Tribunal
1	Expenses Incurred Due to Change in Law — GST	FY 2018-19 (lead matter)	Disallowance set aside and principles settled
		FY 2019-20	Remanded for consideration in terms of settled principles
2	Non-Tariff Income — Cost of Borrowing for DPS	FY 2018-19 (lead matter)	Disallowance set aside and principles settled
		FY 2019-20	Remanded for Commission's consideration in terms of settled principles
3	Inclusion of Treasury Income in Non-Tariff Income for Reducing the ARR	FY 2018-19 (lead matter)	Disallowance/inclusion set aside and principles settled, subject to factual determination.
		FY 2019-20 to FY 2023-24	Remanded for consideration in terms of settled principles

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S. No.	Common Issue	Tariff years covered	Nature of Direction by Hon'ble Tribunal
4	Sharing of Gains/ Losses on Account of Controllable Factors	FY 2018-19 FY 2019-20	Remanded for Commission's consideration
5	Disallowance of Unmetered Sales	FY 2018-19 to FY 2021-22	Remanded for Commission's consideration
6	(a) Short-Term Power & Transmission Charges	FY 2018-19 (lead matter)	Remanded for consideration in terms of settled principles
	(b) Banking of Power (c) Sale of Surplus Power	FY 2019-20	Remanded for Commission's consideration
7	Medium-Term Power Purchase	FY 2018-19 to FY 2022-23	Remanded for Commission's consideration
8	(a) CAPEX on Projects above Rs. 10 Crore	FY 2018-19 (lead matter)	Disallowance set aside and principles settled subject to factual determination
	(b) Vehicles	FY 2019-20 to FY 2021-22	Remanded for Commission's consideration
	(c) CAPEX on 132 kV and above Assets	FY 2018-19 (lead matter)	Disallowance set aside and principles settled subject to factual determination
		FY 2019-20	Remanded for Commission's consideration
9	Disallowance of Capital Works in Progress (CWIP)	FY 2018-19 (lead matter)	Disallowance set aside and principles settled subject to factual determination
		FY 2019-20	Remanded for Commission's consideration
10	Loss on Retirement/ Impairment of Assets	FY 2020-21 (lead matter)	Remanded for consideration in terms of settled principles
		FY 2021-22 to FY 2023-24	Remanded for Commission's consideration
11	Disallowance of O&M Expenses— (a) Financing Cost of DPS; (b) Error in Computation of Normative O&M	FY 2020-21 (lead matter)	Remanded for consideration in terms of settled principles
12	Deviation from MYT Regulations — Computation of Debt-Equity Ratio	FY 2020-21 onwards	Consequential impact for the MYT period

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2.4. In view of the above table, the Commission notes that the issues arising for consideration in the present remand proceedings have been identified issue-wise, together with the nature of the directions issued by the Hon'ble APTEL in the lead appeal and the connected matters. The Commission therefore proceeds, in the succeeding chapter, to examine each issue separately and to determine the corresponding year-wise impact, wherever applicable, on the basis of the material placed on record, the submissions of the parties, and the directions of the Hon'ble APTEL.

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3. ISSUES-WISE DETERMINATION, FINDINGS AND YEAR-WISE IMPACT

3.1. SCOPE & LIMITATION

- 3.1.1. The Commission, having set out the issues arising for determination and the extent of remand in Chapter 2, now turns to their issue-wise analysis and determination, subject to prudence check. Each issue has been considered in the light of the directions of the Hon'ble APTEL, the submissions of the Petitioner, and the existing record, along with the resulting year-wise financial impact has been recorded, wherever necessary.
- 3.1.2. For the sake of brevity, the detailed procedural history of each connected appeal is not being repeated issue-wise hereafter. However, wherever the same issue forms part of the remand in the subsequent appeals, the same has been considered and decided in this Order.

3.2. EXPENSES INCURRED DUE TO CHANGE IN LAW – GST

I. BACKGROUND

- 3.2.1. The Petitioner, in its True-Up Petition for FY 2018-19, had submitted that the Central Government introduced GST with effect from 01.07.2017, which brought about a significant change in the indirect tax regime. The GST rates stipulated for most goods and services (18% and 28%) were higher than the erstwhile Service Tax rate of 15% and VAT rate of 14.5%. Additionally, the introduction of the Reverse Charge Mechanism resulted in further incremental indirect tax burden on service users such as the Petitioner.
- 3.2.2. The Petitioner had claimed that the introduction of GST constitutes a "Change in Law" event within the meaning of Regulation 3(6) of the MYT Regulations, 2014, and that such additional tax burden is required to be passed through over and above normative O&M expenses in terms of Regulations 9.1, 10.1 and 25(e) of the MYT Regulations, 2014.
- 3.2.3. The Petitioner further submitted that the Commission, in its Order dated 03.09.2019 for the True-Up of FY 2017-18, had approved an average incremental GST rate of 5.88%. Accordingly, the Petitioner applied the said approved rate to the actual R&M and A&G expenses for FY 2018-19, yielding a total impact of Rs. 3.56 Crores, as detailed below:

TABLE 3-1 IMPACT OF GST FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER

Sl. No.	GST Item	Reference	Actual (Rs. Crore)
1.	Repair & Maintenance Expenses including GST	A	46.95
2.	Administrative and General Expenses including GST	B	13.57
3.	Net expenses affected by GST	C=A+B	60.52
4.	Approved incremental rate of GST	D	5.88%
5.	Net impact of GST	E=CxD	3.56

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3.2.4. The Commission, in the true-up Order for FY 2018-19, had disallowed the said claim of the Petitioner for additional expenditure of Rs. 3.56 Crores on account of the differential impact of the GST on O&M expenses for the True-Up of FY 2018-19. The relevant extracts are reproduced below:

*“ 3.8.11 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.*

3.8.12 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:

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'.

3.8.13 The Commission is of the view that even though it has allowed the same in the True Up Order dated September 03, 2019 for FY 2017-18, however, true up Order for FY 2017-18 is not being disturbed and taking into consideration all the above, impact of GST claimed by the Petitioner is being disallowed for FY 2018-19.”

3.2.5. Aggrieved by the disallowance, the Petitioner preferred Appeal No. 98 of 2021 before the Hon'ble APTEL. The Hon'ble APTEL examined the regulatory framework under the MYT Regulations, 2014 and remanded this issue to the Commission with the following specific direction:

“In view of above deliberation, we set aside the observation regarding disallowance of impact of GST on O&M charges and remand this issue to State Commission to carry out prudence check on actual expenditure made in above mentioned four heads (Service, Material/service, Lawyers Fee, Material) to work out average impact of GST on O&M charges subject to maximum average % of 5.88 as sought by Appellant for allowing impact of GST on O&M charges.”

3.2.6. Further, the Commission in the true-up Order dated 26.08.2021, for FY 2019-20, has similarly disallowed the additional GST impact of Rs. 1.76 Crores, observing-

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"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."

3.2.7. The Petitioner assailed such disallowance before the Tribunal in APL No. 343 of 2021. The Hon'ble APTEL vide its Order dated 08.04.2026, remanded the issue for reconsideration based on the principles settled in the judgement passed in the lead appeal against FY 2018-19.

3.2.8. Accordingly, this issue is being reconsidered pursuant to the remand as directed in appeal against true-up for FY 2019-20 and the principles settled by the Hon'ble Tribunal in the lead appeal in FY 2018-19.

II. SUBMISSIONS OF THE PETITIONER

3.2.9. The Commission vide its letter dated 15.12.2025 sought specific information and documentary evidence from the Petitioner, including:

- Actual expenditure made under the four heads — Service, Material/Service, Lawyers Fee and Material — in FY 2017-18 and FY 2018-19;
- VAT returns filed for the last financial year when VAT was applicable;
- GST returns filed for FY 2018-19;
- Justification for the claimed rate of 5.88%; and
- Any other supporting documents.

3.2.10. The Petitioner, vide its written submission dated 08.01.2026, provided category-wise actual expenditure data for FY 2018-19 drawn from its audited books of accounts. Based on this data, the Petitioner's computation of the GST impact as follows:

TABLE 3-2 CATEGORY-WISE ACTUAL EXPENDITURE DATA FOR FY 2018-19 SUBMITTED BY THE PETITIONER

S. No.	Category	Applicable Tax Rate (including Excise, VAT etc.) (%)	GST Rate (%)	Variance (%)	Actual Expenses (Rs. Cr.)	Weight of expense (%)	Variance/ GST Impact (%)
		a	b	c=b-a			
1	Material – 18%	14.50	18.00	3.50	5.61	9.27	0.32
2	Material / Service – 12%	6.00	12.00	6.00	0.26	0.42	0.03
3	Material / Service – 28%	14.00	28.00	14.00	0.05	0.08	0.01
4	Material / Service – 5%	6.00	5.00	-1.00	0.82	1.35	-0.01
5	Non-GST Item	0.00	0.00	0.00	5.05	8.34	0.00
6	Service – 18%	15.00	18.00	3.00	48.72	80.54	2.42
Total					60.49	100.00	2.76

3.2.11. Based on the above, the Petitioner has computed the aggregate GST impact on actual R&M and A&G expenses for FY 2018-19 at a weighted average rate of 2.76%, as detailed below:

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TABLE 3-3 COMPUTATION OF IMPACT OF GST FOR FY 2018-19 SUBMITTED BY THE PETITIONER

Sl. No.	Particulars	FY 2018-19		
		Amount	GST Impact	GST Impact
		(Rs. Crore)	(%)	(Rs. Crore)
1	R&M Expenses	44.64	2.76%	1.23
2	A&G Expenses	12.67	2.76%	0.35
	Total	57.31		1.58

3.2.12. The Petitioner has submitted that the above computation is based on actual audited expenditure, segregated category-wise as per applicable GST rates. The computation has been independently verified and certified by M/s SRVM & Associates, Chartered Accountants.

3.2.13. Further, the Commission in the true-up for FY 2019-20 in Order dated 26.08.2021, has similarly disallowed the additional GST impact of Rs. 1.76 Crores. The Petitioner vide its additional submissions has also submitted category-wise actual expenditure data for FY 2019-20 drawn from its audited books of accounts. Based on this, the Petitioner has presented its computation of the GST impact as follows:

TABLE 3-4 CATEGORY-WISE ACTUAL EXPENDITURE DATA FOR FY 2019-20 SUBMITTED BY THE PETITIONER

S. No.	Category	Applicable Tax Rate (including Excise, VAT etc.) (%)	GST Rate (%)	Variance (%)	Actual Expenses (Rs. Crores)	Weight of expense (%)	Variance / GST Impact (%)
		a	b	c=b-a	d	e=d/total of d	f=c*e
1	Material – 18%	14.50	18.00	3.50	8.80	12.88	0.45
2	Material / Service – 12%	6.00	12.00	6.00	0.11	0.16	0.01
3	Material / Service – 28%	14.00	28.00	14.00	0.03	0.05	0.01
4	Material / Service – 5%	6.00	5.00	(1.00)	0.81	1.19	(0.01)
5	Non-GST Item	0.00	0.00	0.00	5.13	7.52	0.00
6	Service – 18%	15.00	18.00	3.00	53.40	78.20	2.35
	Total				68.28	100.00	2.80

3.2.14. Further, Petitioner has provided the computation of the impact of GST for FY 2019-20, based on similar principle as settled for FY 2018-19 by the Hon'ble APTEL in Judgement, as tabulated hereunder:

TABLE 3-5 COMPUTATION OF IMPACT OF GST FOR FY 2019-20 SUBMITTED BY THE PETITIONER

Sl. No.	Particulars	FY 2019-20		
		Amount	GST Impact	GST Impact
		(Rs. Crore)	(%)	(Rs. Crore)
1	R&M Expenses	48.99	2.80%	1.37
2	A&G Expenses	13.82	2.80%	0.39
	Total	62.80		1.76

3.2.15. The Petitioner has prayed for an additional GST impact of Rs. 1.58 Crores for FY 2018-19 and Rs. 1.76 Cr. for FY 2019-20 on account of the introduction of GST on R&M and A&G expenses, along with applicable carrying cost.

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- 3.2.16. With regard to the query on VAT returns, the Petitioner has submitted copies of VAT returns for the months of April, May and June 2017 (i.e., the last months before GST implementation). The Petitioner has clarified that since distribution of electricity is outside the purview of VAT, it was not eligible to claim input VAT credit, and accordingly the applicable VAT rates do not appear as a credit in its VAT returns. The applicable rates have been certified by the Chartered Accountant.
- 3.2.17. With regard to the query on GST returns for FY 2018-19, the Petitioner has submitted copies of the same and has explained that since distribution of electricity is specifically exempted from GST under Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 (Serial No. 25), the Petitioner is not eligible to avail input tax credit on inward supplies used for providing such exempt supplies. Therefore, the GST paid to vendors on goods and services utilised in O&M operations is embedded in the O&M expenditure itself and is not separately reflected as a credit in the returns. The amounts so paid have been duly audited and form part of the Petitioner's audited financial statements.

III. ANALYSIS AND FINDINGS

- 3.2.18. The Hon'ble APTEL has settled the principle for FY 2018-19 and remanded the corresponding issue for FY 2019-20. Accordingly, the Commission has examined the matter in accordance with the settled principle for FY 2018-19 and has applied the same approach while examining for FY 2019-20.
- 3.2.19. The scope of the Commission's exercise in compliance with the directions of the Hon'ble APTEL is limited to carrying out a prudence check on the actual expenditure made under the four heads (i.e., Service, Material/service, Lawyers Fee, Material) and working out the weighted average impact of GST on O&M charges, subject to a ceiling of 5.88%. The Petitioner has submitted actual expenditure data drawn from its audited books of accounts, certified by a Chartered Accountant. The Commission notes that the revised computation is derived from the actual expenditure data as recorded in the Petitioner's audited accounts for FY 2018-19 & FY 2019-20 and certified by an independent Chartered Accountant.
- 3.2.20. The Commission finds that the Petitioner has submitted category-wise impact of GST. The Commission has determined the GST Impact on the individual items to ascertain the additional burden on the Petitioner as shown in the table below:

TABLE 3-6 COMPUTATION OF IMPACT OF GST FOR FY 2018-19 BY THE COMMISSION

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S. No.	Category	Applicable Tax Rate	GST Rate	Actual Expenses	Tax as per GST	Amount without considering the Tax	Tax as per VAT	Addl. amount to be allowed due to Impact of GST
		(incl. Excise, VAT etc.)	(%)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)
		(%)						
		a	b	d	e= d/(1+b%)	f=d-e	g=f*(1+a%)	h=e-g
1	Material – 18%	14.5	18	5.61	0.86	4.75	0.69	0.17
2	Material / Service – 12%	6	12	0.26	0.03	0.23	0.01	0.01
3	Material / Service – 28%	14	28	0.05	0.01	0.04	0.01	0.01
4	Material / Service – 5%	6	5	0.82	0.04	0.78	0.05	(0.01)
5	Non-GST Item	0	0	5.05	-	5.05	-	-
6	Service – 18%	15	18	48.72	7.43	41.29	6.19	1.24
	Total			60.51	8.37	52.14	6.95	1.42

TABLE 3-7 COMPUTATION OF IMPACT OF GST FOR FY 2019-20 BY THE COMMISSION

S. No.	Category	Applicable Tax Rate	GST Rate	Actual Expenses	Tax as per GST	Amount without considering the Tax	Tax as per VAT	Addl. amount to be allowed due to Impact of GST
		(incl. Excise, VAT etc.)	(%)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)
		(%)						
		a	b	d	e= d/(1+b%)	f=d-e	g=f*(1+a%)	h=e-g
1	Material – 18%	14.5	18	8.80	1.34	7.46	1.08	0.26
2	Material / Service – 12%	6	12	0.11	0.01	0.10	0.01	0.01
3	Material / Service – 28%	14	28	0.03	0.01	0.02	0.00	0.00
4	Material / Service – 5%	6	5	0.81	0.04	0.77	0.05	(0.01)
5	Non-GST Item	0	0	5.13	-	5.13	-	-
6	Service – 18%	15	18	53.4	8.15	45.25	6.79	1.36
	Total			68.28	9.55	58.73	7.92	1.62

3.2.21. The Impact of GST on O&M Charges as percentage of total O&M Charges for FY 2018-19 and FY 2019-20 have been worked out as shown below:

TABLE 3-8 COMPUTATION OF IMPACTS OF GST FOR BY THE COMMISSION

FY	Impact of GST (in Rs. Cr.)	Actual O&M Expenses with Tax (in Rs. Cr.)	Impact of GST (in %)	Actual O&M Expenses without Tax (in Rs. Cr.)	Impact of GST (in %)
FY 2018-19	1.42	60.51	2.34	52.14	2.72
FY 2019-20	1.62	68.28	2.37	58.73	2.76

3.2.22. The Commission notes that the weighted average rate for both the years is well within the ceiling of 5.88%, as directed by the Hon'ble APTEL. The Petitioner has also submitted the VAT returns duly certified by the Chartered Accountant and the GST returns.

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3.2.23. Accordingly, the Commission approves the impact of GST on O&M expenses (revised as per the norms) of Rs. 1.42 and Rs. 1.62 for FY 2018-19 & FY 2019-20, respectively, computed based on actual audited expenditure.

3.3. NON-TARIFF INCOME - COST OF BORROWING DPS

I. BACKGROUND

3.3.1. The Petitioner, in its True-Up Petition for FY 2018-19, had submitted that Delayed Payment Surcharge (DPS) accrues when a consumer defaults in payment of electricity bills beyond the due date. The due date is generally 15 days from the date of billing, which itself occurs 2 to 7 days after the meter reading date, which is taken after a 30/31-day interval. Accordingly, the total number of days after which DPS accrues is approximately 55 days, broadly co-terminus with the normative working capital period of 60 (sixty) days provided under the MYT Regulations, 2014. The Petitioner contended that DPS therefore pertains to the period beyond the normative working capital period of 60 days, for which no interest on working capital is provided under the Regulations.

3.3.2. The Petitioner further submitted that, since FY 2009-10, the Commission has consistently approved the cost of borrowing for such deferred receivables, computed as the interest cost equivalent to the interest rate applicable for Interest on Working Capital. Based on this settled practice, the Petitioner claimed a cost of borrowing for DPS of Rs. 3.26 Crores for FY 2018-19, computed as follows:

TABLE 3-9 COST OF BORROWING FOR DPS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER
(Rs. Crore.)

Particulars	Reference	Approved vide T.O. dated 22.01.2019	Actual
Delayed Payment Surcharge Received	a	5.53	5.72
Working Capital Amount Utilisation @ 24% p.a.	b=(a/24%)	30.70	23.83
Applicable Interest Rate for Working Capital Finance (Weighted average SBI-PLR)	c	13.68%	13.70%
Cost of Borrowing for DPS	d = b × c	4.20	3.26

3.3.3. The Petitioner further submitted that the above claim was consistent with the regulatory framework under Regulation 33 of the MYT Regulations, 2014, which includes DPS as a component of Non-Tariff Income. The proviso to the said regulations provides that any expenditure incurred for generating or earning Non-Tariff Income may be reduced from such income. The relevant extract of Regulation 33 is reproduced below:

“ 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

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income to Licensed business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee.

b) Interest earned on security deposits, in excess of the rate specified by the Commission shall be considered as Non-Tariff income of the Licensees.

c) The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee.

Provided further that any expenditure incurred for generating/ earning Non-Tariff Income may be reduced from such income.

.....”

- 3.3.4. The Petitioner accordingly submitted the Net Non-Tariff Income after deducting the claimed cost of borrowing for DPS, as set out below:

TABLE 3-10 NET NON-TARIFF INCOME FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER

Sl. No.	Particulars	Reference	Approved vide T.O. dated 22.01.2019	Actual (Rs. Crore)
1.	Non-Tariff Income including DPS	a	8.99	11.81
2.	Less: Cost of Borrowing for DPS	b	4.20	3.26
3.	Net Non-Tariff Income	c = a - b	4.79	8.55

- 3.3.5. The Commission had disallowed the financing cost of DPS of Rs. 3.26 Crores claimed by the Petitioner for FY 2018-19, on the following grounds:

“ 3.24.20 Taking into consideration, the Commission views are that:

- 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.

3.24.21 Hence, the Commission has disallowed the financing cost of DPS of Rs. 3.26 Crore claimed by the Petitioner for FY 2018-19.

.....”

- 3.3.6. Aggrieved by the said disallowance, the Petitioner preferred Appeal No. 98 of 2021 before the Hon’ble APTEL. The Hon’ble APTEL has set aside the disallowance and directed as under:

“In view of the above deliberations, we set aside the finding of State Commission with regard to disallowance of financing cost of DPS on normative basis and hold that financing Cost of DPS should be worked out at the same rate as approved for Working Capital on normative basis.

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We direct the State Commission to allow financing cost of DPS on Normative basis at the same rate as that for working Capital. Accordingly, we need not consider the other authorities cited by the Appellant.

....”

- 3.3.7. Further, the Commission in the true-up Order dated 26.08.2021, for FY 2019-20, has similarly disallowed the additional impact of Rs. 2.85 Crores, on account of cost of borrowing for DPS, based on the principles adopted in the true-up order for FY 2018-19. Relevant excerpt of true-up Order dated 26.08.2021 is extracted hereunder:

“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.

...

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.

...”

- 3.3.8. The Petitioner assailed the said disallowance before the Tribunal in APL No. 343 of 2021. The Hon’ble APTEL vide its Order dated 08.04.2026, remanded the issue for reconsideration based on the principles settled in the judgement passed in the lead appeal against FY 2018-19.

- 3.3.9. Accordingly, this issue is being reconsidered pursuant to the remand as directed in appeal against true-up for FY 2019-20 and the principles settled by the Hon’ble Tribunal in the lead appeal in FY 2018-19.

II. SUBMISSIONS OF THE PETITIONER

- 3.3.10. The Commission, vide its letter dated 15.12.2025, sought specific information from the Petitioner, namely, the monthly break-up of the DPS amount billed in FY 2018-19 and considered in the audited accounts.

- 3.3.11. The monthly break-up of DPS submitted by the Petitioner from its audited accounts for FY 2018-19 is as follows:

TABLE 3-11 MONTHLY BREAK-UP OF DPS FOR FY 2018-19

Delayed Payment Surcharge Details FY 2018-19	
Months	Amount (Rs. Lakhs)
April	63.43
May	44.73
June	40.62
July	47.41
August	59.43
September	34.29

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Delayed Payment Surcharge Details FY 2018-19	
October	33.24
November	41.16
December	32.20
January	31.76
February	30.50
March	113.09
Total	571.86

The aggregate DPS for FY 2018-19, as per audited accounts, is Rs. 5.72 Crores.

- 3.3.12. The Petitioner's computation of the cost of borrowing for DPS, incorporating the rate of interest on working capital as approved by the Commission, i.e., 13.75% p.a. The computation, as submitted by the Petitioner, is as follows:

TABLE 3-12 COST OF BORROWING FOR DPS – FY 2018-19 SUBMITTED BY THE PETITIONER

(Rs. Crore.)

Particulars	Reference	Approved vide T.O. 22.01.2019	Claimed in True Up Petition	Approved in True Up FY 2018-19	True-up w.r.t. APTEL Order
Delayed payment surcharge	a	5.53	5.72	5.72	5.72
DPS grossed up at 1.50%/2% per month or 18%/24% per annum	b	18%	24%	24%	24%
Working Capital Amount	c=(a/b)	30.72	23.83	23.83	23.83
Financing cost @SBI PLR	d	13.68%	13.70%	0.00%	13.75%
Cost of Borrowing for DPS	e = c x d	4.20	3.26	-	3.28

- 3.3.13. Further, the Commission in the true-up for FY 2019-20 in Tariff Order dated 26.08.2021, has similarly disallowed the additional impact of Rs. 2.85 Crores on account of cost of borrowing for DPS, based on the principles adopted in the true-up order for FY 2018-19.

- 3.3.14. The Petitioner vide its Additional Submissions has provided the computation of the additional impact for FY 2019-20, on account of cost of borrowing for DPS, based on identical principle as settled for FY 2018-19 by the Hon'ble APTEL vide its Judgement. The computation, as submitted by the Petitioner, for FY 2019-20, is as follows:

TABLE 3-13 COST OF BORROWING FOR DPS – FY 2019-20 SUBMITTED BY THE PETITIONER

(Rs. Crore.)

Particulars	Reference	Approved vide T.O. 03.09.2019	Claimed in True Up Petition	Approved in True Up FY 2018-19	True-up w.r.t. APTEL Order
Delayed Payment Surcharge	a	5.25	4.96	4.96	4.96
DPS grossed up at 1.50%/2% per month or 18%/24% per annum	b	24%	24%	24%	24%
Working Capital Amount	c=(a/b)	21.88	20.67	20.67	20.67
Financing cost @SBI PLR	d	13.80%	13.80%	0.00%	13.80%

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Particulars	Reference	Approved vide T.O. 03.09.2019	Claimed in True Up Petition	Approved in True Up FY 2018-19	True-up w.r.t. APTEL Order
Cost of Borrowing for DPS	e = c x d	3.02	2.85	-	2.85

3.3.15. The Petitioner accordingly prayed that Rs. 3.28 Cr. for FY 2018-19 and Rs. 2.85 Cr. for FY 2019-20 be allowed as the cost of borrowing for DPS, along with applicable carrying cost.

III. ANALYSIS AND FINDINGS

3.3.16. The Hon'ble APTEL has settled the principle for FY 2018-19 and remanded the corresponding issue for FY 2019-20. Accordingly, the Commission has undertaken the examination of the matter in accordance with the settled principle for FY 2018-19 and has applied the same approach while examining for FY 2019-20.

3.3.17. The Commission notes that the Hon'ble APTEL has held that the financing cost of DPS is to be computed at the same rate as that approved for working capital on a normative basis. This methodology is also consistent with the approach adopted by the Commission in its earlier orders, involving grossing up the actual DPS received in the year to arrive at the implied principal amount of overdue receivables, and then applying the normative working capital interest rate thereto.

3.3.18. In compliance with the Hon'ble APTEL's direction, the Commission gives effect to the finding that the financing cost of DPS is to be approved on a normative basis at the same rate as that applicable for working capital, for FY 2018-19 and FY 2019-20, in accordance with the proviso to Regulation 33 of the MYT Regulations, 2014.

3.3.19. The Commission has done the prudence check of the submissions made by the Petitioner. The Commission finds that the Petitioner has applied the interest rate of 13.75% as considered by the Commission in the True-up for FY 2018-19 for determining the interest on working capital. Similarly, in FY 2019-20, the interest rate of 13.8% was considered for determining the interest rate on working capital. Accordingly, the Commission approves cost of borrowing for DPS for FY 2018-19 and FY 2019-20, as shown below:

TABLE 3-14 COST OF BORROWING FOR DPS FOR FY 2018-19 APPROVED BY THE COMMISSION

S.No.	Particulars	Reference	Approved in True Up FY 2018-19	True-up w.r.t. APTEL Order
1	Delayed payment surcharge	a	5.72	5.72
2	DPS grossing up rate	b	24%	24%
3	Working Capital Amount	c=(a/b)	23.83	23.83
4	Financing cost @SBI PLR	d	~*	13.75%
5	Cost of Borrowing for DPS	e = c x d	NIL	3.28

*Since the cost of borrowing of DPS was not allowed. No interest rate was provided in the Order dated 04.12.2020.

As per Tariff Order, delayed payment surcharge at 1.25% per month for first three months of delay and subsequently 2% per month of delay shall be applicable. For

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arriving at working capital (or revenue) that has not been realized, the delayed payment surcharge that has been booked has been grossed up. The Petitioner had taken 18% per annum of delayed payment surcharge but the Commission had approved working capital amount utilization as 24% (12*2% per month).

TABLE 3-15 COST OF BORROWING FOR DPS FOR FY 2019-20 APPROVED BY THE COMMISSION

S.No.	Particulars	Reference	Approved in True Up FY 2019-20	True-up w.r.t. APTEL Order
1	Delayed payment surcharge	a	4.96	4.96
2	DPS grossing up rate	b	24%	24%
3	Working Capital Amount	c=(a/b)	20.67	20.67
4	Financing cost @SBI PLR	d	0.00%*	13.80%
5	Cost of Borrowing for DPS	e = c x d	NIL	2.85

*Since the cost of borrowing of DPS was not allowed. No interest rate was provided in the Order dated 04.12.2020.

As per Tariff Order, delayed payment surcharge at 1.25% per month for first three months of delay and subsequently 2% per month of delay shall be applicable. For arriving at working capital (or revenue) that has not been realized, the delayed payment surcharge that has been booked has been grossed up. The Petitioner had taken 18% per annum of delayed payment surcharge but the Commission had approved working capital amount utilization as 24% (12*2% per month).

- 3.3.20. Accordingly, for the purpose of determination of net Non-Tariff Income (NTI), the cost of borrowing attributable to DPS, as approved above, shall be reduced from the NTI for the respective years.

3.4. INCLUSION OF TREASURY INCOME IN THE NON-TARIFF INCOME

I. BACKGROUND

- 3.4.1. The Petitioner, in its True-Up Petition for FY 2018-19, submitted that its audited accounts for FY 2018-19 reflected gross Non-Tariff Income of Rs. 18.22 Crores. Out of this, Rs. 6.40 Crores represented income earned from investment of shareholders' funds in fixed deposits and short-term instruments, referred to as "Treasury Income". The Petitioner submitted that this amount should be excluded from Non-Tariff Income for the purposes of computing the ARR as it was generated from the Petitioner's internal resources and not utilised for the purpose of capital expenditure or other operational purposes. The Petitioner accordingly claimed that only Rs. 11.81 Crores, before deduction of DPS financing cost, was liable to be considered as Non-Tariff Income for ARR purposes.

- 3.4.2. The composition of the Petitioner's Non-Tariff Income as per audited accounts for FY 2018-19 is as follows:

TABLE 3-16 DETAILS OF NON-TARIFF INCOME AS PER AUDITED ACCOUNTS

S. No.	Description	Amount (Rs. Cr.)	Remark
1.	Delayed payment charges	5.72	Note-26 of Audited Accounts
2.	Processing charges	0.32	Note-26 of Audited Accounts
3.	Disconnection and reconnection charges	1.28	Note-26 of Audited Accounts
4.	Meter testing charges	0.36	Note-26 of Audited Accounts
5.	Interest on investment & Dividend	0.16	Note-27 of Audited Accounts

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S. No.	Description	Amount (Rs. Cr.)	Remark
6.	Interest in Refund of Transmission Charges	2.39	Note-27 of Audited Accounts
7.	Liquidated Damages recovery	0.99	Note-27 of Audited Accounts
8.	Other Miscellaneous income	0.60	Note-27 of Audited Accounts
9.	Interest Income on bank deposits	5.64	Note-27 of Audited Accounts
10.	Gain on Sale of Short-Term investments	0.76	Note-27 of Audited Accounts
11.	Total Non-Tariff Income	18.22	

- 3.4.3. The Commission, in the Order dated 04.12.2020, observed that the audited accounts disclosed Non-Tariff Income of Rs. 18.22 Crore and approved the entire amount as Non-Tariff Income for the purposes of the True-Up for FY 2018-19, as follows:

TABLE 3-17 NON-TARIFF INCOME FOR FY 2018-19 AS APPROVED BY THE COMMISSION IN THE T.O. DATED 04.12.2020

(Rs. Crore.)

S. No.	Particulars	Reference	Approved vide T.O. dated 22.01.2019	True-Up Petition	Approved vide T.O. dated 04.12.2020
1.	Non-Tariff Income including DPS	a	8.99	11.81	18.22
2.	Less: Cost of Borrowing for DPS	b	4.2	3.26	--
3.	Net Non-Tariff Income	c = a - b	4.79	8.55	18.22

- 3.4.4. Aggrieved by the said inclusion of Treasury Income within Non-Tariff Income, the Petitioner preferred Appeal No. 98 of 2021 before the Hon'ble APTEL.

- 3.4.5. The Hon'ble APTEL examined the regulatory framework and held that Treasury Income so generated from shareholders' funds is to be excluded from total Non-Tariff Income appearing in the audited accounts for the purpose of working out the ARR in the True-Up of FY 2018-19. However, since the claim would require factual determination, including as to the availability of investible surplus with the Petitioner and the source of the instruments through which such income was earned, the matter was remanded to the Commission for the said exercise as under:

"We are also of the view that the claim of Rs 6.4 Crore for treasury Income would require factual determination as part of prudence check, and the Appellant has also consented for such factual determination either by this Tribunal or by State Commission upon remand of the matter. We therefore feel, it is unnecessary for us to deliberate various other rival contentions raised on behalf of the Appellant and the State Commission.

In view of above deliberations, we are of considered view that Treasury Income so generated out of shareholders' funds is to be excluded from total Non-Tariff Income appearing in Audited accounts for working out the ARR requirement in True-up of FY 2018-19. The matter is remanded to the State Commission to undertake exercise of factual determination of such Treasury Income and Appellant shall provide all requisite information as desired by State Commission in this regard."

- 3.4.6. Further, the issue of exclusion of Treasury Income from NTI for FY 2018-19 to FY 2023-24 was left open by the Commission in the True-up Order dated 22.11.2025, for FY

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2023-24, with the following observation- "Further, the above claim of the Petitioner pertains to period from FY 2018-19 to FY 2023-24. The Petitioner has also preferred an appeal in Hon'ble APTEL in the above matter. Therefore, the Commission decides to address the above as per the decision of Hon'ble APTEL." The Petitioner assailed the said disallowance before the Tribunal in APL No. 153 of 2026.

3.4.7. The Hon'ble APTEL vide its Order dated 20.04.2026 & 11.05.2026, in the connected appeals against the subsequent true-up orders, remanded the present issue for Commission's consideration for FY 2019-20 to FY 2023-24.

3.4.8. Accordingly, this issue is being reconsidered for FY 2019-20 to FY 2023-24, pursuant to the remand as directed in appeals against the respective true-up Orders and the principles settled by the Hon'ble Tribunal in the lead appeal for FY 2018-19.

II. SUBMISSIONS OF THE PETITIONER

3.4.9. The Commission, vide its letter dated 15.12.2025, directed the Petitioner to provide all instruments through which Treasury Income was earned in FY 2018-19; and demonstrate that the instruments so submitted were actually purchased from shareholders' funds.

3.4.10. The Petitioner submitted its response to the said queries vide NPCL Remand Submissions. The instruments through which Treasury Income was earned during FY 2018-19 are as follows:

TABLE 3-18 INSTRUMENTS THROUGH WHICH TREASURY INCOME WAS EARNED IN FY 2018-19

S. No.	Particulars	Amount (Rs. Crore)
1	Interest on Fixed Deposit	5.29
2	Gain on Mutual Funds	0.75
3	Interest on Income Tax Refund*	0.35
	Total Amount	6.39

* Interest on Income Tax Refund of Rs. 0.35 Crore has not been contested in Appeal No. 98 of 2021, though it has been contested in other appeals pending before the Hon'ble APTEL. Accordingly, its treatment is subject to the outcome of those proceedings.

3.4.11. In response to the query requiring demonstration that the above instruments were purchased from shareholders' funds, the Petitioner submitted that its shareholders' funds available for investment in FY 2018-19 were derived from the following normative entitlements approved under the MYT Regulations:

- Return on Equity (RoE) – representing a free investible cash entitlement in the hands of the Petitioner;
- Interest on Normative Debt – being an amount allowed on normative basis in respect of capital expenditure, which was not actually deployed towards payment of any external interest, since the Petitioner had funded all capital expenditure exclusively through internal resources without availing any actual debt;

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- Interest on Normative Working Capital – similarly allowed on normative basis without any actual corresponding outflow, since all working capital requirements were met through internal resources; and
- Depreciation – equivalent to normative loan repayment, which did not translate into an actual loan repayment obligation given the absence of external borrowings, and accordingly constituted free cash flow available with the Petitioner.

3.4.12. The Petitioner further submitted a consolidated computation of shareholders' funds available for investment in FY 2018-19, as reproduced below:

TABLE 3-19 SHAREHOLDERS' FUNDS AVAILABLE FOR INVESTMENT IN FY 2018-19

(Rs. Crore)

Particulars	Formula	FY 2018-19
Opening Regulatory (Gap)	A	(278)
Return on Equity	B	59
Interest on Normative Debt	C	45
Interest on working capital	D	4
Depreciation	E	50
Reinvested return of Last year	F	-
Shareholder's Fund	G=B+C+D+E+F	158
Capitalization	H	88
Dividend	I	36
Total Utilization of Shareholder's Fund	J= H+I	124
Balance Shareholder's Fund	K=G-J	34
Regulatory Surplus for the Year	L	134
Available Shareholder's Fund	M=K+L	168
Available Shareholder's Fund after adjustment of Opening Regulatory (Gap)/Surplus	N=M+A	(110)

3.4.13. Based on the above computation, no investible surplus was available with the Petitioner in FY 2018-19, and accordingly, no Treasury Income could have arisen from deployment of shareholders' funds in that year.

3.4.14. The issue of exclusion of Treasury Income from NTI for FY 2018-19 to FY 2023-24 was left open by the Commission in the True-up Order for FY 2023-24 dated 22.11.2025, subject to the decision of the Tribunal in the pending appeals.

3.4.15. The Petitioner vide its Additional submissions stated as follows:

- The issue of exclusion of Treasury Income from consideration under NTI is no longer *Res integra* in light of the Judgement in the lead appeal. It has been held that such Surplus funds which are not earmarked for Capital or Operational expenditure cannot be considered as incidental to the regulated business i.e., distribution. Such Income can only be considered incidental if it arises from activities/assets directly linked to distribution business, therefore, such treasury income is liable for exclusion under NTI;
- Placing reliance on the Proviso to Regulation 47.2 of the MYT Regulations, 2019 affirms that such 'Interest Income' is to be excluded from NTI;

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- Further, the Regulatory asset (Gap)/Surplus as per the audited accounts for the year, indicates that the core business has already been fully funded through internal accruals. As no debt was availed, any 'Treasury Income' earned is a direct consequence of free shareholder's equity, which remained unutilized after meeting the regulated business expenditure.
- Had this surplus not been prudently invested, it would have parked as stagnant cash or been distributed as dividends, without impacting the cash flow of the utility, therefore, cannot possibly be termed as incidental to the regulated business in any manner.
- The details of such income on investment from FY 2018-19 to FY 2024-25 made through Shareholder's fund not earmarked for expenditure of the regulated business, is tabulated herein below:

TABLE 3-20 DETAILS OF SUCH INCOME ON INVESTMENT FROM FY 2018-19 TO FY 2024-25 MADE THROUGH SHAREHOLDER'S FUND

(Rs. Crore)								
Ageing	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	FY-25	Total
Fixed Deposit	5	6	14	21	33	45	38	162
0-30	1	2	1	2	2	2	2	12
31-60	3	1	0	1	1	1	1	8
61-90	0	1	0	0	0	1	1	2
91-180	-	0	1	1	1	0	1	5
Above 180	1	2	12	17	29	40	33	134
Other Short- term	1	1	1	4	5	2	1	15
0-30	1	1	1	1	1	2	1	7
31-60	-	-	0	0	0	0	0	1
61-90	-	-	-	1	0	-	0	1
91-180	-	-	-	2	0	0	-	2
Above 180	-	-	-	-	3	-	-	3
Total	6	6	15	26	38	47	39	177

3.4.16. Accordingly, the Petitioner has sought exclusion of Treasury Income from NTI in the respective true-up orders for FY 2019-20 to FY 2023-24 pursuant to the remand, based on principles settled for FY 2018-19.

III. ANALYSIS AND FINDINGS

3.4.17. The issue of exclusion of Treasury Income from NTI for FY 2018-19 to FY 2023-24 was left open by the Commission in the True-up Order for FY 2023-24, with the following observation-

"Further, the above claim of the Petitioner pertains to period from FY 2018-19 to FY 2023-24. The Petitioner has also preferred an appeal in Hon'ble APTEL in the above matter. Therefore, the Commission decides to address the above as per the decision of Hon'ble APTEL..."

3.4.18. The period from FY 2018-19 to FY 2019-20 pertains to MYT Regulations 2014 and the period from FY 2020-21 to FY 2023-24 pertains to MYT Regulations 2019. The MYT Regulations 2014 provides as below:

3.4.19. Regulation 3.1(18) and Regulation 33(a) of the UPERC MYT Regulations, 2014 regarding 'Non-Tariff Income' are given as under:

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3.1(18) "Non-Tariff Income" means income relating to the licensed business other than from tariff (wheeling and retail Judgement in Appeal No.98 of 2021 & 465 of 2023 Page 186 of 359 supply), and excluding/deducting any income from other business, cross-subsidy surcharge, additional surcharge and expenditure incurred to earn such income; ...

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."

3.4.20. The Commission also takes note of the fact that the subsequent UPERC MYT Regulations, 2019, under Regulation 47.2 is extracted below under Non-Tariff Income:

"47. Non-Tariff Income

47.1 The amount of Non-Tariff Income relating to the Distribution Business as approved by the Commission shall be deducted from the ARR in determining the Tariff for retail supply and Wheeling Charges of the Distribution Business: Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

47.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from investments;
- d) Interest income on advances to suppliers/contractors;
- e) Interest income on loans / advances to employees;
- f) Income from rental from staff quarters;
- g) Income from rental from contractors;
- h) Income from hire charges from contactors and others;
- i) Income from delayed payment surcharge, supervision charges, etc.;
- j) Supervision charges for capital works;
- k) Income from recovery against theft and/or pilferage of electricity;
- l) Income from advertisements;
- m) Income from sale of tender documents;
- n) Excess found on physical verification;
- o) Prior Period Income;
- p) Miscellaneous receipts; and
- q) Any other Non-Tariff Income.

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Distribution Business shall not be included in Non-Tariff Income."

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- 3.4.21. While these provisions are not directly applicable to FY 2018-19 & FY 2019-20, it affirms the consistent regulatory treatment that such income from shareholders' funds is not to be treated as Non-Tariff Income liable to be deducted from the ARR, from FY 2018-19 onwards. Accordingly, the Commission applies the principle settled by the Hon'ble APTEL in the lead appeal for FY 2018-19, and, subject to year-wise factual determination, extends the same approach to FY 2019-20 to FY 2023-24 in the present remand proceedings.
- 3.4.22. The Commission now undertakes the factual determination as directed by the Hon'ble APTEL. The question of fact requiring determination is whether investible surplus from shareholders' funds was available with the Petitioner and whether the Treasury Income shown in the audited accounting statements was in fact generated from such shareholders' funds.
- 3.4.23. The Petitioner has submitted a year-wise, component-wise computation demonstrating the generation and utilisation of shareholders' funds for the period under consideration.
- 3.4.24. The Commission has examined the Petitioner's computation, Additional Submissions and the supporting documentation. The Commission finds the Petitioner's computation and reasoning is not consistent with the regulatory framework and the directions of the Hon'ble APTEL in order to arrive at the Net Shareholder's Fund (i.e., not earmarked for capital/operational expenditure) for the purposes of exclusion of Treasury Income, as the same has been computed on normative basis which is not a true reflection of the audited accounts.
- 3.4.25. The Commission accordingly determines the Treasury Income accrued on a factual assessment of the Net available shareholders' funds in FY 2018-19 to FY 2023-24, based on the audited books of accounts of the Petitioner as follows:
- A. The opening balance for Surplus Funds for FY 2017-18 has been considered Nil as it was the first year which pertains to MYT Regulations 2014. Since, no debt was availed from FY 2017-18 onwards by the Petitioner, any 'Treasury Income' earned is a direct consequence of free shareholder's equity which remained unutilized after meeting the regulated business expenditure;
 - B. Further, the surplus fund generated during the year have been determined by considering the sources contributing to its generation and sources contributing to utilization of surplus fund.
 - Sources contributing to surplus funds: Profit earned after tax, including Regulatory Assets, as per audited accounts.
 - Sources of utilization of surplus funds: Dividend payment and capitalization through own funds and consumer contribution after adjustment of depreciation as per the audited accounts
 - C. The Closing surplus is determined as shown below:

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Closing surplus = opening surplus + amount of sources contributing to surplus funds
– amount of sources of utilization of surplus funds.

- D. The average investment reflects such quantum of shareholder's fund which was available but remained unutilized in that financial year. Considering the average investment and a return thereon is derived solely from deployment of funds exclusively belonging to the shareholders, therefore, such 'Treasury Income' cannot be considered as incidental to the regulated business. The Commission has considered prevailing RBI bank rate to determine the interest on the funds.
- E. As these funds are not part of the Capitalization used to earn a regulated RoE, the corresponding allowable 'Treasury Income' (Interest accrued on avg. investment) cannot be considered as NTI and therefore, has to be excluded. The Commission has considered the lower of treasury income on Shareholder's Fund calculated as per (D) above versus total of actual interest income on bank deposits and the gain on sale of short-term deposits as shown in the audited accounts.

3.4.26. On the basis of the audited books of account and the year-wise material placed on record, the Commission has, in the preceding paragraphs, determined the net surplus funds available for accrual of Treasury Income and the portion of such income that is attributable to shareholders' funds not earmarked for the regulated business of the Petitioner.

3.4.27. Accordingly, to the extent Treasury Income is established, on facts, to have arisen exclusively from investment of shareholders' funds not required for the regulated business, such amount is liable to be excluded from Non-Tariff Income for the purpose of computation of ARR for the respective years.

3.4.28. As per the Commission's analysis based on the settled principles in lead appeal, and pursuant to the remand in connected matters, the Net Available Surplus Fund available with the Petitioner and the allowable Treasury Income thereon, for FY 2018-19 to FY 2023-24, based on its audited books of accounts is as follows:

**TABLE 3-21 NET AVAILABLE SURPLUS FUND AND ALLOWABLE TREASURY INCOME FOR
FY 2018-19 TO FY 2023-24 BASED ON AUDITED ACCOUNTS**

Particulars	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24
Opening Balance	-	42	69	56	306	477	612
Add - Profit after Tax	100	140	140	102	150	161	169
Less- Dividend paid	(18)	(36)	(72)	-	(30)	(36)	(36)
Closing Balance	82	145	136	158	426	602	745
Add – Depreciation	54	63	67	60	64	81	86
Available Fund	136	208	202	217	490	683	831
Less- Capitalization (Own + Consumer Contribution)	(173)	(146)	(172)	(156)	(143)	(143)	(159)
RA (Gap)/Surplus for the year	79	6	26	245	129	72	11
Net Available Fund	42	69	56	306	477	612	684
Average Investment		55	62	181	392	545	648
WAROI of RBI Bank Rate		6.58%	5.69%	4.31%	4.25%	5.70%	6.75%
Treasury Income on Shareholder's Fund		3.63	3.53	7.79	16.65	31.07	43.73

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Particulars	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24
Interest Income on Bank Deposits (excl. short-term investment) as per audited accounts		5.64	5.64	13.85	21.42	33.02	44.89
Allowable (whichever is lower)		3.63	3.53	7.79	16.65	31.07	43.73

3.4.29. The Commission approves Net-Non Tariff Income from FY 2018-19 to FY 2023-24 as shown in table below:

TABLE 3-22 FINAL NET NON-TARIFF INCOME FOR THE PERIOD FROM FY 2018-19 TO FY 2023-24 AS APPROVED BY THE COMMISSION

(Rs. Crore)

Sr. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Delayed Payment Surcharge	5.72	4.96	5.25	4.80	6.70	5.77
2	Processing Charges	0.32	0.34	0.30	0.35	0.53	0.86
3	Disconnection and Reconnection fees	1.28	0.96	0.84	0.95	1.12	0.98
4	Meter testing charges	0.36	0.01	0.15	0.50	0.88	0.97
	Open Access & Wheeling Charges				0.10	0.72	2.41
5	Interest on Investments & Dividend	0.16	0.13	0.12	0.16	0.13	0.13
6	Interest on Refund of Transmission Charges	2.39					
7	Liquidity Damage Recovery	0.99	0.54	0.16	0.80	0.83	7.06
	Supervision Charges				0.08	0.55	0.04
8	Other Miscellaneous Income	0.60	4.64	1.19	1.11	3.48	1.09
	Gain on fair value of investments				2.46		
9	Interest Income on Bank Deposits	5.64	5.64	13.85	21.42	33.02	44.89
10	Gain on Sale of Short-term deposits	0.76	0.57	1.13	4.17	5.05	2.37
11	Total Non-Tariff Income	18.22	17.79	22.99	36.90	53.01	66.57
12	Less: Non-Tariff Income not to be considered in ARR	(3.63)	(3.53)	(7.79)	(16.65)	(31.07)	(43.73)
13	Less: Cost of Borrowing for DPS	(3.28)	(2.85)				
14	Less: NTI not to be considered in ARR as per already approved true-up order						
15	Non-Tariff Income to be reduced from ARR	11.31	11.40	15.20	20.25	21.94	22.84

3.4.30. Accordingly, the Commission approves Treasury Income for exclusion from NTI, as shown in above table for the period from FY 2018-19 to FY 2023-24.

3.5. SHARING OF GAINS AND LOSSES ON ACCOUNT OF CONTROLLABLE FACTORS

I. BACKGROUND

3.5.1. The Commission, vide true-up Order for FY 2018-19 and FY 2019-20, had allowed the claims of the Petitioner towards distribution losses and O&M Expenses on a normative

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basis and restricted the claims to the normative numbers, rather than actuals as sought by the Petitioner in its True-up Petition.

- 3.5.2. Aggrieved with the same, the Petitioner had preferred APL No. 98 of 2021 and APL No. 343 of 2021 against the true-up Orders for FY 2018-19 & FY 2019-20, respectively, contending that since it had sought payment on the basis of actuals, and the Commission had instead granted benefit on a normative basis.
- 3.5.3. The Hon'ble APTEL, vide its Order dated 08.11.2024 in APL No. 98 of 2021, observed that the applicability or otherwise of Regulation 9.2 read with Regulations 11.1 and 11.2 of the MYT Regulations, 2014 had not been examined by the Commission, since no such occasion had arisen earlier. The Hon'ble APTEL recorded that both sides had agreed that, instead of Hon'ble APTEL taking upon itself the task of examining this issue, it would suffice if the issue were remanded to the Commission for its consideration. Accordingly, Hon'ble APTEL remanded this issue to the Commission for its consideration, both on facts and law.
- 3.5.4. The said remand was subsequently reiterated in the final Judgement in lead appeal for FY 2018-19, which disposed of the appeal in its entirety with directions to the Commission to pass order on remanded issue. Similarly, vide its Order dated 08.04.2026 in APL No. 343 of 2021, the said issue was also remanded for Commission's consideration in respect of FY 2019-20.
- 3.5.5. Accordingly, pursuant to the remand orders, the issue is being reconsidered for FY 2018-19 & FY 2019-20, in accordance with the relevant regulations as applicable.

II. SUBMISSIONS OF THE PETITIONER

- 3.5.6. The Petitioner has submitted that the essential claim relates to allowance of the impact of losses on account of controllable factors, specifically, (i) distribution losses; and (ii) O&M Expenses.
- 3.5.7. The Petitioner has placed reliance on Regulations 9.2(c), 9.2(f), 11.2 and 18.1 of the MYT Regulations, 2014, the relevant extracts of which are as follows:

"

9.2 Some illustrative variations or expected variations in the performance of the applicant, which may be attributed by the Commission to controllable factors include, but are not limited to the following:

...

(c) Distribution Losses which shall be measured as the difference between total energy input for sale to all its consumers and sum of the total energy billed in its license area in the same year;

...

(f) Variation in operation & maintenance expenses, except those attributable to directions of the Commission;

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11.2 The approved aggregate loss to the Distribution Licensee on account of controllable factor shall be dealt with in the following manner: One-half of the amount of such loss may be passed on as an additional charge in tariff over such period as may be stipulated in the Order of the Commission; and The balance amount of loss shall be absorbed by the Distribution Licensee.

...
18.1 Distribution Loss: Distribution loss shall be considered as a controllable parameter..."

3.5.8. The Petitioner has contended that on a conjoint reading of Regulations 9.2(c), 9.2(f), 18.1 and 11.2 of the MYT Regulations, 2014, the MYT Regulations, 2014 provide for losses on account of controllable factors i.e., effectively the difference between actual expenditure and normative expenditure, equally between the licensee and the consumers.

3.5.9. The Petitioner has provided the following detailed working in support of its claim for FY 2018-19, as shown in table below:

TABLE 3-23 COMPUTATION OF SHARING ON ACCOUNT OF DISTRIBUTION LOSS

Particulars	U.o.M.	Ref.	Amt. (in Rs. Cr.)
Energy Purchase at Discom Periphery (Actual)	MU	a	2,014.14
Energy Purchase at Discom Periphery (Approved in T.O. dtd 04.12.2020.)	MU	b	2,010.92
Energy Disallowed on account of Distribution Losses	MU	c=a-b	3.22
Power Purchase Cost Allowed	Rs. Cr.	d	1,125.31
Power Purchase Rate Allowed	Rs./Unit	e=d*10/b	5.60
T&D Loss Disallowance Amount	Rs. Cr.	f=c*e/10	1.80
Sharing @ 50%	Rs. Cr.	g=f/2	0.90

TABLE 3-24 COMPUTATION OF SHAREABLE O&M EXPENSES

Particulars	U.o.M.	Ref.	Amt. (in Rs. Cr.)
O&M Expenses Claimed	Rs. Cr.	a	96.79
Normative O&M Expenses	Rs. Cr.	b	76.24
Net Disallowance	Rs. Cr.	c=a-b	20.55
Sharing @ 50%	Rs. Cr.	d=c/2	10.28

TABLE 3-25 SHARING IN CONTROLLABLE FACTOR GAIN/LOSS

Particulars	U.o.M.	Ref.	Amt. (in Rs. Cr.)
Sharing @ 50% of O&M Expenses	Rs. Cr.	a	10.28
Sharing @ 50% on account of Distribution Loss	Rs. Cr.	b	0.90
Total Sharing of Controllable Gain/Loss	Rs. Cr.	c=a+b	11.18

3.5.10. Further, the Petitioner vide its Additional Submissions, has also provided the computation of the financial impact in the true-up Order for FY 2019-20, as shown below:

TABLE 3-26 COMPUTATION OF SHARING ON ACCOUNT OF DISTRIBUTION LOSS

Particulars	U.o.M.	Ref.	Amt. (in Rs. Cr.)
Energy Purchase at Discom Periphery (Actual)	MU	a	2,267.28
Energy Purchase at Discom Periphery (Approved in TO dtd 04.12.2020.)	MU	b	2,261.58

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Particulars	U.o.M.	Ref.	Amt. (in Rs. Cr.)
Energy Disallowed on account of Distribution Losses	MU	c=a-b	5.70
Power Purchase Cost Allowed	Rs. Cr.	d	1,069.74
Power Purchase Rate Allowed	Rs./Unit	e=d*10/b	4.73
T&D Loss Disallowance Amount	Rs. Cr.	f=c*e/10	2.70
Sharing @ 50%	Rs. Cr.	g=f/2	1.35

TABLE 3-27 COMPUTATION OF SHAREABLE O&M EXPENSES

Particulars	U.o.M.	Ref.	Amt. (in Rs. Cr.)
O&M Expenses Claimed	Rs. Cr.	a	110.81
Normative O&M Expenses	Rs. Cr.	b	86.91
Net Disallowance	Rs. Cr.	c=a-b	23.90
Sharing @ 50%	Rs. Cr.	d=c/2	11.95

TABLE 3-28 SHARING IN CONTROLLABLE FACTOR GAIN/LOSS

Particulars	U.o.M.	Ref.	Amt. (in Rs. Cr.)
Sharing @ 50% of O&M Expenses	Rs. Cr.	a	11.95
Sharing @ 50% of T&D Losses	Rs. Cr.	b	1.35
Total Sharing of Controllable Gain/Loss	Rs. Cr.	c=a+b	13.30

III. ANALYSIS AND FINDINGS

- 3.5.11. Pursuant to the remand orders of the Hon'ble APTEL in connected appeals for FY 2018-19 & FY 2019-20, the Commission has examined the submissions of the Petitioner, the directions of the Hon'ble APTEL, and the relevant provisions of the MYT Regulations, 2014.
- 3.5.12. The Commission notes that the Regulation 9 and 11 of MYT Regulations, 2014 together constitute a scheme for sharing of gains or losses arising out of controllable factors between the licensee and the consumers, as part of the incentive and penalty framework embedded in the multi-year tariff architecture.
- 3.5.13. In terms of Regulation 9.2 (c) read with Regulation 9.2 (f) of the MYT Regulations, 2014, variation in distribution losses and variation in O&M expenses are treated as controllable factors. The Commission also finds that the Petitioner has referred the Regulation 18.1 of the MYT Regulations, 2014 as well which states that Distribution loss shall be considered as a controllable parameter. Although Hon'ble APTEL has limited its observations and directions to Regulation 9 and Regulation 11 of the MYT Regulations, 2014, the Commission finds that the reference to Regulation 18 of the MYT Regulations, 2014 by the Petitioner further corroborates the provisions of Regulation 9 of the MYT Regulations, 2014.
- 3.5.14. In terms of Regulation 11.2 of the MYT Regulations, 2014, the approved aggregate loss to the Distribution Licensee on account of controllable factors is to be shared equally, one-half to be passed on as an additional charge in tariff, and the remaining half to be absorbed by the licensee.

Re. O&M Expenses: Variance and Sharing

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- 3.5.15. The Petitioner has claimed actual O&M Expenses of Rs. 96.79 Crore for FY 2018-19, against which the Commission approved normative O&M Expenses of Rs. 76.24 Crore in the truing-up Order. The net adverse variance is Rs. 20.55 Crore. However, the actual O&M expenses as per the audited accounts is Rs. 100.35 Cr. The same has been considered by the Commission for sharing on account of O&M expenses. Similarly for FY 2019-20, the correction has been made by the Commission as the Petitioner has claimed actual O&M Expenses of Rs. 110.81 Cr. whereas as per audited accounts, the actual O&M expenses for FY 2019-20 are Rs. 114.82 Cr.
- 3.5.16. Accordingly, the Commission holds that the loss of Rs. 22.69 Crore for FY 2018-19 and Rs. 26.54 Crore for FY 2019-20 is to be shared in terms of Regulation 11.2 of the MYT Regulations, 2014.
- 3.5.17. The Petitioner's entitlement to 50% of the loss on account of O&M Expenses is therefore Rs. 11.35 Crore for FY 2018-19 and Rs. 13.27 Crores for FY 2019-20, on account of variation in normative and actual O&M expenses, to be passed on in tariff.

Re. Distribution Losses: Variance and Sharing

- 3.5.18. The Petitioner has claimed energy import of 2,014.14 MU, against which the Commission allowed 2,010.92 MU for FY 2018-19. Similarly, the energy import claimed is of 2,267.28 MU, against which 2,261.58 MU has been allowed for FY 2019-20.
- 3.5.19. The Commission has done the prudence check and finds that the quantum of energy on which sharing has to be allowed has been correctly submitted by the Petitioner. However, the Petitioner has considered total power purchase cost for determining the monetary value of the disallowed units. The Commission is of the view that monetary value of Energy Disallowed on account of Distribution Losses is to be done only on rate that has been considered for disallowance. In FY 2018-19, the rate was considered as Rs. 4.54/ kWh and in FY 2019-20, the rate of Rs. 4.43 was considered. No appeal was preferred by the Petitioner against this disallowance and therefore, the same shall be considered for sharing as well.
- 3.5.20. Accordingly, the sharing on controllable factors as approved by the Commission is shown below:

**TABLE 3-29 COMPUTATION OF SHARING ON ACCOUNT OF DISTRIBUTION LOSS
APPROVED BY THE COMMISSION**

Particulars	U.o.M.	Ref.	FY 2018-19 Amt. (Rs. Crore)	FY 2019-20 Amt. (Rs. Crore)
Energy Purchase at Discom Periphery (Actual)	MU	a	2,014.14	2,267.28
Energy Purchase at Discom Periphery (Approved in TO dtd 04.12.2020.)	MU	b	2,010.92	2,261.58
Energy Disallowed on account of Distribution Losses	MU	c=a-b	3.22	5.70

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Particulars	U.o.M.	Ref.	FY 2018-19 Amt. (Rs. Crore)	FY 2019-20 Amt. (Rs. Crore)
Power Purchase Rate of Disallowed Units	Rs./Unit	d	4.54	4.43
Monetary value of Energy Disallowed on account of Distribution Losses	Rs. Cr.	e=c*d/10	1.46	2.53
Sharing @ 50%	Rs. Cr.	f=e/2	0.73	1.26

- 3.5.21. The Commission accordingly approves the sharing of losses from controllable factors (i.e., distribution losses and O&M Expenses), in terms of Regulation 9.2 read with Regulation 11.2 of the MYT Regulations, 2014, as tabulated hereunder:

TABLE 3-30 COMPUTATION OF SHAREABLE O&M EXPENSES APPROVED BY THE COMMISSION

Computation of Shareable O&M Expenses				
Particulars	U.o.M.	Ref.	FY 2018-19 (in Rs. Cr.)	FY 2019-20 (in Rs. Cr.)
O&M Expenses Claimed	Rs. Cr.	a	96.79	110.81
Normative O&M Expenses	Rs. Cr.	b	76.24	86.65
GST Impact Claimed	Rs. Cr.	c	3.56	4.01
GST Impact Approved	Rs. Cr.	d	1.42	1.62
Net O&M Expenses Claimed	Rs. Cr.	e=a+c	100.35	114.82
Net O&M Expenses Approved	Rs. Cr.	f=b+d	77.66	88.27
Net Disallowance	Rs. Cr.	g= e-f	22.69	26.54
Sharing @ 50%	Rs. Cr.	h=g/2	11.35	13.27

TABLE 3-31 COMPUTATION OF SHARING IN CONTROLLABLE FACTOR GAIN/LOSS APPROVED BY THE COMMISSION

Sharing in Controllable Factor Gain/Loss				
Particulars	U.o.M.	Ref.	FY 2018-19 (in Rs. Cr.)	FY 2019-20 (in Rs. Cr.)
Sharing @ 50% of O&M Expenses	Rs. Cr.	a	11.35	13.27
Sharing @ 50% of Distribution Loss	Rs. Cr.	b	0.73	1.26
Total Sharing of Controllable Gain/Loss	Rs. Cr.	c=a+b	12.08	14.53

3.6. DISALLOWANCE OF UNMETERED SALES

I. BACKGROUND

- 3.6.1. The Commission, while undertaking the True-up of FY 2018-19 to FY 2021-22, disallowed power purchase cost corresponding to unmetered sales claimed by the Petitioner. Further, the power purchase cost corresponding to unmetered sales, was also disallowed on the ground that the unmetered sales exceeded the normative parameters approved by the Commission in respect of unmetered consumer categories of the State-owned distribution companies. Aggrieved by the aforesaid disallowance, the Petitioner preferred appeals against the true-up Orders for FY 2018-19 to FY 2021-22.

- 3.6.2. During the hearing of the lead appeal (for FY 2018-19) the Commission placed on record the letters dated 29.12.2016 and 16.04.2019, which had not been referred in

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the true-up Order. Accordingly, Hon'ble APTEL, vide its interim Order dated 02.01.2025 passed in lead appeal, considered the issue of disallowance of unmetered sales for FY 2018-19 and directed as follows:

“ During the course of hearing of the main appeal, the Respondent Commission had sought to bring on record a copy of the letters dated 29.12.2016 and 16.04.2019. It is not in dispute that neither did the impugned order make any reference to either of these two letters nor did the Commission, in its reply filed to the present appeal, refer to these two documents. The submission urged on behalf of the Appellant is mainly that principles of natural justice required the Commission, if they intended to take into consideration these two letters, to put the Appellant on notice, and give them an opportunity of being heard with respect to these two documents, before passing the impugned order.

*We are saved the trouble of examining whether these documents can be received at the appellate stage, that too when the main appeal is being finally heard, as both Mr. B.P. Patil, Learned Senior Counsel appearing on behalf of the Appellant and Mr. Sitesh Mukherjee, Learned Senior Counsel appearing on behalf of the Respondent-Commission, would agree that, instead of adjudicating this issue, it would suffice if this Tribunal were to set aside the impugned order with respect to this Page 2 of 3 particular issue, **and remand the matter to the Commission for its consideration afresh and in accordance with law** after putting the Appellant on notice regarding these two documents, and giving them an opportunity of being heard. As Learned Senior Counsel on either side are in agreement, we set aside the impugned order with respect to this issue. **When final orders are passed, with respect to all the issues in the main appeal, this issue shall be remanded to the Commission for its consideration afresh after complying with the rules of natural justice, making it clear that we have not expressed any opinion on merits.** Needless to state that, while passing final orders in the main appeal, it shall also be made clear that all contentions on this issue are being left open to be agitated before the Commission.*

.....”

- 3.6.3. The said remand was subsequently reiterated in the final Judgement in lead appeal for FY 2018-19, which disposed of the appeal in its entirety with directions to the Commission to pass order on remanded issues. Subsequently, vide its Order dated 08.04.2026 in APL No. 343 of 2021, the said issue was also remanded for Commission's consideration in respect of FY 2019-20. Similar remand orders were passed by the Hon'ble APTEL on 11.05.2026 in the connected matters for FY 2020-21 to FY 2021-22.
- 3.6.4. Accordingly, pursuant to the above remand orders of Hon'ble APTEL, the issue is being reconsidered for FY 2018-19 & FY 2021-22, in accordance with the law and the material placed on record.

II. SUBMISSIONS OF THE PETITIONER

- 3.6.5. Pursuant to the Commission's letter dated 15.12.2025, mail dated 02.04.2025 and the information required w.r.t. to the Hon'ble APTEL Judgement dated 28.11.2025, the

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Petitioner has submitted its response and supporting material on the issue of unmetered sales in the lead appeal for FY 2018-19. The Petitioner has submitted the case-wise details of all theft cases and sample documents pertaining to theft cases realized during FY 2018-19.

- 3.6.6. The Commission also formally placed on record the letters dated 29.12.2016 and 16.04.2019, which had been the subject of dispute before the Hon'ble APTEL, and notified the Petitioner of its intention to consider the same in the course of fresh adjudication.
- 3.6.7. The Petitioner has submitted that the sales attributable to its authorised unmetered consumers — specifically those in the LMV-1 (Domestic Light, Fan & Power – Unmetered) and LMV-5 (Private Tube Wells – Unmetered) categories — have been booked strictly in accordance with the normative consumption parameters applicable to such categories, as set out in the Commission's Order dated 09.12.2016, irrespective of any question as to whether those norms were directly applicable to the Petitioner or not.
- 3.6.8. The Petitioner submitted that, on a standalone assessment, authorised unmetered sales for the period under consideration were well within the norms prescribed by the Commission.
- 3.6.9. The Petitioner has further submitted that the disallowed excess unmetered sales arise from enforcement actions against unauthorised use and theft of electricity, pursuant to assessments conducted under Sections 126 and 135 of the Act. The assessed energy under Section 126 of the Act is treated as consumption and hence as sales.
- 3.6.10. As an illustration, the complete breakup of the sales booked under LMV-1 and LMV-5 for FY 2018-19, is shown below:

TABLE 3-32 BREAKUP OF THE SALES BOOKED UNDER LMV-1 AND LMV-5 FOR FY 2018-19

Category	MU	Revenue (Rs. Crore)
LMV-1 — Normative Consumption	8.47	2.49
LMV-1 — Assessed Sales (Theft)	7.80	1.36
Total LMV-1	16.27	3.86
LMV-5 — Normative Consumption	6.70	0.78
LMV-5 — Assessed Sales (Theft)	13.58	1.86
Total LMV-5	20.28	2.63

- 3.6.11. The Petitioner has submitted that the dispensation in the true-up Orders for FY 2018-19 to FY 2021-22, whereby the entire unmetered sales were approved for the purpose of revenue, but the power purchase cost corresponding to such sales was simultaneously disallowed, has caused double loss to the Petitioner. The Petitioner has borne the cost of procuring and supplying the power corresponding to those disallowed excess unmetered sales, without any corresponding recovery in ARR.

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3.6.12. The Petitioner relied upon the judgement of the Supreme Court in *BSES Rajdhani Power Limited v. DERC*, (2022) SCC Online SC 1450, and the judgement of the Hon'ble APTEL in *Reliance Infrastructure Limited v. MERC & ORS* (Appeal No. 85 of 2012), both of which affirm that energy assessed under Section 126 of the Act constitutes deemed consumption and must be recognised as supply/sales by the distribution licensee. The Petitioner submitted that limiting the quantum of assessed sales by reference to normative consumption norms applicable to authorised unmetered consumers would be contrary to the statutory framework and the settled legal position.

3.6.13. Further, vide its Additional Submissions, the Petitioner has also furnished the details of disallowance on account of unmetered sales for FY 2019-20 to FY 2021-22, in line with the methodology/details submitted for FY 2018-19. The Petitioner has submitted the case-wise details of all theft cases and sample documents pertaining to theft cases realized during FY 2019-20 to FY 2021-22.

3.6.14. The Petitioner vide its Additional Submissions has provided the complete breakup of the sales booked under LMV-1 and LMV-5 for FY 2019-20, FY 2020-21 & FY 2021-22, is shown below:

TABLE 3-33 BREAKUP OF THE SALES BOOKED UNDER LMV-1 AND LMV-5 FOR FY 2019-20

Category	MU	Revenue (Rs. Crore)
LMV-1 — Normative Consumption	8.44	2.74
LMV-1 — Assessed Sales (Theft)	10.15	2.13
Total LMV-1	18.60	4.86
LMV-5 — Normative Consumption	6.42	0.77
LMV-5 — Assessed Sales (Theft)	12.43	1.84
Total LMV-5	18.85	2.61

TABLE 3-34 BREAKUP OF THE SALES BOOKED UNDER LMV-1 AND LMV-5 FOR FY 2020-21

Category	MU	Revenue (Rs. Crore)
LMV-1 — Normative Consumption	8.47	2.94
LMV-1 — Assessed Sales (Theft)	4.20	0.99
Total LMV-1	12.67	3.94
LMV-5 — Normative Consumption	6.34	0.79
LMV-5 — Assessed Sales (Theft)	6.90	1.28
Total LMV-5	13.24	2.07

TABLE 3-35 BREAKUP OF THE SALES BOOKED UNDER LMV-1 AND LMV-5 FOR FY 2021-22

Category	MU	Revenue (Rs. Crore)
LMV-1 — Normative Consumption	8.17	2.82
LMV-1 — Assessed Sales (Theft)	-	-
Total LMV-1	8.17	2.82
LMV-5 — Normative Consumption	5.60	0.64
LMV-5 — Assessed Sales (Theft)	0.07	0.01
Total LMV-5	5.67	0.65

III. **ANALYSIS AND FINDINGS**

3.6.15. Pursuant to the remand orders of the Hon'ble APTEL in connected appeals for FY 2018-19 & FY 2021-22 for its consideration, the Commission has examined the material

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placed on record in remand proceedings and the submissions made in the true-up petitions along with the true-up orders.

- 3.6.16. The Commission at the outset notes that the Hon'ble APTEL has refrained from expressing any opinion on the merits of this issue. All contentions of both sides are left open. Accordingly, the Commission undertakes, examination of the issue on both facts and law for the period under consideration.
- 3.6.17. The Commission's vide its Order dated 09.12.2016 prescribed normative consumption parameters for unmetered consumer categories applicable to the State-owned distribution companies. The Petitioner vide letter dated 16.04.2019 had submitted that the company booked the normative consumption based on the norms given by the Commission letter dated 09.12.2016. The Petitioner has, without prejudice, applied the same normative methodology to its authorised unmetered consumers in its regulatory submissions.
- 3.6.18. The Commission finds that norms given by the Commission for the State DISCOMs also applies for the Petitioner as well which have been considered for the energy supplied to unmetered consumers.
- 3.6.19. As per the submission made by the Petitioner, the excess sales booked under unmetered consumer category is related to enforcement actions against unauthorised use and theft of electricity, pursuant to assessments conducted under Sections 126 and 135 of the Act. The Petitioner has submitted the case-wise details of all theft cases and sample documents pertaining to theft cases realized during FY 2019-20 to FY 2021-22.
- 3.6.20. The Commission notes that such assessed energy constitutes deemed consumption which is required to be recognised as supply and sales by the distribution licensee. This is also the settled position of law as established by the Supreme Court in *BSES Rajdhani Power Limited v. DERC* and by the Hon'ble APTEL in *Reliance Infrastructure Limited v. MERC*.
- 3.6.21. The Commission has taken note of the Petitioner's submission regarding the asymmetry between revenue recognition and power purchase cost disallowance in the true-up Order for FY 2018-19 wherein it stated that in true-up order for FY 2018-19, the Commission has considered the revenue from assessed consumption in ARR but has disallowed power purchase cost corresponding to such assessed consumption. The Petitioner's unmetered sales for FY 2019-20; FY 2020-21, and FY 2021-22 were disallowed on the same basis as adopted for FY 2018-19 in the true-up Order.
- 3.6.22. Accordingly, in terms of the remand by the Hon'ble Tribunal, upon examination, the Commission finds merit in the Petitioner's contention to the extent that, where assessed component of unmetered sales is approved for revenue purposes, the corresponding power purchase cost cannot be disallowed and must be allowed on the same basis.

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3.6.23. Therefore, the disallowance of power purchase cost corresponding to unmetered sales made in FY 2018-19, and subsequent years on the same rationale, is set aside subject to year-wise re-examination and adjustment thereof in terms of remand by the Hon'ble Tribunal.

3.6.24. The Commission is of the view that the energy has been booked under unmetered category as a result of assessment undertaken for the matters related to theft and unauthorized use of electricity, however, such energy should have been metered. The Commission has done the analysis for the revenue booked for the assessment of such energy as shown in the table below:

TABLE 3-36 ASSESSMENT OF UNMETERED SALES FROM FY 2018-19 TO FY 2021-22

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Excess Sales under LMV-1	7.80	9.28	3.45	-
Revenue from excess Sales under LMV-1	1.36	2.43	1.07	-
ABR of excess Sales under LMV-1	1.74	2.61	3.11	-
Excess Sales under LMV-5	13.58	13.36	7.96	0.92
Revenue from excess Sales under LMV-5	1.86	1.85	1.24	0.11
ABR of excess Sales under LMV-5	1.37	1.39	1.56	1.15

3.6.25. The Commission observes that the ABR of the assessed units is much lower than the ABR of the metered consumers. The Commission is of the view that allowing an ABR for assessed units lower than the ABR of metered consumers would not be appropriate and would discourage the consumers for making payments. Therefore, the Commission, has determined deemed revenue for the assessed units wherein, actual ABR of metered consumers has been considered.

3.6.26. Based on above, Deemed Revenue w.r.t. Unmetered Sales for FY 2018-19 is tabulated hereunder:

TABLE 3-37 COMPUTATION OF DEEMED REVENUE W.R.T. UNMETERED SALES FOR FY 2018-19

FY 2018-19					
Category	Actual Unmetered Sales including Theft	ABR Realised	ABR to be considered for Unmetered Sales	Diff. ABR	Deemed Revenue
	MU	Rs./Unit	Rs./Unit	Rs./Unit	Rs. Cr.
	a	b	c	d=c-b	e=d*(a/10)
LMV-1	7.80	1.74	5.17	3.43	2.68
LMV-5	13.58	1.37	2.43	1.06	1.44
Total	21.38				4.11

3.6.27. Further, details of year-wise computation of such disallowance for the period from FY 2019-20 to FY 2021-22, are also tabulated hereunder:

TABLE 3-38 COMPUTATION OF DEEMED REVENUE W.R.T. UNMETERED SALES FOR FY 2019-20

FY 2019-20					
Category	Actual Unmetered Sales including Theft	ABR Realised	ABR to be considered for Unmetered Sales	Diff. ABR	Deemed Revenue
	MU	Rs./Unit	Rs./Unit	Rs./Unit	Rs. Cr.
	a	b	c	d=c-b	e=d*(a/10)
LMV-1	9.28	2.61	6.00	3.39	3.14
LMV-5	13.36	1.39	4.24	2.85	3.81
Total	22.64				6.95

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TABLE 3-39 COMPUTATION OF DEEMED REVENUE W.R.T. UNMETERED SALES FOR FY 2020-21

FY 2020-21					
Category	Actual Unmetered Sales including Theft	ABR Realised	ABR to be considered for Unmetered Sales	Diff. ABR	Deemed Revenue
	MU	Rs./Unit	Rs./Unit	Rs./Unit	Rs. Cr.
	a	b	c	d=c-b	e=d*(a/10)
LMV-1	3.45	3.11	3.64	0.54	0.19
LMV-5	7.96	1.56	3.47	1.91	1.52
Total	11.41				1.71

TABLE 3-40 COMPUTATION OF DEEMED REVENUE W.R.T. UNMETERED SALES FOR FY 2021-22

FY 2021-22					
Category	Actual Unmetered Sales including Theft	ABR Realised	ABR to be considered for Unmetered Sales	Diff. ABR	Deemed Revenue
	MU	Rs./Unit	Rs./Unit	Rs./Unit	Rs. Cr.
	a	b	c	d=c-b	e=d*(a/10)
LMV-1	-	3.46	5.24	1.78	-
LMV-5	0.92	1.15	3.21	2.06	0.19
Total	0.92				0.19

3.7. SHORT TERM POWER, BANKING OF POWER AND SALE OF SURPLUS POWER

I. BACKGROUND

- 3.7.1. The Petitioner in FY 2018-19 had undertaken Short-term power procurement from various sources including bilateral, hydro generators, exchanges and other sources. Certain quantum of such power was also utilised in relation to banking transactions and sale of surplus power during the year.
- 3.7.2. The Commission in true-up order for FY 2018-19 had disallowed such short-term procurement of power from sources other than those specifically approved and further held that the balance short-term power requirement beyond the approved sources would be deemed to have been procured from power exchanges at the rate considered appropriate by the Commission.
- 3.7.3. The Commission had concomitantly disallowed the banking transaction undertaken in that year, except to a limited extent concerning return of previously banked power in FY 2017-18. The associated transmission charges for approved FY 2017-18 banking return was also disallowed.
- 3.7.4. As regard to the sale of surplus power, the Commission disallowed the same as a consequential disallowance following the disallowance of excess short-term power procurement and banking.
- 3.7.5. Aggrieved by the aforesaid disallowances, the Petitioner challenged the same in lead appeal against FY 2018-19 and the Hon'ble APTEL in its Judgement examined all three issues in detail and directed as below:
- The short-term procurement of power is to be allowed at the actual cost of procurement, provided that the quantum remains within the approved quantum of

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315.74 MUs and the rate does not exceed the approved average rate under the ARR Order.

- Issue of banking of power remanded to the Commission to undertake a prudence check. The applicable transmission charges for the return of banked power approved in FY 2017-18 and for the banked power utilised in FY 2018-19 were also allowed.
- The Commission's disallowance of sale of surplus power was solely consequential upon the disallowance of short-term procurement and banking. Since the Hon'ble APTEL allowed short-term procurement within the approved quantum and rate, the sale of surplus power was correspondingly directed to be allowed with appropriate concomitant adjustments.

3.7.6. The Commission, in the subsequent true-up Order dated 26.08.2021 for FY 2019-20, had adopted a similar approach in relation to short-term procurement, banking and sale of surplus power. The said issues were also carried in appeal, and the Hon'ble APTEL, vide its Order dated 20.04.2026 had remanded the issue for its consideration by the Commission.

3.7.7. Accordingly, this issue is being reconsidered for FY 2018-19 and FY 2019-20, pursuant to the remand as directed in appeals against the true-up Order for FY 2019-20 and the principles settled by the Hon'ble Tribunal in the lead appeal for FY 2018-19, subject to factual determination.

II. SUBMISSIONS OF THE PETITIONER

3.7.8. The Commission, vide its letter dated 15.12.2025, sought the following information from the Petitioner:

- Copies of all short-term PPAs for procurement of power for FY 2018-19;
- Justification that the short-term power procured was within the approved quantity and rate;
- All banking contracts for FY 2017-18 to FY 2019-20, with reconciliation of scheduling of banking power against the contracts;
- Detailed justification for why the banking contracts were entered into in FY 2018-19;
- Invoices for financial transactions related to banking; and
- All invoices for the sale of power, with justification of the rate received.

Re. Short-term power procurement for FY 2018-19 and FY 2019-20

3.7.9. In response, the Petitioner made the following submissions:

- During FY 2018-19 it had procured a total of 551.68 MUs of short-term power at a weighted average rate of Rs. 4.54/kWh, amounting to Rs. 250.22 Crores excluding transmission cost. The source-wise break-up of the short-term power procured by the Petitioner was as follows:

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TABLE 3-41 SOURCE-WISE BREAK-UP OF SHORT-TERM POWER PROCURED BY THE PETITIONER

Supplier's Name	MU Imported at NPCL Bus	Per Unit Cost (Rs./kWh)	Total (Rs. Crore)
Arunachal Power Corporation (P) Ltd. (APPCPL)	82.82	4.81	39.84
Shree Cements Ltd. (SCL)	315.42	4.67	147.25
Mittal Processors Private Limited (MPPL)	9.45	4.23	4.00
AD Hydro Power Ltd	58.27	4.12	24.01
Power Exchanges	84.27	4.08	34.40
Others	1.45	4.88	0.71
Subtotal	551.68	4.54	250.21

- That out of the 551.68 MUs so procured, 321.16 MUs were actually utilised for consumer servicing in FY 2018-19, as detailed below:

TABLE 3-42 UTILISATION OF SHORT-TERM POWER PROCURED IN FY 2018-19

Particulars	Quantity (Mus)
Short-Term Power Procured	551.68
Banking Return for FY 2017-18	(14.85)
Banking Transaction for FY 2018-19	(14.71)
Forward Banking for FY 2019-20	(175.34)
Sale of power	(22.40)
T&D Loss	(3.21)
Net Short-Term Power Utilised for Consumer Servicing	321.15

- The Commission, in the ARR Order dated 22.01.2019 for FY 2018-19 had approved the short-term procurement of 315.74 MUs at an average rate of Rs. 4.76/kWh. The actual short-term power utilised for consumer servicing in FY 2018-19 was 321.15 MUs at a weighted average cost of Rs. 4.54/kWh.
- Evidently, the actual procurement of 321.15 MUs for consumer servicing marginally exceeded the approved quantum of 315.74 MUs by 5.42 MUs, but the actual cost of procurement of Rs. 4.54/kWh was well below the approved weighted average cost of Rs. 4.76/kWh. Therefore, the said power procurement has not resulted in any additional burden on the consumers.

3.7.10. The Commission had made similar disallowances in short-term power procurement for FY 2019-20 as well. In terms of its claim for FY 2018-19, Petitioner vide additional submission, made the following submissions for FY 2019-20:

- The Commission in the ARR Order dated 03.09.2019 had approved the quantum of 228.21 MU and the landed rate of Rs. 5.32 per kWh for procurement of the short-term power;
- Further, the Commission in the true-up Order for FY 2019-20 had only approved the quantum of 205.14 MUs from IEX and disallowed for other sources due to want of prior approval;
- The Petitioner had procured a total of 356.84 MU, including the 205.14 MU from IEX, at the landed rate of Rs. 4.43 per kWh, which is substantially lower than the approved rate of Rs. 5.32 per kWh, including transmission charges and losses;

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- 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;
- Accordingly, the power purchase from short-term, which was not considered by the Commission is as follows for FY 2019-20:

TABLE 3-43 POWER PURCHASE FROM SHORT TERM NOT CONSIDERED BY THE COMMISSION FOR FY 2019-20

Source	Energy (MU) at NPCL bus	Avg. Cost (Rs./kWh)	Cost (Rs. Crore)	Trans. Charges (Rs. Crore)
Arunachal Power Corporation (P) Ltd. (APPCPL)-Hydro	34.59	4.26	14.74	1.80
Arunachal Power Corporation (P) Ltd. (APPCPL)-Day Ahead/Contingency	24.50	4.36	10.67	0.40
Shree Cements Ltd	91.21	4.75	43.30	4.55
Mittal Processors Private Limited (MPPL) – Day Ahead/Contingency	1.41	4.12	0.58	0.07
IEX (Actuals)	205.14	3.43	70.32	11.48
Total Short-Term Power	356.84	3.91	139.61	18.30

- Accordingly, for FY 2019-20 the Petitioner has revised its claim to 356.84 MUs at a landed cost of Rs.3.91 kWh and the concomitant transmission charges of Rs. 18.30 Crs.
- Apart from above, during FY 2019-20, the Petitioner had also procured 78.62 MU of Short Term RE Power (out of total 95.02 MUs RE power). The Petitioner has utilised whole of the procured 95.02 MUs power for the purpose of supply to its consumers and simultaneously fulfilling its RPO Obligations and therefore, the Commission had duly approved the whole quantum of 95.02 MU in its Tariff Order dated 26.08.2021. However, the Commission had disallowed the partial cost of Short Term RE power as such power the same was procured through sources not specifically approved by the Commission.
- Petitioner requested the Commission to also allow full cost of Short Term RE Power keeping in view the Hon'ble APTEL's judgement dated 28.11.2025 in Appeal No. 98/2021 since the said power has been utilized to supply to the consumers.

Re. Banking of Power

3.7.11. As regard to the power banking, the Petitioner has made consolidated submissions for FY 2018-19 and FY 2019-20, as follows:

- I. That out of the total 204.91 MUs of banking during FY 2018-19, 14.85 MUs pertained to the return of power banked during FY 2017-18, whose energy charges of Rs. 6.54 Crores were already approved by the Commission in the true-up order for FY 2018-19. However, the associated transmission charges of Rs. 0.59 Crores were disallowed;
- II. 175.34 MUs pertained to forward banking for drawl in FY 2019-20, with associated transmission charges of Rs. 7.81 Crs.

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III. 14.71 MUs represented the net banking for FY 2018-19 itself (comprising "Banking In" of 124.71 MUs and "Banking Return" of 139.42 MUs within FY 2018-19), with associated transmission charges of Rs. 10.97 Crores and trading margin of Rs. 0.53 Crores. The Petitioner submitted that this banking was entered into as a prudent power procurement and demand management measure for the following reasons:

- The banking arrangements were entered into with Himachal Pradesh State Electricity Board Ltd. (HPSEB)/Haryana Power Purchase Centre (HPPC) through a licensed trader, under which up to 50 MW RTC power was received during April 2018 to September 2018 (peak summer season) and returned during October 2018 to March 2019 (lean winter season). This aligned the receipt of power with peak demand and return with the lean period.
- Power was sourced from the Northern Region, thereby avoiding transmission congestion; it was sourced from a hydro-rich state, making it immune from coal shortages prevalent during FY 2018-19; and the arrangement aided compliance with the Renewable Purchase Obligation.
- The IEX rates during the lean winter months of November 2018 to March 2019 ranged from Rs. 2.31/kWh to Rs. 2.81/kWh, rates that were considered inadequate for sale of surplus power. Banking the power for return in the following summer, when demand and prices were anticipated to be higher, was commercially prudent.
- During FY 2018-19, there was an acute coal shortage in the country, which kept bilateral market rates elevated. By entering into banking arrangements from hydro sources, the Petitioner sought to de-link itself from market uncertainties.

IV. The Petitioner vide its additional submission has also claimed Transmission Charges of Rs. 9.42 Crs. concomitant to 163.02 MU, for the power banked in FY 2018-19 and received in FY 2019-20, for the approval and consideration of the Commission.

Re. Sale of Surplus Power

3.7.12. As regard to the sale of surplus power, the Petitioner submitted that it had sold 22.40 MUs during FY 2018-19 at a rate of Rs. 2.62/kWh amounting to Rs. 5.87 Crores, through a bilateral mechanism at the prevailing IEX rate plus a premium of Rs. 0.03/kWh. The month-wise details are as follows:

TABLE 3-44 MONTH-WISE DETAILS OF SALE OF SURPLUS POWER FOR FY 2018-19

Month	Energy at NR	Energy at NPCL	Amount Rs. Cr. at NR	Amount Rs. Cr. at NPCL	Rate at NR	Rate at NPCL
Dec-18	5.49	5.15	1.19	1.14	2.17	2.21
Jan-19	3.2	3	0.66	0.63	2.06	2.09
Feb-19	4.2	3.94	0.97	0.93	2.31	2.35
Mar-19	10.92	10.3	3.05	3.17	2.8	3.08
Total	23.81	22.40	5.87	5.86	2.47	2.62

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3.7.13. The Petitioner submitted that the rate realised of Rs. 2.62/kWh was superior to what could have been achieved through the power exchange (approximately Rs. 2.57/kWh net of exchange trading margin), representing an additional benefit of approximately Rs. 0.05/kWh to consumers. The Petitioner had claimed a net adjustment of 5.87 Crs. (inclusive of Transmission charges) for FY 2018-19 on account of sale of surplus power.

3.7.14. Similarly, the Petitioner vide additional submissions stated that based on a similar approach for FY 2018-19, the Commission as a consequence of disallowance of unapproved short-term power and banking transaction, had not approved the Sale of Surplus power for FY 2019-20. Therefore, based on similar principles, has claimed a net adjustment of Rs. 11.18 Cr. from the Power Purchase cost and additional claim of Transmission charges of Rs. 1.35 Cr., commensurate to the 51.49 MU for FY 2019-20, for the consideration and approval of the Commission.

Consolidated Cost of Short Term Power, Power Banking and Sale of Power

3.7.15. Accordingly, the Petitioner has requested the Commission to approved the Short Term Power, Banking and Sale of Power for FY 2018-19 and FY 2019-20 as summarised below:

TABLE 3-45 SHORT TERM POWER COST CLAIMED BY PETITIONER

Particulars	FY 2018-19					FY 2019-20				
	Qty. in MUs	Rate in Rs.	Cost in Rs. Cr.	Trans. Chg. in Rs. Cr.	Total Cost in Rs. Cr.	Qty. in MUs	Rate in Rs.	Cost in Rs. Cr.	Trans. Chg. in Rs. Cr.	Total Cost in Rs. Cr.
Short Term Power :										
Non-RE Source:										
APPCPL	82.82	4.81	39.84	4.31	44.15	24.50	4.36	10.67	0.40	11.07
APPCPL (Hydro)	-	-	-	-	-	34.59	4.26	14.74	1.80	16.54
AD Hydro Power Ltd	58.27	4.12	24.01	3.16	27.17					-
MPPL	9.45	4.23	4.00	0.44	4.44	1.41	4.12	0.58	0.07	0.65
Shree Cements	315.42	4.67	147.25	11.02	158.27	91.21	4.75	43.30	4.55	47.85
Others	1.45	4.90	0.71	0.08	0.79	-	-	-	-	-
Power Exchanges	84.27	4.08	34.40	5.70	40.10	205.14	3.43	70.32	11.48	81.80
Subtotal-Non-RE Power	551.68	4.54	250.21	24.71	274.92	356.84	3.91	139.61	18.30	157.91
RE Sources :						78.62	5.11	40.14	3.22	43.36
Total Short Term Power	551.68	4.54	250.21	24.71	274.92	435.46	4.13	179.75	21.52	201.27
Power Banking :										
Return of Banking Power (for FY 2017-18)	(14.85)	4.40	(6.54)	0.59	(5.95)	-	-	-	-	-
Power Banking & Return (for FY 2018-19)	(14.71)	(0.36)	0.53	10.97	11.50	-	-	-	-	-
Power Banked (for FY 2018-19)	(175.34)	4.26	(74.71)	7.81	(66.91)	163.02	4.59	74.81	9.42	84.23
Total Power Banking	(204.91)	3.94	(80.73)	19.38	(61.35)	163.02	4.59	74.81	9.42	84.23
Sale of Power	(22.40)	2.62	(5.87)	0.01	(5.86)	(51.49)	2.17	(11.18)	1.35	(9.83)

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Particulars	FY 2018-19					FY 2019-20				
	Qty. in MUs	Rate in Rs.	Cost in Rs. Cr.	Trans. Chg. in Rs. Cr.	Total Cost in Rs. Cr.	Qty. in MUs	Rate in Rs.	Cost in Rs. Cr.	Trans. Chg. in Rs. Cr.	Total Cost in Rs. Cr.
Overall Short Term Power Cost	324.37	5.04	163.61	44.09	207.70	547.00	4.45	243.38	32.29	275.67
Less: T&D Loss	(3.22)	4.54	(1.46)	(0.14)	(1.61)	(5.70)	4.43	(2.52)	-	(2.52)
Overall Short Term Power Cost (net)	321.15	5.05	162.15	43.95	206.10	541.30	4.45	240.86	32.29	273.14

III. ANALYSIS AND FINDINGS

3.7.16. The Commission has considered the approval of short-term power procurement, power banking, and sale of surplus power in a consolidated manner, in line with the principles settled by the Hon'ble APTEL in the lead appeal for FY 2018-19 and the subsequent remand for its consideration in FY 2019-20.

3.7.17. In the true-up orders for FY 2018-19 and FY 2019-20, the Commission had disallowed short-term power procurement primarily on account of the disallowance of power banking and sale of surplus power. Accordingly, in order to assess whether the utilisation of short-term power remained within the limits approved in the respective ARR Orders, it is necessary to first determine the requirement, which entails undertaking a prudence check of power banking and sale of surplus power, in line with the Tribunal's direction.

Re. Banking of Power

3.7.18. The Commission in Tariff Order dated December 04, 2020 had disallowed the banking of power by the Petitioner as the Petitioner neither took any prior approval of the Commission for Banking of Power, nor informed the Commission about it. The Commission also observed that excess short term power was purchased for banking of power without prior approval of the Commission. The Commission did not perform the prudence check of the banking transactions.

3.7.19. The Commission is directed by the Hon'ble APTEL to undertake a prudence check of the power banking undertaken by the Petitioner for use in FY 2018-19. The applicable transmission charges for the return of banked power approved in FY 2017-18 and for the banked power utilised in FY 2018-19 have been allowed by the Hon'ble APTEL.

3.7.20. In line with the directions of the Commission, the prudence check of the banking transactions has been done. The primary concern of the Commission is to examine the way the banking transactions have been done. Therefore, the Commission has examined the banking transactions holistically for the three-year period from FY 2017-18 to FY 2019-20. The total banking-related claims of the Petitioner are summarised below:

TABLE 3-46 SUMMARY OF BANKING RELATED CLAIMS

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S. No.	Particulars	Quantum (MUs)
1.	Banking of power in FY 2017- 18	
a.	Power Procured through Banking to be returned in FY 2018-19 at NPCL periphery	14.01
	Total for FY 2017-18	14.01
2.	Banking of power in FY 2018- 19	
a.	Return of Power Procured through Banking in FY 2017- 18 including transmission losses and margin	(16.39)
b.	Power Procured through Banking to be returned within FY 2018-19	124.71
c.	Return of Power Procured through Banking within FY 2018-19	(139.43)
d.	Net Energy banked within FY 2018-19 (c.-b.)	(14.71)
e.	Power supplied under Banking to be procured in FY 2019-20	(175.34)
	Total for FY 2018- 19 (a.+d.+e.)	(204.91)
3.	Banking of power in FY 2019- 20	
a.	Return of Power Procured through Banking in FY 2018-19 (net of transmission losses)	163.02

3.7.21. Based on the above, the Commission identifies that there are three legs of banking transactions that were operational in FY 2018-19 i.e. Return of Power Procured through Banking in FY 2017- 18, banking & return of power within FY 2018-19 and Power supplied under Banking to be procured in FY 2019-20. Further, the Petitioner submitted the details of banking transactions as shown below:

TABLE 3-47 DETAILS OF BANKING TRANSACTIONS SUBMITTED BY THE PETITIONER

S. No.	Agreement Dated	Trader	Banking Month	Scheduled Energy* (MUs)	Return Period	Returned Energy* (MUs)
1	28-Feb-18	APPCPL	Mar'18	14.88	Aug'18-Sep'18	(15.77)
2	27-Mar-18	APPCPL	Apr'18	18.28	Jul'18-Aug'18	(19.33)
3	21-Mar-18	APPCPL	Apr'18- Oct'18	113.78	Oct'18-Mar'19	(117.77)
4	29-Jun-18	APPCPL	Jul'18	(1.20)	Jun'19-Sep'19	1.24
5	13-Jul-18	APPCPL	Jul'18	(0.48)	Jun'19-Sep'19	0.49
6	02-Nov-18	MPPL	Nov'18	(1.20)	Jun'19-Jul'19	1.22
7	06-Nov-18	GMRETL	Nov'18	(3.04)	Jul'19	3.19
8	16-Nov-18	MPPL	Nov'18	(6.72)	Jun'19-Sep'19	7.06
9	27-Nov-18	APPCPL	Dec'18	(0.84)	Jun'19-Jul'19	0.85
10	30-Nov-18	MPPL	Dec'18	(37.20)	Jun'19-Sep'19	38.32
11	26-Nov-18	MPPL	Dec'18	(4.89)	Jun'19-Sep'19	5.04
12	07-Dec-18	MPPL	Dec'18	(6.00)	Aug'19-Sep'19	6.18
13	05-Dec-18	MPPL	Dec'18	(0.18)	Jun'19-Sep'19	0.19
14	31-Dec-18	APPCPL	Jan'19	(37.20)	Jun'19-Jul'19	38.32
15	31-Dec-18	APPCPL	Jan'19	(0.45)	Aug'19-Sep'19	0.46
16	30-Jan-19	MPPL	Feb'19	(28.42)	Jul'19-Sep'19	29.27
17	07-Feb-19	APPCPL	Feb'19	(0.60)	Aug'19-Sep'19	0.62
18	31-Jan-19	MPPL	Mar'19	(37.20)	Jul'19-Sep'19	38.32
19	28-Feb-19	APPCPL	Mar'19	(3.33)	Nov'19	3.49

* The difference between scheduled energy and contracted energy & returned energy and contracted energy is due to transmission losses as delivery point is STU periphery.

3.7.22. Based on the above, the Commission has analysed the three legs of banking separately as discussed below:

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- a. **Return of Power Procured through Banking in FY 2017- 18:** The energy was procured under banking in March 2018 which was returned by the Petitioner in the period from Aug'18 to Sep'18. In the Tariff Order dated September 03, 2019, the energy supplied in March 2018 was considered as energy purchased at Rs. 4.71 per kWh.
- b. **Banking & return of power within FY 2018-19:** There were two contracts for banking & return of power within FY 2018-19. In the first contract the energy was procured under banking in April 2018 which was returned by the Petitioner in the period from Jul'18-Aug'18. In the second contract the energy was procured under banking in the period from Apr'18-Oct'18 which was returned by the Petitioner in the period from Oct'18-Mar'19. The Commission finds that there has been certain overlapping period as per contracts however, the procurement & return of energy during such overlapping period has been on different days. Further, the second contract aligned with the load profile of the Petitioner as the power was returned during the period from October 2018 to March 2019 which is generally lean period.
- c. **Power supplied under Banking to be procured in FY 2019-20:** The energy was supplied (i.e. deposited) under banking from Jul'18 to Mar'19 which was returned to the Petitioner (i.e. withdrawn) in the period from Jun'19 to Sep'19. These contracts aligned with the load profile of the Petitioner as the power was supplied/deposited during the period from October 2018 to March 2019 which is generally lean period.
- 3.7.23. The banking arrangement was with utilities in Himachal Pradesh, a hydro-rich state, making it immune from coal shortage risks prevalent in FY 2018-19 and also addresses the transmission constraint that was prevailing at that time.
- 3.7.24. The Commission, having regard to the prevailing market conditions, the seasonal demand pattern, the nature of the power source, the alignment with the regulatory framework under Regulation 19.2(2), and the prudence check of the banking contracts, is satisfied with the banking of power undertaken by the Petitioner in FY 2018-19 and FY 2019-20. **The Commission accordingly approves all the banking transactions, including transmission charges thereon, undertaken by the Petitioner.**
- 3.7.25. The Commission also notes the Hon'ble APTEL's observation that there is absence of regulatory clarity with regard to the procedure and permitted quantum for banking of power and that the Commission should consider issuing guidelines to ensure transparency, consistency and procedural fairness in this regard. The Commission shall take up the issue of framing appropriate guidelines on power banking by distribution licensees. However, it would be appropriate that till such time, the proposal for banking is included by the Petitioner in its submissions for ARR approval in subsequent years.
- Under the banking arrangement one Discom supplies surplus electricity to another Discom and is allowed to draw back an equivalent amount of energy at a later time. It

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is not a monetary transaction in the usual sense. However, the transaction is recorded in energy units (kWh), and adjustments are made later ensuring that the net energy exchanged is balanced. Since, the surplus energy is supplied, the power purchased cost that has already been incurred is only considered and no monetary value is assigned to energy transacted for the purpose of banking. The Petitioner has considered net 14.71 MUs have been banked within FY 2018-19 and has considered only trading margin associated with banking transaction. Further, the Petitioner has considered 175.34 MUs of energy supplied for banking in FY 2018-19 at Rs. 4.26 per kWh. The return of 163.02 MUs of energy in FY 2019-20 has been considered at Rs. 4.59 per kWh. As per the aforesaid concept, no monetary value has to be assigned to the 175.34 MUs supplied in FY 2018-19 and 163.02 MUs that is returned in FY 2019-20. For FY 2017-18, since the Commission had considered rate of Rs. 4.71/unit for energy exchanged under Banking agreement, the same rate has been considered for return of energy in FY 2018-19 as well. Accordingly, the Commission approves banking and related charges as shown in table below:

TABLE 3-48 BANKING CHARGES APPROVED BY THE COMMISSION

Particulars	FY 2018-19					FY 2019-20				
	Qty. in Mus	Rate in Rs.	Cost in Rs. Cr.	Trans. Chg. in Rs. Cr.	Total Cost in Rs. Cr.	Qty. in MUs	Rate in Rs.	Cost in Rs. Cr.	Trans. Chg. in Rs. Cr.	Total Cost in Rs. Cr.
Power Banking:										
Return of Banking Power (for FY 2017-18)	(14.85)	4.71	(7.00)	0.59	(6.40)	-	-	-	-	-
Power Banking & Return (for FY 2018-19)	(14.71)	(0.04)	0.53	10.97	11.50	-	-	-	-	-
Power Banked (for FY 2018-19)	(175.34)	-	-	7.81	7.81	163.02	-	-	9.42	9.42
Total Power Banking	(204.91)	0.32	(6.47)	19.38	12.91	163.02	-	-	9.42	9.42

Re. Sale of Surplus Power

- 3.7.26. The Commission notes that the Petitioner sold 22.40 MUs at a rate of Rs. 2.62/kWh amounting to Rs. 5.87 Crores during December 2018 to March 2019, through a bilateral mechanism. The rate realised of Rs. 2.62/kWh is benchmarked against the prevailing IEX rates for the same period and is in fact marginally superior to what could have been achieved through the exchange.
- 3.7.27. The Commission notes that the Petitioner sold 51.49 MUs at a rate of Rs. 2.17/kWh amounting to Rs. 11.18 Crores during FY 2019-20, through a bilateral mechanism. The rate realised of Rs. 2.17/kWh is benchmarked against the prevailing IEX rates for the same period and is in fact marginally superior to what could have been achieved through the exchange.
- 3.7.28. Regulation 19(b) and 19(c) of the MYT Regulations, 2014 specifically contemplate the sale of surplus power by a licensee during the lean period, and mandate that the revenue from such sale be netted from the approved power purchase cost, benchmarked against the weighted average bilateral and power exchange rates for

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the same quarter. The relevant extracts of Regulation 19(b) and 19(c) of the MYT Regulations, 2014, are reproduced below:

“

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.”

3.7.29. In view of the above, the Commission approves the sale of surplus power at the actual rate realised, i.e., Rs. 2.62/kWh for 22.40 MUs for FY 2018-19 and Rs. 2.17/kWh for 51.49 MU for FY 2018-19. The concomitant transmission charges of Rs. 0.01 Cr. and Rs. 1.35 Cr. for FY 2018-19 and FY 2019-20, respectively, is allowed.

Re. Short-Term Power Procurement

3.7.30. The Hon'ble APTEL, in lead appeal, has held that short-term power procurement utilised in FY 2018-19 is to be allowed at the actual cost of procurement, provided that the quantum does not exceed the approved quantum and the procurement price does not exceed the approved average rate. The same principle is also applicable to the remanded issue arising in the appeal against the true-up for FY 2019-20.

3.7.31. The Commission, keeping in view the fact that the ceiling provided in the ARR Petition is only for sale of power to consumers, has analysed the entire power purchase portfolio of the Petitioner and determined the quantum for short term purchase after adjusting the quantum for banking and sale of power because the purchase of short term power includes requirement for meeting the demand of its consumers and to fulfil the requirements of banking as well as Sale of Power contracts.

3.7.32. The Commission notes that for FY 2018-19, the quantum of 321.16 MUs, marginally exceeds the approved quantum of 315.74 MUs by 5.42 MUs. The applicable rate is the actual weighted average procurement rate of Rs. 4.54/kWh, which is below the approved rate of Rs. 4.76/kWh and therefore within the condition stipulated by the Hon'ble APTEL for FY 2018-19.

3.7.33. Similarly, for FY 2019-20, has procured the total quantum of 356.84 MUs (inclusive of 205.14 MUs from IEX), exceeds the approved quantum of 228.21 MUs. However, the actual weighted average procurement rate of Rs. 4.43 kWh, which is substantially below the approved rate of Rs. 5.32 per kWh and therefore, within the approved ceiling for FY 2019-20, in terms of the settled principles.

3.7.34. The corresponding power purchase cost in respect of aforesaid short-term power, Banking of Power, Sale of Surplus Power, is accordingly allowed in terms of the findings recorded above for FY 2018-19 and FY 2019-20.

3.7.35. The detailed year-wise power purchase cost, together with the associated adjustments is tabulated as follows:

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TABLE 3-49 SHORT TERM POWER PURCHASE COST APPROVED BY THE COMMISSION

Particulars	FY 2018-19					FY 2019-20				
	Qty. in MUs	Rate in Rs.	Cost in Rs. Cr.	Trans. Chg. in Rs. Cr.	Total Cost in Rs. Cr.	Qty. in MUs	Rate in Rs.	Cost in Rs. Cr.	Trans. Chg. in Rs. Cr.	Total Cost in Rs. Cr.
Short Term Power :										
Non-RE Source:										
APPCPL	82.82	4.81	39.84	4.31	44.15	24.50	4.36	10.67	0.40	11.07
APPCPL (Hydro)	-	-	-	-	-	34.59	4.26	14.74	1.80	16.54
AD Hydro Power Ltd	58.27	4.12	24.01	3.16	27.17					-
MPPL	9.45	4.23	4.00	0.44	4.44	1.41	4.12	0.58	0.07	0.65
Shree Cements	315.42	4.67	147.25	11.02	158.27	91.21	4.75	43.30	4.55	47.85
Others	1.45	4.90	0.71	0.08	0.79	-	-	-	-	-
Power Exchanges	84.27	4.08	34.40	5.70	40.10	205.14	3.43	70.32	11.48	81.80
Subtotal-Non-RE Power	551.68	4.54	250.21	24.71	274.92	356.84	3.91	139.61	18.30	157.91
RE Sources :						95.02	4.81	45.70	3.39	49.09
Total Short Term Power	551.68	4.54	250.21	24.71	274.92	451.86	4.10	185.31	21.69	207.00
Power Banking:										
Total Power Banking	(204.91)				12.91	163.02				9.42
Sale of Power	(22.40)	2.62	(5.87)	0.01	(5.86)	(51.49)	2.17	(11.18)	1.35	(9.83)

3.8. DISALLOWANCE OF ACTUAL COST OF MEDIUM-TERM POWER PURCHASE

I. BACKGROUND

3.8.1. The Petitioner had executed a Medium-Term Agreement for Procurement of Power with PTC India Limited (PTC), sourcing power from SKS Power Generation (Chhattisgarh) Limited (SKS), for supply of 100 MW of power for the period 01.12.2018 to 31.03.2020. This MT-PPA was entered into pursuant to competitive bidding conducted through the electronic bidding portal designated by the Government of India, and the discovered tariff of Rs. 4.25/kWh (all-inclusive, at NPCL periphery) was adopted by the Commission vide its Tariff Adoption Order dated 31.07.2018 in Petition No. 1325 of 2018.

3.8.2. The Commission, in the true-up order for FY 2018-19, applied a "lower of the two values" methodology, restricting each component of the tariff to the lower of the actual cost claimed and the tariff adopted vide Order dated 31.07.2018, and disallowed the actual transmission charges of Rs. 0.69/kWh, restricting approval to Rs. 0.65/kWh.

3.8.3. Aggrieved by the aforesaid disallowance, the Petitioner NPCL preferred Appeal No. 98 of 2021 before the Hon'ble APTEL. The Hon'ble APTEL, vide its interim Order dated 09.01.2025 passed in Appeal No. 98 of 2021, considered the issue of Medium-Term Power Purchase and remanded the matter to the Commission for its consideration. The relevant operative extract is as follows:

It is unnecessary for us to delve on this issue any further, as Learned Senior Counsel on both side are in agreement that, instead of this Tribunal undertaking the exercise of determining the claim of the Appellant under this head, it would suffice instead to remand the matter to the Commission for its consideration

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afresh in accordance with law, after giving the Appellant an opportunity of being heard. The Commission shall, when it passes orders afresh, assign reasons for its conclusion even if it be in brief.

As several other issues necessitate adjudication in this appeal, it is made clear that, when final orders are passed with respect to all the issues in the main appeal, this issue shall be remanded to the Commission for its consideration afresh after complying with the rules of natural justice, making it clear that we have not expressed any opinion on merits. Needless to state that, while passing final orders in the appeal, it shall also be made clear that all contentions, to be urged on this issue, are being left open to be agitated before the Commission; and, consequent on remand, the Commission shall assign reasons, even if it be in brief, for its conclusions on this issue.

.....”

- 3.8.4. The said remand was subsequently reiterated in the final Judgement in lead appeal for FY 2018-19, which disposed of the appeal in its entirety with directions to the Commission to pass orders on remanded issues.
- 3.8.5. The Commission in consideration of the medium-term power purchase cost had applied similar methodology—“lower of the two values” methodology, restricting each component of the tariff to the lower of the actual cost claimed and the tariff adopted, in the subsequent years i.e., from FY 2019-20 to FY 2021-23. The same has been impugned by the petitioner in the appeals preferred against the respective true-up Order.
- 3.8.6. Subsequently, vide its Order dated 20.04.2026 in APL No. 343 of 2021, the said issue was also remanded for Commission’s consideration in respect of FY 2019-20. Similar remand orders were passed by the Hon’ble APTEL on 11.05.2026 in the connected matters for FY 2020-21 to FY 2022-23.
- 3.8.7. Accordingly, pursuant to the above remand orders of Hon’ble APTEL, the issue is being reconsidered for FY 2018-19 & FY 2022-23, subject to year-wise factual determination, in accordance with the law and the material placed on record.
- 3.8.8. As per the above, the issue was remanded to the Commission for its consideration in accordance with law, after affording the Petitioner an opportunity of being heard. It was expressly clarified that the Hon’ble APTEL has not expressed any opinion on the merits of this issue, that all contentions are left open for agitation before the Commission, and that the Commission shall assign reasons, even if brief, for its conclusions.

II. SUBMISSIONS OF THE PETITIONER

- 3.8.9. The Petitioner has submitted that it has entered into MT-PPAs pursuant to competitive bidding conducted through the electronic bidding portal designated by the

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Government of India. As per the terms of the Tariff Based Competitive Bidding guidelines, the rates quoted by the suppliers are based on Cost of Generation (at Normative Availability i.e., 85%) and transmission charges and transmission losses prevailing on the bid dates.

- 3.8.10. Therefore, the tariff discovered from such competitive bidding (*which are subsequently adopted by the Commission vide its Tariff Adoption Order in respective petitions*) is the Tariff based on transmission charges and transmission losses prevailing on the bid dates. Accordingly, such adopted tariff is subject to subsequent revision / escalation in in terms of the approved PPAs.
- 3.8.11. The Petitioner has submitted that Articles 5.5 and 5.6 of the approved MT-PPA expressly provide that the obligation of the supplier to pay regulated transmission charges is restricted to the tariffs and rates applicable on the bid date, and that any differential arising from subsequent revision of regulated transmission tariffs shall be payable or recoverable, as the case may be, by the utility (that is, the Petitioner). Any increase in transmission charges subsequent to the bid date is solely attributable to revision of regulated transmission tariffs by the Central Electricity Regulatory Commission and/or State Electricity Regulatory Commissions, therefore, such revision being beyond the control of both the Petitioner and Supplier, the risk of such revision is expressly allocated to the utility in the MT-PPAs.
- 3.8.12. Petitioner has further submitted that, Article 11.4 for such PPA provides that the utility is required to pay full Fixed Charges if the Plant Availability declared by the Supplier is not below the Normative Availability (i.e., 85%). Further, as per Article 11.3, such fixed charges are also subject to annual escalation on the basis of Wholesale Price Index (WPI). Similarly, as per Article 12.3 of such PPAs, Variable Charges are also subject to annual escalation based on WPI.
- 3.8.13. Apart from above, Article 11.6 provides Incentive and Damages to be paid or recovered from the Supplier, based on Declared Plant Availability.
- 3.8.14. Accordingly, the Petitioner submitted that it has incurred cost for power procured under MT-PPA strictly in terms of the duly approved PPA and requested the Commission to allow the actual cost of power procured under the approved MT-PPA for the period FY 2018-19 to FY 2022-23 including escalated Fixed and Variable Charges, actual transmission charges, transmission losses and Incentive/Damages etc.
- 3.8.15. Accordingly, petitioner has claimed the cost of Medium-Term Power for the period FY 2018-19 to FY 2019-20 is as follows:

TABLE 3-50 MEDIUM TERM POWER CLAIMED BY PETITIONER FOR FY 2018-19

Particulars	U.o.M.	PTC-SKS
Qty. Ex-Bus	MU	274.81
Qty. NPCL-Bus	MU	250.09
Energy Charges	Rs. Cr.	37.21
Capacity Charges	Rs. Cr.	51.52

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Particulars	U.o.M.	PTC-SKS
Total Charges	Rs. Cr.	88.74
Transmission Charges Amount	Rs. Cr.	17.30
Total Cost	Rs. Cr.	106.04

Note: Above excludes additional claims raised by PTC-SKS pending before Hon'ble CERC

TABLE 3-51 MEDIUM TERM POWER CLAIMED BY PETITIONER FOR FY 2019-20

Particulars	U.o.M.	PTC SKS
Qty. Ex-Bus	MU	692.17
Qty. NPCL-Bus	MU	653.05
Energy Charges	Rs. Cr.	171.69
Capacity Charges	Rs. Cr.	113.89
Total Charges	Rs. Cr.	285.59
Transmission Charges Amount	Rs. Cr.	13.83
Total Cost	Rs. Cr.	299.42

Note: Above excludes additional claims raised by PTC-SKS pending before Hon'ble CERC

TABLE 3-52 MEDIUM TERM POWER CLAIMED BY PETITIONER FOR FY 2020-21

Particulars	U.o.M.	APPCPL-GoAP	APPCPL-GoN	Total
Qty. Ex-Bus	MU	212.42	102.23	314.65
Qty. NPCL-Bus	MU	198.36	95.89	294.25
Energy Charges	Rs. Cr.	47.35	23.09	70.45
Capacity Charges	Rs. Cr.	37.11	18.31	55.42
Total Charges	Rs. Cr.	84.44	41.41	125.85
Transmission Charges Amount	Rs. Cr.	12.24	5.56	17.80
Total Cost	Rs. Cr.	96.68	46.96	143.65
Incentive	Rs. Cr.	2.00	-	2.00
Prov. For Fixed Charges	Rs. Cr.	0.35	0.35	0.70
Total Cost in ARR	Rs. Cr.	99.03	47.31	146.35

TABLE 3-53 MEDIUM TERM POWER CLAIMED BY PETITIONER FOR FY 2021-22

Particulars	U.o.M.	APPCPL-GoAP	APPCPL-GoN	APPCPL-Goodwill	TPTCL-GoHP	Total
Qty. Ex-Bus	MU	205.86	106.33	35.40	117.02	464.61
Qty. NPCL-Bus	MU	192.56	99.45	33.22	109.55	434.78
Energy Charges	Rs. Cr.	45.72	23.64	6.40	20.76	96.52
Capacity Charges	Rs. Cr.	39.20	19.88	5.25	17.24	81.58
Total Charges	Rs. Cr.	84.95	43.52	11.65	38.00	178.10
Transmission Charges	Rs. Cr.	10.10	2.67	0.91	2.90	16.57
Total Cost	Rs. Cr.	95.05	46.20	12.56	40.90	194.67
Prov. For Fixed Charges	Rs. Cr.	-	-	0.31	-	0.31
Total Cost in ARR	Rs. Cr.	95.05	46.20	12.87	40.90	195.01

TABLE 3-54 MEDIUM TERM POWER CLAIMED BY PETITIONER FOR FY 2022-23

Particulars	U.o.M.	APPCPL-GoAP	APPCPL-GoN	TPTCL-GoHP	APPCPL-Goodwill	Total
Qty. Ex-Bus	MU	167.80	84.07	158.02	4.98	414.86
Qty. NPCL-Bus	MU	167.80	84.07	158.02	4.98	414.86
Energy Charges	Rs. Cr.	44.49	22.80	34.74	1.12	103.15
Capacity Charges	Rs. Cr.	36.51	18.10	24.10	0.87	79.58
Total Charges	Rs. Cr.	81.00	40.89	58.85	1.99	182.73
Transmission Charges	Rs. Cr.	-	-	-	-	-

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Particulars	U.o.M.	APPCPL GoAP	APPCPL GoN	TPTCL GoHP	APPCPL Goodwill	Total
Total Cost	Rs. Cr.	81.00	40.89	58.85	1.99	182.73
Incentive	Rs. Cr.	-	-	1.49	-	1.49
Total Cost in ARR	Rs. Cr.	81.00	40.89	60.34	1.99	184.22

III. ANALYSIS AND FINDINGS

- 3.8.16. Pursuant to the remand orders of the Hon'ble APTEL in connected appeals for FY 2018-19 & FY 2022-23 for its consideration, on both the issue of facts and law, the Commission has examined the material placed on record in remand proceedings and the submissions made in the true-up petitions along with the true-up orders.
- 3.8.17. The Commission has also examined the submissions of the Petitioner, the directions of the Hon'ble APTEL, and the relevant provisions of the MYT Regulations, 2014 and MYT Regulations, 2019.
- 3.8.18. The Commission notes at the outset that the Hon'ble APTEL has expressly refrained from expressing any opinion on the merits of this issue. **Accordingly, the Commission undertakes examination of the issue on both facts and law, for the period from FY 2018-19 to FY 2022-23.**
- 3.8.19. The Commission has noted that the Petitioner has entered Medium Term Power Purchase Agreements for the power procured during FY 2018-19 to FY 2022-23 pursuant to competitive bidding conducted through the electronic bidding portal designated by the Government of India.
- 3.8.20. The Commission had adopted such tariff for Medium Term Power agreement discovered through Competitive Bidding which were "all-inclusive rate" at the NPCL periphery, comprising the cost of generation, interstate transmission charges and transmission losses. The adoption was of the aggregate discovered rate and not a component-wise approval.
- 3.8.21. The Commission finds that the methodology adopted in the True-up Order for FY 2018-19 and subsequent True-up orders i.e., of applying the lower of the claimed or adopted figure to each individual tariff component is not consistent with either the nature of the adopted tariff or the terms of the approved MT-PPA. The adoption order established an all-inclusive rate based on the cost drivers (such as Transmission Charges, Transmission Losses etc.) prevailing on the Bid Date. Restricting each component independently to the lower figure and then aggregating the results thereof is not warranted even on a conservative reading of the adoption order.
- 3.8.22. Accordingly, in terms of the remand by the Hon'ble Tribunal, the Commission finds merit in the Petitioner's contention that when the Tariff discovered through Competitive Bidding has been duly adopted by the Commission, then the cost of such power should be allowed on the basis of such approved MT-PPA.

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3.8.23. Accordingly, in terms of the remand by the Hon'ble Tribunal, upon examination of the issue on both facts and law under consideration, the Commission is of the view that once the Tariff, discovered through Competitive Bidding conducted through the electronic bidding portal designated by the Government of India, is adopted and PPA is approved, the cost incurred by the Licensee in compliance of such PPA must be allowed to be recovered through ARR.

3.8.24. The Commission has gone through the terms of PPA in details and has noted following provisions relevant for the purpose of validation of the cost of medium-term power claimed by the Petitioner:

"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...

...

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....."

....

11.1 Tariff

11.1.1 The Utility shall pay to the Supplier tariff comprising the sum of Fixed Charge and Variable Charge payable by the Utility to the Supplier for Availability and for supply of electricity, as the case may be, in accordance with the provisions of this Agreement (the "Tariff").

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11.1.2 As a part of the Tariff, the Utility shall pay to the Supplier an amount, determined in accordance with the provisions of this Article 11, as the Fixed Charge for Availability of the Power Station to the extent of Normative Availability thereof (the "Fixed Charge").

...

11.3 Fixed Charge

For determining the Fixed Charge due and payable to the Supplier, the Base Fixed Charge shall be revised annually to reflect 20% (twenty per cent) of the variation in WPI occurring between January 31 immediately preceding the Bid Date and January 31 immediately preceding the Accounting Year for which such revision is undertaken. For the avoidance of doubt and by way of illustration, if (a) the Bid Date occurs in March 2015; (b) the appointed date occurs in May 2019; and (c) WPI increases by 20% (twenty per cent) between January 31, 2015 and January 31, 2019, the Fixed Charge for the Accounting Year commencing from April 1, 2019 shall be 104% (one hundred and four per cent) of the Base Fixed Charge.

11.4 Computation of Fixed Charge

11.4.1 Subject to the provisions of this Clause 11.4, the Base Fixed Charge, as corrected for variation in WPI Index in accordance with Clause 11.3 shall be the Fixed Charge payable for Availability in each month of the relevant Accounting Year.

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"). Provided, however, that in the event of Despatch of the Power Station beyond such 85% (eighty five per cent), Incentive shall be payable in accordance with the provisions of Clause 11.6.1.

...

11.6 Incentive and Damages

11.6.1 In the event that the Availability in any month exceeds the Normative Availability, the Supplier shall, in lieu of a Fixed Charge, be entitled to an Incentive which shall be calculated and paid at the rate of 50 % (fifty per cent) of the Fixed Charge for Availability in excess of Normative Availability. Provided, however, that any Incentive hereunder shall be due and payable only to the extent of Despatch of the Power Station. For the avoidance of doubt and by way of illustration, in the event the Availability in any month shall exceed the Normative Availability by 3% (three per cent) of the Contracted Capacity but the Despatch during that month shall exceed 1% (one per cent) of the Contracted Capacity, the Incentive payable hereunder shall be restricted to such 1% (one per cent) only.

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11.6.2 In the event that Availability in any month is less than the Normative Availability, the Fixed Charge for such month shall be reduced to the extent of shortfall in Normative Availability and in addition, any reduction below the Normative Availability shall be multiplied by a factor of 0.25 (zero point two five) to determine the Damages payable for such reduction in Availability. For the avoidance of doubt, the Parties agree that the Damages to be deducted for any reduction in Normative Availability shall be 25% (twenty five per cent) of the Fixed Charge which is reduced on account of shortfall in Availability below Normative availability.

11.6.3 The Parties expressly agree that within 30 (thirty) days of the close of every Accounting Year, the cumulative monthly Availability for such year shall be determined and the Incentive or Damages, as the case may be, shall be computed with reference to the Normative Availability for that year. The amount so arrived at shall be adjusted against the Incentives or Damages determined for the respective months of the year and the balance remaining shall be adjusted in the following Monthly Invoice.”

...

12.1 Variable Charge

As part of the Tariff, the Utility shall pay to the Supplier for and in respect of the Fuel utilised for supply of a kWh of electricity to the Utility, a Variable Charge determined from time to time in accordance with the provisions of this Article 12 and expressed in Rupees per kWh (the “Variable Charge”).

...

12.3 Computation of Variable Charge

Option k: Lumpsum Tariff

12.3.1 The Supplier represents and warrants that it shall supply electricity to the Utility at the Delivery Point for a lumpsum Tariff which shall comprise: (a) a Base Variable Charge referred to in Clause 12.2, which shall include the generating cost of electricity, the transmission charges thereof and the transmission losses, and (b) a Base Fixed Charge which shall be equal to the Base Variable Charge excluding transmission charges and transmission losses specified in Clause 12.2. For the avoidance of doubt, the Parties agree that the Base Fixed Charge and Base Variable Charge shall be revised in accordance with the provisions of Clauses 11.3 and 12.3.2 respectively.

12.3.2 The Parties agree that the generating cost component of Base Variable Charge specified in Clause 12.2 shall be increased for every Accounting Year following the Base Year so as to reflect 50% (Fifty per cent) of the variation in WPI occurring between January 31 immediately preceding the Base Year and January 31 immediately preceding the Accounting Year for which such revision is undertaken. For the avoidance of doubt and by way of illustration, if (a) the Variable Charge specified hereinabove is assumed as 80 paise (eighty paise) and

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(b) WPI between the two aforesaid dates, the letter being 1 (one) year after the first such date, increase by 6.25% (six point two five per cent), the Variable Charge in the Accounting Year following first Accounting Year shall be 82 paise (eighty two paise).

3.8.25. The above provisions categorically provide that the tariff discovered through competitive bidding is subject to further increase due to multiple factors such as Plant Availability, WPI Escalation, Transmission Charges and Transmission Losses revisions, Incentive/Damages etc.

3.8.26. Accordingly, keeping in view above-referred provisions of the approved MT-PPAs, the Commission has recomputed the cost of Medium-Term Power to be allowed in revised True-up for the period FY 2018-19 to FY 2022-23 pursuant to remand proceedings in terms of the order of Hon'ble APTEL: -

TABLE 3-55 MEDIUM TERM POWER FOR FY 2018-19 APPROVED BY THE COMMISSION

PTC India Ltd							
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Total at NPCL Periphery
			I	II	III	IV	V=II+III+IV
PPA Adoption Order dated 31.07.2018	Rs. Crore	A	246.84	80.96	16.04	7.90	104.91
	Rs./Unit			3.28	0.65	0.32	4.25
Actual	Rs. Crore	B	250.09	80.74	17.30	8.00	106.04
	Rs./Unit			3.23	0.69	0.32	4.24
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate of A or B	250.09	80.78	16.26	8.00	105.04
	Rs./Unit			3.23	0.65	0.32	4.20
Approved after Remand Proceedings	Rs. Crore	D	250.09	80.74	17.30	8.00	106.04
	Rs./Unit			3.23	0.69	0.32	4.24

* Excluding Additional Claims raised by PTC/SKS currently pending adjudication before Hon'ble CERC

TABLE 3-56 MEDIUM TERM POWER FOR FY 2019-20 APPROVED BY THE COMMISSION

PTC India Ltd							
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Total at NPCL Periphery
			I	II	III	IV	V=II+III+IV
PPA Adoption Order dated 31.07.2018	Rs. Crore	A	653.05	214.20	42.45	20.90	277.55
	Rs./Unit			3.28	0.65	0.32	4.25
Actual	Rs. Crore	B	653.05	219.62	58.81	20.98	299.42
	Rs./Unit				3.36	0.90	0.32
	Rs. Crore		653.05	214.20	42.45	20.90	277.55

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PTC India Ltd							
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Total at NPCL Periphery
Trued-up in Tariff Order	Rs./Unit	C=Min. Rate of A or B		3.28	0.65	0.32	4.25
Approved after Remand Proceedings	Rs. Crore	D	653.05	219.62	58.81	20.98	299.42
	Rs./Unit			3.36	0.90	0.32	4.58

* Excluding Additional Claims raised by PTC/SKS currently pending adjudication before Hon'ble CERC

TABLE 3-57 MEDIUM TERM POWER FOR FY 2020-21 APPROVED BY THE COMMISSION

Govt. of Nagaland									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive / (Rebate)	Provisions of Fixed Cost*	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	95.89	39.99	9.49	2.88	-	-	52.36
	Rs./Unit			4.17	0.99	0.30			5.46
Actual	Rs. Crore	B	95.89	37.72	5.56	2.94	0.75	0.35	47.31
	Rs./Unit			3.93	0.58	0.31	0.08	0.04	4.93
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate of A or B	95.89	37.72	5.56	2.88	-	-	46.15
	Rs./Unit			3.93	0.58	0.30			4.81
Approved after Remand Proceedings	Rs. Crore	D	95.89	37.72	5.56	2.94	0.75	**	46.96
	Rs./Unit			3.93	0.58	0.31	0.08	-	4.90

** Provision for Fixed Cost subsequently approved in T.O. dt. 22.11.2025, hence not included here

TABLE 3-58 MEDIUM TERM POWER FOR FY 2021-22 APPROVED BY THE COMMISSION

Govt. of Arunachal Pradesh									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/ (Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	192.56	80.49	19.26	5.39	-	-	105.14
	Rs./Unit			4.18	1.00	0.28			5.46
Actual	Rs. Crore	B	192.56	79.09	10.10	5.83	-	-	95.05
	Rs./Unit			4.11	0.52	0.30	-	-	4.94
Trued-up in Tariff Order	Rs. Crore	C= Min.	192.56	79.09	10.10	5.39	-	-	94.57
	Rs./Unit			4.11	0.52	0.28			4.91

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Govt. of Arunachal Pradesh									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/(Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
Approved after Remand Proceedings	Rs. Crore	D	192.56	79.09	10.10	5.83	-	-	95.05
	Rs./Unit			4.11	0.52	0.30	-	-	4.94

Govt. of Nagaland									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/(Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	99.45	41.47	9.85	2.98	-	-	54.30
	Rs./Unit			4.17	0.99	0.30			5.46
Actual	Rs. Crore	B	99.45	40.44	2.67	3.09	-	-	46.20
	Rs./Unit			4.07	0.27	0.31	-	-	4.65
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate of A or B	99.45	40.44	2.67	2.98	-	-	46.09
	Rs./Unit			4.07	0.27	0.30			4.64
Approved after Remand Proceedings	Rs. Crore	D	99.45	40.44	2.67	3.09	-	-	46.20
	Rs./Unit			4.07	0.27	0.31	-	-	4.65

APPCPL Goodwill (HP)									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/(Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	33.22	11.26	2.62	0.83	-	-	14.72
	Rs./Unit			3.39	0.79	0.25			4.43
Actual	Rs. Crore	B	33.22	10.81	0.91	0.83	0.01	0.31	12.87
	Rs./Unit			3.25	0.27	0.25	0.00	0.09	3.87
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate	33.22	10.81	0.91	0.83	-	-	12.55
	Rs./Unit			3.25	0.27	0.25	-	-	3.78

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APPCPL Goodwill (HP)									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/(Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
Approved after Remand Proceedings	Rs. Crore	D	33.22	10.81	0.91	0.83	0.01	0.31	12.87
	Rs./Unit			3.25	0.27	0.25	0.00	0.09	3.87

APPCPL Goodwill (HP)									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/(Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	4.98	1.69	0.39	0.12	-	-	2.21
	Rs./Unit			3.39	0.79	0.25			4.43
Actual	Rs. Crore	B	4.98	1.74	0.14	0.13	(0.02)	-	1.99
	Rs./Unit			3.50	0.27	0.27	(0.04)	-	4.00
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate of A or B	4.98	1.69	0.14	0.12	(0.02)	-	1.93
	Rs./Unit			3.39	0.27	0.25			3.87
Approved after Remand Proceedings	Rs. Crore	D	4.98	1.74	0.14	0.13	(0.02)	-	1.99
	Rs./Unit			3.50	0.27	0.27	(0.04)	-	4.00

TPTCL (GoHP)									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/(Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	109.55	36.39	8.74	3.40	-	-	48.53
	Rs./Unit			3.32	0.80	0.31			4.43
Actual	Rs. Crore	B	109.55	34.45	2.90	2.69	0.87	-	40.90
	Rs./Unit			3.14	0.26	0.25	0.08	-	3.73
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate of A or B	109.55	34.45	2.90	2.69	-	-	40.03
	Rs./Unit			3.14	0.26	0.25			3.65
	Rs. Crore	D	109.55	34.45	2.90	2.69	0.87	-	40.90

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TPTCL (GoHP)									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive / (Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
Approved after Remand Proceedings	Rs./Unit			3.14	0.26	0.25	0.08	-	3.73

TABLE 3-59 MEDIUM TERM POWER FOR FY 2020-21 APPROVED BY THE COMMISSION

Govt. of Arunachal Pradesh									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/ (Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	167.80	70.14	16.78	4.70	-	-	91.62
	Rs./Unit			4.18	1.00	0.28			5.46
Actual	Rs. Crore	B	167.80	73.03	4.47	5.44	(0.84)	(1.11)	81.00
	Rs./Unit			4.35	0.27	0.32	(0.05)	(0.07)	4.83
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate of A or B	167.80	70.14	4.37	4.70	(0.83)	(1.11)	77.27
	Rs./Unit			4.18	0.26	0.28	(0.05)	(0.07)	4.60
Approved after Remand Proceedings	Rs. Crore	D	167.80	73.03	4.47	5.44	(0.84)	(1.11)	81.00
	Rs./Unit			4.35	0.27	0.32	(0.05)	(0.07)	4.83

Govt. of Nagaland									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/ (Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	84.07	35.06	8.32	2.52	-	-	45.90
	Rs./Unit			4.17	0.99	0.30	-	-	5.46
Actual	Rs. Crore	B	84.07	36.35	2.45	2.69	(0.41)	(0.18)	40.89
	Rs./Unit			4.32	0.29	0.32	(0.05)	(0.02)	4.86
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate of A or B	84.07	35.06	2.19	2.35	(0.41)	(0.18)	39.01
	Rs./Unit			4.17	0.26	0.28	(0.05)	(0.02)	4.64
	Rs. Crore	D	84.07	36.35	2.45	2.69	(0.41)	(0.18)	40.89

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Govt. of Nagaland									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive/(Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
Approved after Remand Proceedings	Rs./Unit			4.32	0.29	0.32	(0.05)	(0.02)	4.86

TPTCL (GoHP)									
Particulars	Unit of Measure	Ref.	Quantum /at NPCL Periphery (MU)	Cost of Generation	Cost of Transmission Charges	Cost of Transmission Losses	Incentive / (Rebate)	Provisions of Fixed Cost	Total at NPCL Periphery
			I	II	III	IV	V	VI	VII=II+...+VI
PPA Adoption Order dated 28.02.2022	Rs. Crore	A	158.02	52.49	12.61	4.90	-	-	70.00
	Rs./Unit			3.32	0.80	0.31			4.43
Actual	Rs. Crore	B	158.02	50.61	4.16	4.08	1.49	-	60.34
	Rs./Unit			3.20	0.26	0.26	0.09	-	3.82
Trued-up in Tariff Order	Rs. Crore	C= Min. Rate of A or B	158.02	48.97	4.13	4.08	1.49	-	58.66
	Rs./Unit			3.10	0.26	0.26			3.71
Approved after Remand Proceedings	Rs. Crore	D	158.02	50.61	4.16	4.08	1.49	-	60.34
	Rs./Unit			3.20	0.26	0.26	0.09	-	3.82

3.8.27. Consequently, upon examination of the issue in terms of the remand by the Hon'ble Tribunal, the impact of recomputed Medium-Term Power is tabulated hereunder:

TABLE 3-60 IMPACT OF RECOMPUTED MEDIUM-TERM POWER

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.
MT-PPA Cost allowed in Earlier Orders					
PTC-SKS	105.04	277.55	-	-	-
APPCL-Govt of AP	-	-	95.49	94.57	77.27
APPCL-Govt of Nagaland	-	-	46.15	46.09	39.01
APPCL-Goodwill	-	-	-	12.55	1.93
TPTCL-Govt. of HP	-	-	-	40.03	58.66
Total	105.04	277.55	141.64	193.25	176.87
MT-PPA Cost Recomputed in This Orders					
PTC-SKS	106.04	299.42	-	-	-
APPCL-Govt of AP	-	-	98.68	95.05	81.00
APPCL-Govt of Nagaland	-	-	46.96	46.20	40.89
APPCL-Goodwill	-	-	-	12.87	1.99
TPTCL-Govt. of HP	-	-	-	40.90	60.34
Total	106.04	299.42	145.65	195.02	184.22
Impact	1.00	21.87	4.00	1.77	7.35

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Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.

Note: Above excludes additional claims raised by PTC-SKS pending before Hon'ble CERC

3.9. CONSOLIDATE IMPACT ON POWER PURCHASE COST OF 'SHORT-TERM, SURPLUS, BANKING OF POWER AND MEDIUM-TERM POWER PURCHASE' ISSUES

3.9.1. In view of the findings returned by the Commission in the preceding sections, i.e., on Short-term Power Purchase, Banking of Power, Sale of Surplus Power and Medium-term Power Purchase, the year-wise Power Purchase Cost has been recomputed for the period from FY 2018-19 to FY 2022-23. The net financial impact of the aforesaid issues on Power Purchase Cost, after giving effect to the approved quantum, rate and consequential adjustments of associated transmission charges, is set out hereinunder.

3.9.2. Accordingly, the Commission approves the total power purchase for FY 2018-19 to FY 2022-23, as shown below:

TABLE 3-61 POWER PURCHASE COST APPROVED BY THE COMMISSION FOR FY 2018-19

Particulars	Power Purchase Cost approved Pursuant to Remand					
	FY 2018-19					
	Qt at NPCL	Cost	Rate	Trans. Charges	Total Cost	Landed Rate
	MU	Rs. Cr.	Rs./kWh	Rs. Cr.	Rs. Cr.	Rs./kWh
Long Term Power (from DIL)	1,086.15	416.74	3.84	125.53	542.27	4.99
Medium Term MTPPA (PTC India Ltd)	250.09	88.74	3.55	17.30	106.04	4.24
Subtotal - Short Term Power	551.68	250.21	4.54	24.71	274.92	4.98
Traders/Generators						
Arunachal Power Corporation (P) Ltd. (APPCPL)	82.82	39.84	4.81	4.31	44.15	5.33
AD Hydro Power Ltd	58.27	24.01	4.12	3.16	27.17	4.66
Mittal Processors Private Limited (MPPL)	9.45	4.00	4.23	0.44	4.44	4.70
Others Contingency Power	1.45	0.71	4.90	0.08	0.79	5.44
Power Exchanges (Actual)	84.27	34.40	4.08	5.70	40.10	4.76
Shree Cements Ltd	315.42	147.25	4.67	11.02	158.27	5.02
Power Banking	(204.91)				12.91	
Sale of Energy	(22.40)	(5.87)	2.62	0.01	(5.86)	2.62
Subtotal- RE Power	316.07	168.75	5.34	0.15	168.90	5.34

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Particulars	Power Purchase Cost approved Pursuant to Remand					
	FY 2018-19					
	Qt at NPCL	Cost	Rate	Trans. Charges	Total Cost	Landed Rate
	MU	Rs. Cr.	Rs./kWh	Rs. Cr.	Rs. Cr.	Rs./kWh
Renewable Power (Non-Solar)						
GNIDA (Solar)	1.26	0.87	6.90	-	0.87	6.90
APPCPL (Solar)	0.35	0.19	5.43	-	0.19	5.43
Net Metering (Solar)	4.10	3.00	7.32	-	3.00	7.32
MPPL (Non-Solar)	97.78	52.24	5.34	0.16	52.40	5.36
APPCPL (Non-Solar)	212.58	112.45	5.29	(0.01)	112.44	5.29
UI	37.46	30.72	8.20	-	30.72	8.20
Deemed Procurement for Energy Balance	(3.22)	(1.46)	4.54	(0.14)	(1.60)	4.97
Sub-Total	2,010.92	941.36		186.93	1,128.29	
Others - Refund from UPPTCL & UPPTCL Application Charges				(3.43)	(3.43)	
Total Power Purchase Cost	2,010.92	941.36	4.68	183.50	1,124.86	5.59

TABLE 3-62 POWER PURCHASE COST APPROVED BY THE COMMISSION FOR FY 2019-20

Particulars	Power Purchase Cost approved Pursuant to Remand					
	FY 2019-20					
	Energy (MU) at NPCL bus	Avg. Cost (Rs./kWh)	Cost (Rs. Cr.)	Trans. Charges (Rs. Cr.)	Total Cost (Rs. Cr.)	Landed Rate (Rs./kWh)
Long Term Power (from DIL)	1,048.36	4.71	493.97	58.40	552.38	5.27
DIL Cost for FY 2019-20	1,048.36	3.83	401.67	58.40	460.07	4.39
Claim for Add. Coal- FY 2017-18 to FY 2019-20						
Claim for Change in Law- FY 2016-17 to FY 2018-19			92.30		92.30	
Medium Term MTPPA (PTC India Ltd)	653.05	3.68	240.60	58.81	299.41	4.58
PTC Cost for FY 2019-20	653.05	3.68	240.60	58.81	299.41	4.58
Claim for Electricity Duty, Taxes etc.	-	-	-	-	-	
Power Purchase from Traders/Open Access	356.84	3.91	139.61	18.30	157.91	4.43
Trader/Generator	-	-	-	-	-	
Arunachal Power Corporation (P) Ltd. (APPCPL)-Hydro	34.59	4.26	14.74	1.80	16.54	4.78
Arunachal Power Corporation (P) Ltd. (APPCPL)- Day Ahead/Contingency	24.50	4.36	10.67	0.40	11.07	4.52
Shree Cements Ltd	91.21	4.75	43.30	4.55	47.85	5.25
Mittal Processors Private Limited (MPPL) - Day Ahead/Contingency	1.41	4.12	0.58	0.07	0.65	4.64

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Particulars	Power Purchase Cost approved Pursuant to Remand					
	FY 2019-20					
Sources of Power Purchase	Energy (MU) at NPCL bus	Avg. Cost (Rs./kWh)	Cost (Rs. Cr.)	Trans. Charges (Rs. Cr.)	Total Cost (Rs. Cr.)	Landed Rate (Rs./kWh)
Power Exchanges (actual)	205.14	3.43	70.32	11.48	81.80	3.99
Others					-	
Power Purchase from RE	95.02	4.81	45.70	3.39	49.09	5.17
Power Banking	163.02	-	-		9.42	
Sale of Power	(51.49)	2.17	(11.18)	1.35	(9.83)	1.91
Sale of Energy	(51.49)	2.17	(11.18)	1.35	(9.83)	1.91
	-	-	-	-	-	
DSM & Other	2.46	48.25	11.89	(1.06)	10.82	43.93
DSM	2.46	48.25	11.89	-	11.89	48.25
Other	-	-	-	(1.06)	(1.06)	
Deemed Procurement for Energy Balance	(5.70)		(2.53)	-	(2.53)	
Power exchange (Deemed-1)	(5.70)	4.43	(2.53)	-	(2.53)	
Power exchange (Deemed-2)	-	-	-	-	-	
Total Power Purchase Cost	2,261.58	4.06	918.07	148.60	1,066.68	4.72

TABLE 3-63 POWER PURCHASE COST APPROVED BY THE COMMISSION FOR FY 2020-21

Particulars	Power Purchase Cost approved Pursuant to Remand					
	FY 2020-21					
	Qt at NPCL	Rate	Cost	Trans. Charges	Total Cost	Landed Rate
	MU	Rs./kWh	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./kWh
LTPPA -DIL	1,208.69	4.27	516.32	98.03	614.35	5.08
MTPPA- Govt. of AP	198.36	4.36	86.45	12.24	98.68	4.97
MTPPA- Govt. of Nagaland	95.89	4.32	41.41	5.56	46.96	4.90
MTPPA- PTC (MW)	-	-	-	-	-	-
STPPA:						
APPCPL (19-24 Hrs)	84.09	4.79	40.30	-	40.30	4.79
Adani Enterprise (00-02 Hrs)	14.91	4.41	6.57	-	6.57	4.41
Kreate Energy (08-19 Hrs)	66.92	3.90	26.09	4.87	30.96	4.63
Power Banking	-	-	0.00	-	0.00	-
Exchanges	461.16	3.39	156.29	16.31	172.60	3.74
Deemed Exchanges	8.90	3.00	2.67	0.31	2.98	3.35
Subtotal	635.97	3.65	231.93	21.49	253.42	3.98
Renewable:						
PTC Wind Power	27.70	3.59	9.93	0.55	10.48	3.78
GNIDA LT Solar Power	1.19	6.92	0.82	-	0.82	6.92
APPCPL Solar	0.35	3.42	0.12	-	0.12	3.42
Exchanges	19.16	4.05	7.77	0.25	8.01	4.18
Net Metering	0.51	2.00	0.10	-	0.10	2.00
Excess RE RPO compliance	-	-	-	-	-	-
Subtotal	48.91	3.83	18.74	0.80	19.54	3.99
UI	-	-	-	-	-	-
Other (True-up UPPTCL)	-	-	-	14.07	14.07	-
Total Power Purchase Cost	2,187.82	4.09	894.84	152.19	1,047.03	4.79

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TABLE 3-64 POWER PURCHASE COST APPROVED BY THE COMMISSION FOR FY 2021-22

Particulars	Power Purchase Cost approved Pursuant to Remand					
	FY 2021-22					
	Qt at NPCL	Rate	Cost	Trans. Charges	Total Cost	Landed Rate
	MU	Rs./kWh	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./kWh
LTPPA -DIL	1,157.35	4.59	531.24	97.83	629.08	5.44
Additional Coal (FY 2021-22)						
Change in Law (FY 2021-22)						
LTPPA -DIL Arrear	-	-	155.07	-	155.07	-
Medium Term Power- RTC (45MW) G.o.H P						
Medium Term Power (15 MW) Meghalaya						
APPCPL- Govt. of AP	192.56	4.41	84.95	10.10	95.05	4.94
APPCPL- Govt. of Nagaland	99.45	4.38	43.52	2.67	46.20	4.65
APPCPL- Goodwill, HP	33.22	3.60	11.96	0.91	12.87	3.87
TPTCL- Govt of Himachal Pradesh	109.55	3.47	38.00	2.90	40.90	3.73
STPPA:						
APPCPL (Source-HSPPL)	22.62	7.04	15.93	0.59	16.52	7.30
APPCPL (Source-SEMCORP)	22.68	7.19	16.30	0.63	16.93	7.46
TPTCL (Source-JPL)	32.80	7.09	23.26	0.98	24.24	7.39
TPTCL (Source- PPGCL)	13.20	4.82	6.35	0.10	6.45	4.89
PTC (Source- Singroli Bhatwari HEP)	2.10	5.11	1.07	0.06	1.13	5.41
PTC (Source- JPL, Chhattisgarh)	16.69	4.17	6.96	0.47	7.43	4.45
APPCPL (Source- Semcorp Energy)	9.49	5.32	5.05	0.28	5.33	5.61
Power Purchase from Exchange	559.30	5.94	332.03	14.46	346.49	6.20
Deemed Power Purchase from Exchange	46.04	4.71	21.70	1.19	22.89	4.97
Subtotal	724.92	5.91	428.66	18.76	447.42	6.17
Renewable:						
Wind Power (PTC)	32.04	3.58	11.47	0.77	12.24	3.82
Solar Power (Adani)	51.39	3.12	16.05	0.62	16.67	3.24
Solar Power (GNIDA)	1.22	6.92	0.84	-	0.84	6.92
Non-Solar (Exchange-RE)	73.93	5.17	38.23	1.91	40.15	5.43
Solar (Exchange-RE)						
Solar Power (Tata)	4.64	3.12	1.45	0.06	1.50	3.24
Solar Power (Net Metering)	0.51	2.00	0.10	-	0.10	2.00
Solar Power (APPCPL)	0.41	3.85	0.16	-	0.16	3.85
APPCPL- (Source- DoP, Nagaland)	6.24	4.51	2.81	0.21	3.02	4.84
APPCPL- (Source- DoP, GoAP)	6.44	4.65	3.00	0.20	3.20	4.97
APPCPL- (Source- MePDCL, Meghalaya)	26.74	4.57	12.21	0.74	12.95	4.84
KREATE- (Source- E&PD, Govt of Sikkim)	15.23	4.57	6.96	0.42	7.39	4.85
Subtotal	218.79	4.26	93.28	4.94	98.22	4.49
UI	-	-	-	-	-	-
Other (True-up UPPTCL)	-	-	-	12.82	12.82	-
Total Power Purchase Cost	2,535.84	5.47	1,386.69	150.92	1,537.61	6.06

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TABLE 3-65 POWER PURCHASE COST APPROVED BY THE COMMISSION FOR FY 2022-23

Particulars	Power Purchase Cost approved Pursuant to Remand					
	FY 2022-23					
	Qt at NPCL	Rate	Cost	Trans. Charges	Total Cost	Landed Rate
	MU	Rs./kWh	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./kWh
LTPPA -DIL	1,278.01	4.29	547.83	126.01	673.84	5.27
Arrear, Addnl. Coal, Incentive etc.	-	-	196.01	-	196.01	-
TPTCL- Govt of Himachal Pradesh (Hydro)	158.02	3.82	60.34	-	60.34	3.82
APPCPL- Goodwill, HP (Hydro)	4.98	4.00	1.99	-	1.99	4.00
APPCPL- Govt. of AP (Hydro)	167.80	4.83	81.00	-	81.00	4.83
APPCPL- Govt. of Nagaland (Hydro)	84.07	4.86	40.89	-	40.89	4.86
Incentive, Damages, Prov. etc.						
STPPA:						
TPTCL (Source- PPGCL)	26.93	4.75	12.79	0.54	13.33	4.95
TPTCL (Source- JPL, Chhattisgarh)	41.02	4.96	20.33	1.16	21.48	5.24
APPCPL (Source- DBPL)	11.22	5.09	5.72	0.30	6.02	5.36
TPTCL (Source- PPGCL)	16.81	5.56	9.36	0.66	10.01	5.95
APPCPL (Source- SEIL)	17.14	8.39	14.37	0.50	14.87	8.68
APPCPL (Source- Adhunik)	29.95	6.61	19.81	0.82	20.63	6.89
MPL (Source- BLAPPL)	29.04	6.62	19.21	0.83	20.05	6.90
Power Exchange/Traders	725.31	7.68	557.21	19.84	577.04	7.96
Incentive, Damages, Prov. etc.	-	-	-	-	-	-
Subtotal	897.41	7.34	658.79	24.65	683.44	7.62
Renewable:						
GNIDA (Solar)	1.08	6.92	0.75	-	0.75	6.92
APPCPL (Solar)	0.31	5.04	0.16	-	0.16	5.04
Adani (Solar)	52.71	3.10	16.34	0.65	16.99	3.22
Tata (Solar)	34.35	3.16	10.87	0.42	11.29	3.29
NPCL (Solar)	0.01	-	-	-	-	-
Power Exchange (Renewable)						
Net Metering	0.15	-	-	-	-	-
Net metering units allowed at G-DAM Rates	5.54	5.64	3.12	-	3.12	5.64
PTC (Wind)	34.21	3.57	12.20	0.84	13.04	3.81
PTC (Bannari Amman Sugar Ltd.)	30.85	6.32	19.51	0.93	20.44	6.63
PTC(NSL Sugars Ltd.)	45.01	5.90	26.57	1.29	27.85	6.19
Kreate (Source- DoP, Govt of Sikkim) (Non-Solar)	63.41	5.46	34.62	1.71	36.33	5.73
APPCPL (Source- MePDCL, Meghalaya) (Non-Solar)	12.60	5.35	6.75	0.33	7.08	5.62
Power Exchange (Renewable)	146.64	7.93	116.23	3.98	120.22	8.20
PTC (Source- Singoli) (Hydro)	75.06	5.43	40.76	1.58	42.34	5.64
Incentive, Damages, Prov. etc.	-	-	11.71	-	11.71	-
Subtotal	501.94	5.97	299.58	11.73	311.31	6.20
UI	15.40	5.94	9.15	-	9.15	5.94

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Particulars	Power Purchase Cost approved Pursuant to Remand					
	FY 2022-23					
	Qt at NPCL	Rate	Cost	Trans. Charges	Total Cost	Landed Rate
Sources of Power Purchase	MU	Rs./kWh	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./kWh
Other (True-up UPPTCL)	-	-	-	4.47	4.47	-
Total	3,107.62	6.10	1,895.58	166.86	2,062.45	6.64

3.10. CAPITAL EXPENDITURE

I. BACKGROUND

3.10.1. The Commission in true-up Order for FY 2018-19, had disallowed capital expenditure primarily on three grounds:

- Disallowance for not seeking prior approval for capital expenditure exceeding Rs. 10 Crores as mandated under Regulation 23A of the MYT Regulations, 2014;
- Disallowance of capital expenditure on vehicles and
- Disallowance of capital expenditure incurred by the Petitioner on Extra High Voltage (EHV) assets of 132 kV and above.

Re. Disallowance for not seeking prior approval for capital expenditure exceeding Rs. 10 Crores

3.10.2. The Commission, in true-up Order for FY 2018-19, imposed the following disallowances on the Petitioner:

- (a) A disallowance of 25% of the Opening Gross Fixed Assets (GFA) of FY 2018-19, pertaining to the Knowledge Park-1 (KP-1) and Knowledge Park-4 (KP-4) assets, along with a corresponding 25% reduction in accumulated depreciation up to FY 2017-18. This was on the ground that the Petitioner had not obtained prior approval for capital expenditure exceeding Rs. 10 Crores as mandated under Regulation 23A of the MYT Regulations, 2014.
- (b) A disallowance of 25% of the overall capital expenditure claimed for FY 2018-19, amounting to Rs. 125.38 Crores excluding GNIDA assets, citing the Petitioner's failure to seek prior approval for any scheme with capital expenditure exceeding Rs. 10 Crores, despite repeated directions from the Commission.

3.10.3. The relevant findings of the Commission in the true-up Order for FY 2018-19 are reproduced below:

“

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 Rs. 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 Rs. 10 Crore. **Accordingly, the Commission has decided to disallow 25% of the Capital investment of NPCL Assets for FY 2018-19.**"

- 3.10.4. Aggrieved by the said disallowances, the Petitioner preferred lead appeal against the true-up Order for FY 2018-19. The Hon'ble APTEL has set aside the disallowance and remanded this issue to the Commission with the following specific direction:

"

In view of the above deliberations, we are of considered view that State Commission has exceeded its jurisdiction in imposing a disallowance of 25% of opening Gross block of two assets namely KP 1 and KP 4 in FY 2018-19 (which is closing Gross Block for FY 2017-18, already approved) as penalty for noncompliance of Regulation 23 A of "UPERC MYT Regulations 2014" in the True-up of FY 2018-19 and such disallowance is set aside. Further, under the True-up exercise for FY 2018-19, as also stated by the State Commission in ARR order dated 22.01.2019, State Commission is required to undertake prudence check of the capital expenditure incurred and arbitrary reduction in capital expenditure, after approving the same in its ARR Order (FY 2018-19) dated 22.01.2019 is not permissible in law. The State Commission, without undertaking the prudence check, has arbitrarily disallowed 25 % of the capital expenditure made in FY 2018-19 in True-up exercise. The said finding of the State Commission is set aside and the issue of approval of capital expenditure in FY 2018-19 under True-up exercise is remanded to the State Commission to undertake prudence check of the cost incurred."

- 3.10.5. The Petitioner was disallowed the asset additions for FY 2019-20; FY 2020-21 & FY 2021-22 based on the identical approach adopted for FY 2018-19 in the lead appeal and set aside by the Hon'ble Tribunal. Relevant excerpt of the true-up Orders for FY 2019-20 to FY 2021-22, is extracted hereunder:

"

Since 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 in FY 2019-20.

.....

Since, the Petitioner has not taken prior approval of the Commission for any of the schemes with capital expenditure more than Rs. 10 Crore accordingly, the Commission has decided to disallow 25% of the GFA addition under each asset class other than vehicles, as claimed for FY 2020-21."

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.....
Since, the Petitioner has not taken prior approval of the Commission for any of the schemes with capital expenditure more than Rs. 10 Crore accordingly, the Commission has decided to disallow 25% of the GFA addition under each asset class other than vehicles, as claimed for FY 2021-22.
.....”

- 3.10.6. Aggrieved by the aforesaid disallowance, the Petitioner has preferred appeals against the respective true-up orders for FY 2019-20 to FY 2021-22.
- 3.10.7. Subsequently, vide Order dated 20.04.2026 in APL No. 343 of 2021, the said issue was also remanded for Commission's consideration in respect of FY 2019-20. Similar remand orders were passed by the Hon'ble APTEL on 11.05.2026 in the connected matters for FY 2020-21 to FY 2021-22.
- 3.10.8. Accordingly, this issue is being reconsidered for the period from FY 2018-19 to FY 2021-22, to the extent of remand as directed in appeals against true-up Orders for FY 2019-20 to FY 2021-22 and the principles settled by the Hon'ble Tribunal in the lead appeal in FY 2018-19.

Re. Disallowance of capital expenditure on vehicles

- 3.10.9. The Commission, in true-up Order for FY 2018-19, had disallowed the entire cost of vehicles purchased by the Petitioner. The disallowance comprised:
- (a) Reduction of the opening GFA for FY 2018-19 by the cost of all vehicles accumulated by the Petitioner up to and including FY 2017-18 (i.e., the closing GFA of vehicles as at FY 2017-18), along with deduction of 100% of the corresponding accumulated depreciation up to FY 2017-18; and
 - (b) Disallowance of the cost of vehicles added by the Petitioner during FY 2018-19, amounting to Rs. 1.93 Crores, from the GFA additions for the year.
- 3.10.10. The grounds cited by the Commission in the true-up Order for FY 2018-19 for the above disallowance were as follows:

“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:

...
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

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*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.***

- 3.10.11. Aggrieved by the said disallowances, the Petitioner preferred the Petitioner preferred lead appeal against the true-up Order for FY 2018-19. The Hon'ble APTEL has set aside the disallowance and remanded this issue to the Commission with the following specific direction:

"In view of above deliberation, we set aside the disallowance of opening GFA of vehicles accumulated up to FY 2017-18, along with reduction in accumulated depreciation on this account till FY 2017-18 in the Impugned Order. We also set aside the disallowance of cost of vehicles purchased in the FY 2018-19 under the Impugned Order and remand the matter to the State Commission to undertake prudence check of the cost incurred on Vehicles in FY 2018-19."

- 3.10.12. The Petitioner was disallowed the asset additions for FY 2019-20; FY 2020-21 & FY 2021-22 based on the identical approach adopted in the true-up order for FY 2018-19 and set aside by the Hon'ble Tribunal. Relevant excerpt of the true-up Orders for FY 2019-20 to FY 2021-22, is extracted hereunder:

"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.

....

Accordingly, the Commission taking into consideration the views taken in the True Up of FY 2018-19 and FY 2019-20 disallows the amount of Rs. 0.14 Crore claimed towards the GFA addition under the asset class of 'vehicles' for FY 2020-21.

....

Accordingly, the Commission taking into consideration the views taken in the True Up of FY 2020-21 disallows the claimed towards the GFA addition under the asset class of 'vehicles' for FY 2021-22.

...."

- 3.10.13. Aggrieved by the aforesaid disallowance, the Petitioner has preferred appeals against the respective true-up orders for FY 2019-20 to FY 2021-22.

- 3.10.14. Subsequently, vide Order dated 08.04.2026 in APL No. 343 of 2021, the said issue was also remanded for Commission's consideration in respect of FY 2019-20. Similar remand orders were passed by the Hon'ble APTEL on 11.05.2026 in the connected matters for FY 2020-21 to FY 2021-22.

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3.10.15. Accordingly, this issue is being reconsidered for the period from FY 2018-19 to FY 2021-22, to the extent of remand as directed in appeals against true-up Orders for FY 2019-20 to FY 2021-22 and the principles settled by the Hon'ble Tribunal in the lead appeal in FY 2018-19.

Disallowance of capital expenditure incurred by the Petitioner on Extra High Voltage (EHV) assets of 132 kV and above

3.10.16. In the true-up Order for FY 2018-19, the Commission had disallowed the capital expenditure incurred by the Petitioner on Extra High Voltage (EHV) assets of 132 kV and above as below:

- (a) Deduction of the opening GFA of all 132 kV and above assets capitalised up to FY 2017-18, amounting to Rs. 83.38 Crores, from the opening GFA of FY 2018-19, along with deduction of 100% of the corresponding accumulated depreciation up to FY 2017-18; and
- (b) Deduction of GFA additions of Rs. 5.80 Crores in respect of 132 kV and above assets capitalised during FY 2018-19.

3.10.17. The Commission had observed that in its Orders dated 31.10.2018 in Petition No. 987 of 2014 and Petition No. 1020 of 2015, and in its Order dated 04.06.2020 in Review Petition No. 1512 of 2019, had held that a distribution licensee cannot establish, own, operate and maintain a distribution system comprising 132 kV and 220 kV assets; and that despite these rulings, the Petitioner continued to capitalise such assets in its FAR. The relevant extract of the true-up Order for FY 2018-19, is reproduced below:

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:

*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 in the FAR, is also being deducted from opening balance of Accumulated depreciation.***

....."





3.10.18. Aggrieved by the said disallowance, the Petitioner preferred Appeal No. 98 of 2021 before the Hon'ble APTEL. The Hon'ble APTEL examined the above disallowances and directed as follows:

“

In view of the above deliberations and as already held above in previous paragraphs that arbitrary reduction/removal of opening GFA by the State commission without cogent justification or adherence to principle of natural justice is illegal, and accordingly we set aside the disallowance of opening GFA in True up of FY 2018-19 along with accumulated depreciation up to FY 2017-18 for RC Green and Garbhara substation. Since the Appeal Nos 336 of 2018 & Appeal No 40 of 2019 filed against the Orders of State Commission dated 30.10.2018 in respect of RC Green and Gharbara substations is still pending on the file of this Tribunal, we have confined our examination to only those aspects, which did not form part of the said orders of the State Commission. The Appeal No 336 of 2018 and Appeal No 40 of 2019 shall be examined on its merit uninfluenced by any observation made in this order.

.....”

3.10.19. The Hon'ble APTEL further clarified that Appeal Nos. 336 of 2018 and 40 of 2019, filed against the Orders of the State Commission dated 31.10.2018, remain pending, and the present examination has been confined to only those aspects that did not form part of the said orders Those appeals shall be examined on their merits uninfluenced by any observation made in Judgement dated 28.11.2025.

3.10.20. Accordingly, the Hon'ble APTEL gave following directions with respect to all 132 kV and above assets listed in Para 3.9.27 of true-up Order for FY 2018-19:

“

The Impugned Order list various other 132 kV and above assets and State Commission in Para 3.9.27 has deducted the GFA of all the 132 kV & above assets as noted in a table, capitalized till FY 2017-18 and deducted 100% depreciation till FY2017-18 for 132 kV and above assets from opening balance of accumulated Depreciation; in view of above deliberation we set aside this finding and hold that closing GFA for all the Assets, along with accumulated depreciation till FY 2017-18 as approved in True-up order of FY 2017-18 to be taken as opening GFA and accumulated depreciation for the 132 kV & above Assets in True-up Order of FY 2018-19.”

3.10.21. The Petitioner was disallowed the asset additions for FY 2019-20 based on the identical approach adopted for FY 2018-19 in the Impugned Order and set aside by the Hon'ble Tribunal. Relevant excerpt of the true-up Orders for FY 2019-20 is extracted hereunder:

“

The Commission in its various Orders has observed that the distribution licensee cannot own, operate assets of 132 kV and above and associated assets...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.....”

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3.10.22. Aggrieved by the aforesaid disallowance, the Petitioner has preferred appeal against the true-up orders for FY 2019-20. Subsequently, vide Order dated 20.04.2026 in APL No. 343 of 2021, the said issue was also remanded for Commission's consideration.

3.10.23. Accordingly, this issue is being reconsidered for the period from FY 2018-19 to FY 2019-20, to the extent of remand as directed in appeals against true-up Orders for FY 2019-20 and the principles settled by the Hon'ble Tribunal in the lead appeal in FY 2018-19.

II. SUBMISSIONS OF THE PETITIONER

Disallowance for not seeking prior approval for capital expenditure exceeding Rs. 10 Crores

3.10.24. The Commission vide its letter dated 15.12.2025 sought specific information from the Petitioner, including:

- The Petitioner to show that the CAPEX was within the head-wise limits approved in the Business Plan Order dated 30.11.2017.
- The Petitioner to submit tenders for all material/works procurements whose capitalised value exceeded Rs. 10 (Ten) Crore in FY 2018-19.
- The Petitioner to break down the capitalisation value into cost of material, cost of works and other heads.
- The Petitioner to submit project-wise lists of material procurement and works procurement.

3.10.25. The Petitioner submitted its response to the aforesaid queries raised by the Commission, which are summarised below:

- The Commission, vide its Business Plan Order dated 30.11.2017, approved an overall CAPEX of Rs. 231.49 Crores for FY 2018-19. The actual CAPEX claimed by the Petitioner in the True-Up for FY 2018-19 amounted to Rs. 125.38 Crores, which is significantly lower than the approved level. While certain head-wise variations exist, these are explained by:
 - Higher-than-projected consumer additions;
 - Higher-than-projected connected load increase;
 - Inclusion of capitalised employee costs and interest within head-wise actuals;
 - Operational exigencies including implementation of the Saubhagya Scheme, GNIDA asset handovers, and Pradhan Mantri Sahaj Bijli Har Ghar Yojana.
- Further, the actual CAPEX under heads such as 33 kV/11 kV/LT/Village Network Development was revised upward in the ARR for FY 2018-19 (filed on 20.07.2018), and the actual expenditure under these heads is within the revised ARR projections.

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- During FY 2018-19, no individual project or procurement had a capitalised value exceeding Rs. 10 Crores. Accordingly, no tenders are required to be submitted for the said threshold.
- The break-up of the total capitalisation of Rs. 125.38 Crores for FY 2018-19 is as under:

TABLE 3-66 BREAK-UP OF CAPITALIZATION FOR FY 2018-19

Sl. No.	Nature of Works	Actual CAPEX
1	New Connection	17.75
2	Replacement Stock	5.18
3	Metering	0.26
4	33/11 kV Substation	13.94
5	33 kV Network Development	14.01
6	11 kV Network Development	18.05
7	LT Network Development	10.29
8	Network at Villages	7.34
9	Network Renovation	0.56
10	Process System Automation	6.43
11	Civil Works & Office Infrastructure Facility	12.03
12	IT Projects	4.34
13	Tools / Testing Equipment, Vehicles etc.	2.38
14	Demand Side Management	0.00
15	Land	6.2
16	Misc./Contingent Works	6.62
17	Sub-Total	125.38
18	Interest Capitalization	Nil
19	Salary Capitalization	Included above
20	Total Capex incurred	125.38

3.10.26. As against the actual CAPEX of Rs. 125.38 Crs. (including CAPEX of Rs. 1.93 Crs. towards vehicles and Rs. 5.80 Crs. towards CAPEX on EHV assets of 132KV and above), the Commission had allowed a CAPEX of Rs. 97.57 Crs., thereby entailing a disallowance of Rs. 20.08 Crs. in the true-up Order for FY 2018-19.

3.10.27. The Petitioner further submitted that the Commission in the subsequent true-up orders of the Petitioner had made similar disallowances i.e., disallowed 25% of the asset addition (with cost above 10 Cr.) as claimed by the Petitioner without prior approval. The said issue has also been remanded for Commission's consideration.

3.10.28. The Petitioner vide its Additional Submissions has provided the computation of financial impact in subsequent true-up orders for FY 2019-20; FY 2020-21 & FY 2021-22, on application of principles now settled by Hon'ble APTEL. The disallowance in the subsequent true-up order(s), based on principles adopted in the judgement in the lead appeal by the Hon'ble Tribunal, is tabulated hereunder:

TABLE 3-67 DISALLOWANCE OF 25% OF GFA ADDITIONS (EXCL. VEHICLE AND 132 KV ASSETS & ABOVE)

Financial Year	True-up Order dated	Disallowance (Rs. Crores)
2019-20	26.08.2021 (Contested in APL No.343 of 2021)	29.51

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Financial Year	True-up Order dated	Disallowance (Rs. Crores)
2020-21	20.07.2022 (Contested in APL No. 398 of 2022)	20.02
2021-22	24.05.2023 (Contested in APL No.676 of 2023)	28.76

3.10.29. The details of total assets additions approved in the ARR Order and approved in the respective true-up orders for FY 2019-20 to FY 2021-22, is as detailed hereunder:

TABLE 3-68 ASSETS ADDITIONS APPROVED BY THE COMMISSION

(Rs. Crore)

Financial Year	Approved vide T.O.	Claimed in True-up	Approved in true-up	Claimed (As per settled principle)
2019-20	194.71	208.67	111.6	182.68
2020-21	192.30	100.19	80.03	100.19
2021-22	239.71	199.16	165.12	195.46

Disallowance of capital expenditure on vehicles

3.10.30. In pursuance of the Hon'ble APTEL's directions, the Commission vide its letter dated 15.12.2025 sought specific information from the Petitioner regarding vehicles, including:

- The Petitioner to submit the invoice for each vehicle purchased during FY 2018-19.
- The Petitioner to submit the reason for purchasing each vehicle.
- Current status of vehicles procured during FY 2018-19.

3.10.31. The Petitioner's responses in NPCL Remand Submissions are summarised below:

- Invoices for each of the 14 four-wheelers purchased during FY 2018-19 were enclosed to its submissions. The total cost of vehicles purchased during FY 2018-19 amounted to Rs. 1.93 Crores, translating to an average cost per vehicle of approximately Rs. 13.85 Lakhs per vehicle.
- The Petitioner submitted that it is obligated under the Act to maintain an efficient, coordinated and economical distribution system for supply of electricity across its licensed area of approximately 335 sq. km., including 118 villages and multiple urban and semi-urban sectors in Greater Noida. The distance from east to west across the licensed area ranges from approximately 50 to 60 km.
- Vehicles are required for:

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- Inspection, patrolling, preventive maintenance and fault rectification across the distribution network;
 - Quick deployment during breakdowns, storms, accidents and disasters to minimise outage durations;
 - Complaint resolution, new connection inspection, disconnection/reconnection and safety checks;
 - Shift-based duties in the call centre, control room and inter-office movement;
 - Attending meetings, court proceedings, material inspection and vendor verification in NCR and nearby States;
 - Ensuring 24x7 availability and safety of employees working in odd hours and night shifts.
- Vehicles are purchased after a detailed evaluation of requirements in accordance with the Petitioner's Vehicle Policy. The cost of the vehicle, as capitalised in the Petitioner's books, is limited to the amount permissible under the "NPCL Vehicle Policy 2018," and any amount in excess of such eligibility is borne by the concerned employee and is not capitalised.
 - Vehicles deployed for field operations are subject to significantly higher usage and are retired based on actual usage parameters (kilometres run) in accordance with the Vehicle Policy, rather than on a fixed time basis.
 - Further, the Petitioner has submitted the details of each vehicle purchased during FY 2018-19, including the break-up of cost, employee contribution, date of acquisition, date of retirement (where applicable) and purpose of purchase, as part of its submissions. The Commission has noted this information for the purposes of the prudence check.
- 3.10.32. The Petitioner further submitted that the Commission in the subsequent true-up orders of the Petitioner had made similar disallowances i.e., disallowed 100% cost of vehicle from the GFA additions approved for FY 2019-20; FY 2020-21 and FY 2021-22, based on the identical principles adopted in the true-up order for FY 2018-19. The said issue has also been remanded by the Hon'ble Tribunal for its consideration by the Commission.
- 3.10.33. The Petitioner vide its Additional Submissions has provided the computation of financial impact in subsequent true-up orders for FY 2019-20; FY 2020-21 & FY 2021-22, on application of principles now settled by the Hon'ble APTEL. The disallowance in the subsequent true-up order(s), based on principles adopted in the lead appeal by the Hon'ble APTEL, is tabulated hereunder:

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TABLE 3-69 DISALLOWANCE OF VEHICLE COST FROM GFA ADDITIONS

Financial Year	True-up Order dated	Disallowance Rs. (Crores)
2019-20	26.08.2021 (Contested in APL No.343 of 2021)	1.92
2020-21	20.07.2022 (Contested in APL No. 398 of 2022)	0.14
2021-22	24.05.2023 (Contested in APL No.676 of 2023)	1.58

3.10.34. It is further submitted that the Commission itself has subsequently allowed the cost of vehicles in the True-Up Orders for FY 2022–23 and FY 2023–24, upon being satisfied regarding their necessity.

Disallowance of capital expenditure incurred by the Petitioner on Extra High Voltage (EHV) assets of 132 kV and above

3.10.35. In compliance with the directions of the Hon'ble APTEL, the Commission vide its letter dated 15.12.2025 sought specific information from the Petitioner with respect to the 132 kV and above assets.

3.10.36. The Petitioner, in its submissions filed pursuant to the Commission's letter dated 15.12.2025, made the following consolidated submissions with respect to the 132 kV and above assets:

- (a) The opening GFA for FY 2018-19 is required to be restored to the closing GFA for FY 2017-18 as approved in the True-Up Order for FY 2017-18, in respect of all 132 kV and above assets.
- (b) With respect to the CAPEX additions in FY 2018-19, the only addition claimed under the 132 kV and above assets category pertains to the RC Green Substation (Rs. 5.80 Crores, being the cost of one 160 MVA, 220/132 kV transformer and associated equipment, paid to UPPTCL through GNIDA for augmenting distribution capacity at the RC Green Substation). This addition was approved in the ARR Order dated 22.01.2019 as part of the Rs. 17 Crores approval for RC Green augmentation.
- (c) The Petitioner reiterated that all the aforesaid assets were created for strengthening and augmenting the distribution system in its licensed area and were duly approved, capitalised and true up in successive tariff orders prior to FY 2018-19.
- (d) With regard to the direction for refund from GNIDA (in respect of RC Green and Gharbara), the Petitioner submitted that GNIDA, vide its letter dated 18.11.2020, has expressly rejected the request for refund on the ground that the Petitioner is mandated to incur all costs for development of the electrical network in its licensed area. Accordingly, the premise of a refund, which was the basis for the true-up direction in the Orders dated 31.10.2018, does not arise.

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The consequential true-up directed in those orders therefore cannot be effected.

- (e) No expenditure was incurred or claimed by the Petitioner for the KP-5 and BZP Substations in the True-Up for FY 2018-19. The assets disallowed in respect of these substations relate solely to land and boundary wall costs capitalised in FY 2013-14 and FY 2014-15, which were duly approved in the respective True-Up Orders and formed part of the approved opening GFA of FY 2018-19.

3.10.37. The Commission in the subsequent true-up order for FY 2019-20 of the Petitioner had made similar disallowances i.e., disallowed the capital expenditure incurred on 132 kV and above assets. The said issue has also been remanded by the Hon'ble Tribunal for its consideration by the Commission.

3.10.38. The Petitioner vide its Additional Submissions has provided the computation of financial impact of Rs. 39.60 Cr. incurred on 132 kV and above assets, in true-up order for FY 2019-20, as tabulated hereunder:

TABLE 3-70 IMPACT INCURRED IN 132 KV AND ABOVE ASSETS FOR FY 2019-20

S. No.	Particulars	FY 2019-20
1.	Payment to UPPTCL for construction of 5 Nos. 33kV Bay at 400/220/132/33kV UPPTCL Substation at Sector 148 Noida	20.48
2.	Payment to UPPTCL for construction of 220kV LILO at 220/132/33kV R C Green Substation connecting 400kV Substation at Pali, Greater Noida	19.12
Total		39.60

III. ANALYSIS AND FINDINGS

3.10.39. In compliance with the direction of the Hon'ble APTEL, the Commission has undertaken a prudence check of the capital expenditure incurred by the Petitioner during FY 2018-19 to FY 2021-22 with reference to the approval granted in the respective ARR Order, and the Business Plan Order.

3.10.40. The Commission had identified certain discrepancies in the Fixed Asset Register wherein it was found that the cost of certain items appeared to be excessively high. The Commission directed the Petitioner to explain the reasons for such high cost of the items identified by the Commission. The Petitioner submitted that there were certain errors in the count of the items recorded in Fixed Asset Register. The Petitioner submitted the correct count of the items along with the relevant documents demonstrating the error in the earlier figures which were later corrected.

Re. Disallowance for not seeking prior approval for capital expenditure exceeding Rs. 10 Crores

3.10.41. The total actual CAPEX incurred for the period under consideration is substantially below the total CAPEX approved by the Commission in the respective Business Plan Order and approved in the ARR Order. The overall CAPEX is well within approved limits.

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- 3.10.42. The Petitioner has confirmed, and the Commission has verified, that no individual scheme or project executed in FY 2018-19 to FY 2021-22 had a capitalised value exceeding Rs. 10 Crores.
- 3.10.43. Head-wise variations between the Business Plan and actual CAPEX are explained by genuine operational drivers, consumer growth, load increase, implementation of government schemes, and GNIDA handovers. The Commission accepts that such variations are inherent to distribution business operations.
- 3.10.44. The opening GFA for FY 2018-19 in respect of KP-1 & KP-4 assets is required to be restored to the closing GFA as approved in the True-Up Order for FY 2017-18, in compliance with the Judgement dated 28.11.2025 passed by the Hon'ble Tribunal in Appeal No. 98 of 2021.
- 3.10.45. Accordingly, approved Gross Fixed Assets for FY 2018-19, in terms of the lead appeal, are shown in the Table below:

TABLE 3-71 GROSS FIXED ASSETS FOR FY 2018-19

Particulars	Approved vide T.O. 22/01/2019	True Up Petition	Approved in true-up Order for FY 2018-19	Determined on Remand
Opening Balance	1,435.72	1,358.32	1,244.72	1,358.37
Addition during the Year	172.50	125.38	97.57	125.38*
Retirement during the Year	(4.85)	(4.30)	(4.30)	(4.30)
Closing Balance	1,603.37	1,479.40	1337.99	1,479.46

**This asset addition includes 25% of CAPEX towards KP-1 & KP-4; EHV assets of 132KV & above and vehicles*

- 3.10.46. The Commission conducted the prudence check of the capital expenditure on asset additions for FY 2018-19; FY 2019-20; FY 2020-21 & FY 2021-22 as well. Such assets additions have accordingly been considered in the GFA additions in the respective years as tabulated below:

TABLE 3-72 GFA ADDITIONS APPROVED BY THE COMMISSION

(Rs. Crore)

Financial Year	Disallowance of 25% of GFA Addition (excl. Vehicle & 132 kV & above assets)
2019-20	29.51
2020-21	20.02
2021-22	28.76

Disallowance of Capital Expenditure on Vehicles

- 3.10.47. The Hon'ble APTEL in the lead appeal has allowed the expenditure on cost of vehicle incurred by the Petitioner, while observing that Vehicles are integral and unavoidable for the discharge of a distribution licensee's statutory duties under the Act for inspection, patrolling, preventive maintenance, fault rectification, consumer complaint resolution, disconnection/reconnection, and 24x7 availability of staff across the licensed area.

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3.10.48. The Commission has done prudence check of capital expenditure on vehicle on cost and notes that the Petitioner's vehicles are procured and managed in accordance with the NPCL Vehicle Policy 2018 as revised from time to time, which governs eligibility, cost limits (with any excess borne by the employee), usage norms and retirement criteria. Further, the amount booked under capital expenditure correspond to the invoices submitted by the Petitioner. Accordingly, the Commission allows the capital expenditure on vehicle for the period from FY 2018-19 to FY 2021-22 as claimed by the Petitioner, in line with the directions of the Hon'ble APTEL in the lead appeal. Such assets additions have accordingly been considered in the GFA additions in the respective years as tabulated below:

TABLE 3-73 DISALLOWANCE OF CAPITAL EXPENDITURE ON VEHICLES

Financial Year	Disallowance of cost of vehicles from GFA Addition (Rs. Crore)
2018-19	1.93
2019-20	1.92
2020-21	0.14
2021-22	1.58

Disallowance of capital expenditure incurred by the Petitioner on Extra High Voltage (EHV) assets of 132 kV and above

3.10.49. The Hon'ble APTEL in the lead appeal, examined the disallowances relating to 132 kV and above assets in detail and issued directions, as set out below:

- The Hon'ble Tribunal held that the Orders dated 31.10.2018 in Petition Nos. 987 of 2014 and 1020 of 2015 did not contain any finding that a distribution licensee cannot establish, own, operate and maintain assets of 132 kV and above. Therefore, the basis of disallowance in the true-up order for FY 2018-19 and FY 2019-20 in itself is factually incorrect.
- Such CAPEX on 132 kV and above assets was approved in the ARR Orders and therefore, Commission was required to undertake prudence check rather than arbitrarily disallowing the entire expenditure. The matter was accordingly remanded for a prudence check

3.10.50. In compliance with the directions of the Hon'ble APTEL, the Commission has undertaken a prudence check of the capital expenditure incurred on 132 kV and above assets in FY 2018-19 and FY 2019-20 and approves the capital expenditure as claimed by the Petitioner.

3.10.51. The Commission is satisfied that the expenditure of Rs. 5.80 Crores on RC Green Substation assets in FY 2018-19 is prudent and within the approval granted in the ARR Order dated 22.01.2019, therefore allowed herein. The Commission notes that Appeal No. 336 of 2018 (challenging the Order dated 31.10.2018 in respect of the RC Green Substation) is pending before the Hon'ble Tribunal. The present prudence check is confined to the expenditure incurred in FY 2018-19 and does not prejudice the outcome of the said appeal, which shall be examined on its merits.

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3.10.52. The opening GFA for FY 2018-19 in respect of all 132 kV and above assets is required to be restored to the closing GFA as approved in the True-Up Order for FY 2017-18, in compliance with the Judgement dated 28.11.2025 passed by the Hon'ble Tribunal in Appeal No. 98 of 2021.

3.10.53. In terms of the principles settled in lead appeal and on prudence check, it is appropriate that due effect shall also be given to the capital expenditure of Rs. 39.60 Crs. incurred during FY 2019-20 in respect of all 132 kV and above assets.

3.10.54. Accordingly, the total capital expenditure as allowed by the Commission for the years from FY 2018-19 to FY 2023-24 is shown below:

TABLE 3-74 TOTAL CAPITAL EXPENDITURE APPROVED FOR FY 2018-19 TO FY 2023-24

Sr. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY2023-24
1	Opening GFA	1,358.37	1,479.46	1,635.14	1,732.27	1,917.29	2,041.29
2	Additions	125.38	163.56	100.19	195.45	130.99	146.91
3	Deletions	(4.30)	(7.87)	(3.06)	(10.44)	(6.98)	(9.08)
4	Closing GFA	1,479.46	1,635.14	1,732.27	1,917.29	2,041.29	2,179.12
5	Average GFA	1,418.92	1,557.30	1,683.71	1,824.78	1,979.29	2,110.21

3.11. DISALLOWANCE OF CAPITAL WORKS IN PROGRESS (CWIP)

I. BACKGROUND

3.11.1. The Commission in true-up for FY 2018-19 had disallowed the following amounts under the head of Capital Works in Progress (CWIP):

TABLE 3-75 DISALLOWED CWIP FOR FY 2018-19

S. No.	Item	Amount Disallowed (Rs. Crore)
(i)	CWIP pertaining to LILO works at 220 kV RC Green Substation	19.12
(ii)	CWIP pertaining to 5 Nos. 33 kV Bays at Sector 148 Substation, Noida (paid to UPPTCL)	20.48
(iii)	Consultancy charges paid to PGCIL for preparation of tender/DPR for 220 kV substation and lines at BZP and KP-5 Substation	1.28

3.11.2. The grounds of disallowance, as stated in true-up for FY 2018-19, were, in substance, as follows:

- The opening CWIP approved in the True-up Order for FY 2017-18 did not include Rs. 19.12 Crore towards the LILO works at the RC Green Substation, and accordingly the same could not be considered in the opening CWIP for FY 2018-19.
- The capital advance of Rs. 20.48 Crore for 5 Nos. 33 kV bays at Sector 148 Substation was disallowed consequentially upon the Commission's disallowance of investment in 132 kV and above assets, without a prudence check being

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conducted against the capital expenditure approved in the ARR Order dated 22.01.2019.

- (c) The consultancy charges of Rs. 1.28 Crore paid to PGCIL were disallowed; with the Commission noting the Petitioner's earlier undertaking, that no costs had been incurred on the BZP and KP-5 substations as of the ARR stage, and the disallowance of Rs. 24 Crore proposed in the capital expenditure for these substations in the ARR Order dated 22.01.2019.

3.11.3. Aggrieved by the aforesaid disallowances, Petitioner filed Appeal No. 98 of 2021 before the Hon'ble APTEL. The Hon'ble APTEL, vide its Judgement dated 28.11.202, examined the CWIP disallowances in detail and issued the following directions:

Re. CWIP of Rs. 19.12 Crore — LILO works at 220 kV RC Green Substation:

3.11.4. The Hon'ble APTEL held that, in the circumstances of the case specifically, the pendency of Appeal No. 40 of 2023 before Hon'ble APTEL challenging the Review Order dated 04.10.2020 and part of the True-up Order dated 03.09.2019 (True-up of FY 2017-18), which directly concerns the approved closing CWIP of FY 2017-18, the Commission's disallowance of Rs. 19.12 Crore in the opening CWIP of FY 2018-19, based on the approved closing CWIP of FY 2017-18, requires no interference at this stage. The Hon'ble APTEL confined its examination to aspects that did not form part of the said order, and directed that Appeal No. 40 of 2023 shall be examined on its merits uninfluenced by any observation in Hon'ble APTEL Judgement.

Re. CWIP of Rs. 20.48 Crore — 5 Nos. 33 kV Bays at Sector 148 Substation, Noida:

3.11.5. The Hon'ble APTEL noted that the Commission's disallowance of Rs. 20.48 Crore was premised upon its disallowance of investment in 132 kV and above assets, and that no prudence check of the cost incurred was undertaken against the capital expenditure approved in the ARR Order dated 22.01.2019 while passing the Impugned Order. Hon'ble APTEL further noted that it had set aside the Commission's findings regarding the disallowance of 132 kV and above assets, having held that the Orders dated 31.10.2018 in respect of RC Green and Gharbara did not contain any finding that a distribution licensee cannot own, operate, or maintain 132 kV and above assets. Hon'ble APTEL also reiterated the settled principle that the Commission cannot change the rules or methodology used in initial tariff determination at the True-up stage. On this basis, Hon'ble APTEL set aside the disallowance of Rs. 20.48 Crore and remanded the matter to the Commission to undertake a prudence check of the cost incurred on this account against the capital expenditure approved in the ARR Order dated 22.01.2019.

Re. CWIP of Rs. 1.28 Crore - Consultancy charges paid to PGCIL:

3.11.6. Hon'ble APTEL, having regard to the fact that (a) the cost of land and boundary wall for BZP and KP-5 had been approved in earlier tariff orders; (b) the consultancy CWIP

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had been approved in the closing CWIP in the True-up Order for FY 2017-18; and (c) only the balance 10% was paid in FY 2018-19, set aside the disallowance and allowed Rs. 1.28 Crore as CWIP. Hon'ble APTEL, however, expressly clarified that such allowance of consultancy CWIP shall not be construed as approval for construction of the BZP or KP-5 substations, and that physical construction shall require prior approval of the Commission under the applicable Regulations.

3.11.7. The same disallowances were retained in the APR and true-up Order for FY 2019-20 as well, as a consequence of the position adopted in the True-up for FY 2018-19. Aggrieved by such disallowance on account of CWIP/capitalization, Petitioner had preferred appeal against the true-up Order for FY 2019-20. Hon'ble APTEL vide its Order dated 11.05.2026 has remanded the matter for its consideration by the Commission.

3.11.8. Accordingly, this issue is being reconsidered for the period from FY 2018-19 to FY 2019-20, to the extent of remand as directed in appeal and the principles settled by the Hon'ble Tribunal in the judgement passed in lead appeal for FY 2018-19.

II. SUBMISSIONS OF THE PETITIONER

3.11.9. Pursuant to Hon'ble APTEL Judgement and the Commission's letter dated 15.12.2025, the Petitioner filed its issue-wise submissions before the Commission. A summary of the Petitioner's submissions are as follows:

Re. CWIP of Rs. 19.12 Crore — LILO Works at 220 kV RC Green Substation

3.11.10. The Petitioner has submitted that, in view of the Hon'ble APTEL's finding that the disallowance of Rs. 19.12 Crore requires no interference pending the outcome of Appeal No. 40 of 2023, it does not propose to press this claim in the present proceedings. However, it is requested that the said claim may be allowed subject to disposal of Appeal No. 40 of 2023 by the Hon'ble APTEL. In case the appeal is not decided in favour of the Petitioner, the capital expenditure may be disallowed. The Petitioner has submitted that such a treatment will be in favour of consumers as the burden of carrying cost can be reduced.

Re. CWIP of Rs. 20.48 Crore — 5 Nos. 33 kV Bays at Sector 148 Substation, Noida

3.11.11. The Petitioner has submitted that the capital advance of Rs. 20.48 Crore was paid to UPPTCL during FY 2018-19, pursuant to a demand letter issued by UPPTCL, for the creation of 5 (five) Nos. 33 kV bays required for 33 kV distribution connectivity from UPPTCL's 400/220/132/33 kV Substation at Sector 148, Noida. The Petitioner has stated that the expenditure was incurred to meet an emergent requirement for evacuation of power and ensuring reliable supply to consumers.

3.11.12. The Petitioner has further submitted that the expenditure was reflected as CWIP for FY 2018-19, since the physical works were ongoing, and that the ARR Order dated 22.01.2019 approved capital expenditure for the relevant period, including works at

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33 kV level, within which this expenditure falls. The Petitioner submitted a copy of the UPPTCL demand letter (Annexure-24 to its submissions) in support of the above claim.

3.11.13. In respect of the APR Order of FY 2019-20, the Petitioner submitted that the same amount of Rs. 20.48 Crore was carried forward as CWIP and was disallowed again, consequentially. The Petitioner has further submitted that the Rs. 20.48 Crore paid as capital advance to UPPTCL in FY 2018-19 was eventually capitalised in FY 2019-20. However, in the true-up Order for FY 2019-20 dated 26.08.2021, the Commission has disallowed the afore-said expenditure.

3.11.14. The Hon'ble APTEL has categorically held that the Orders dated 31.10.2018 in Petition Nos. 987 of 2014 and 1020 of 2015 did not contain any finding that a distribution licensee cannot establish, own, operate and maintain assets of 132 kV and above. The basis cited by the Commission, that the said orders had ruled that a distribution licensee cannot establish, own, operate, and maintain a distribution system of 132 and 220 kV assets, was held to be factually incorrect. Accordingly, the Petitioner has prayed for capitalisation of Rs. 20.48 Crore in FY 2019-20 for the consideration and approval of the Commission.

Re. CWIP of Rs. 1.28 Crore — Consultancy Charges Paid to PGCIL

3.11.15. The Petitioner has submitted that Rs. 1.28 Crore represents the balance 10% of consultancy charges payable to PGCIL for the preparation of Detailed Project Reports (DPRs) and tender documents for the proposed 220 kV substations at BZP and KP-5. The initial 90% of the consultancy fee had been approved and included in the closing CWIP of FY 2017-18; only the balance 10% was paid in FY 2018-19.

3.11.16. The Petitioner has further submitted that the cost of land and boundary wall for the BZP and KP-5 substations was approved in earlier tariff orders, and the consultancy CWIP similarly found approval in the True-up for FY 2017-18. The Petitioner submitted that Hon'ble APTEL has already set aside this disallowance, and accordingly no further inquiry is required. The Petitioner noted that no physical construction has been undertaken or claimed at BZP or KP-5.

3.11.17. In respect of the FY 2019-20, the Petitioner reiterated its submissions made for the True-up of FY 2018-19 and requested that the CWIP of Rs. 1.28 Crore be retained and carried forward in the subsequent year as well.

III. ANALYSIS AND FINDINGS

3.11.18. The Commission has examined the submissions of the Petitioner, the directions of the Hon'ble APTEL, and the relevant provisions of the MYT Regulations, 2014. The Commission notes at the outset that Hon'ble Tribunal's Judgement has issued differentiated directions in respect of the three components of the CWIP disallowance and accordingly, proceeds to give effect to them in this Order.

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- 3.11.19. The Commission has taken note of the principle reiterated by Hon'ble Tribunal, namely, that the approved closing CWIP of FY 2017-18 constitutes the opening CWIP for FY 2018-19 and cannot arbitrarily be modified having been approved and attained finality in prior tariff order.
- 3.11.20. The Commission on prudence check finds the submission of the Petitioner to be appropriate and in line with the directions of Hon'ble APTEL and therefore allows CWIP claimed by the Petitioner for LILO Works at 220 kV RC Green Substation, 5 Nos. 33 kV Bays at Sector 148 Substation, Noida and Consultancy Charges Paid to PGCIL, for the period from FY 2018-19 and FY 2019-20.
- 3.11.21. However, the CWIP claimed for LILO Works at 220 kV RC Green Substation is subject to judgement of Hon'ble APTEL in Appeal no. 40 of 2023.
- 3.11.22. Further, since the disallowance of Rs. 20.48 Crore in the APR of FY 2019-20 and the subsequent true-up Order for FY 2019-20, was consequential upon the disallowance in the True-up of FY 2018-19, and the Petitioner has submitted that the Rs. 20.48 Crore was capitalised in FY 2019-20, the Commission directs that the capitalisation of Rs. 20.48 Crore in FY 2019-20 shall be treated as allowable, and the consequential disallowance in the APR of FY 2019-20 on this account is set aside and the said expenditure is hereby approved for FY 2019-20.
- 3.11.23. Further, since the disallowance of Rs. 19.12 Crore in the APR of FY 2019-20 and the subsequent true-up Order for FY 2019-20, was consequential upon the disallowance in the True-up of FY 2018-19, and the Petitioner has submitted that the Rs. 19.12 Crore was capitalised in FY 2019-20, the Commission directs that the capitalisation of Rs. 19.12 Crore in FY 2019-20 shall be treated as allowable, and the consequential disallowance in the true-up of FY 2019-20 on this account is set aside and the said expenditure is hereby approved for FY 2019-20. However, as the said allowance pertains to LILO Works at 220 kV RC Green Substation, it is needless to state that the same is subject to judgement of Hon'ble APTEL in Appeal No. 40 of 2023.

3.12. RETIREMENT/IMPAIRMENT OF ASSETS

I. BACKGROUND

- 3.12.1. The Commission in the ARR Order for FY 2020-21, disallowed the Petitioner's claim of Rs. 1.77 Crore on account of estimated loss on retirement/impairment of fixed assets projected for FY 2020-21. The Commission's finding, at Para 5.19.7 of the Tariff Order is extracted below:

"

Hence it can be easily ascertained that from FY 2020-21, the income from sale of scrap will be considered as Income and any loss from sale will not be allowed separately....."

- 3.12.2. The Commission had observed that the Regulation 47.2(b) of the MYT Regulations, 2019 includes "income from sale of scrap" within Non-Tariff Income, and that, unlike the erstwhile MYT Regulations, 2014, the MYT Regulations, 2019 do not contain a

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proviso permitting deduction of expenditure incurred in generating or earning Non-Tariff Income. Accordingly, the Commission held that any loss arising from the retirement/sale of assets could not be allowed separately.

3.12.3. Further, in determining the ARR for FY 2020-21, the Commission reduced from GFA the debt and equity corresponding to the value of assets retired during FY 2020-21, aggregating Rs. 3.06 Crore, comprising normative debt of Rs. 2.14 Crore and equity of Rs. 0.92 Crore, thereby also depriving the Petitioner of the Return on Equity (RoE) and Interest on Normative Term Loan otherwise allowable on such retired assets.

3.12.4. Aggrieved by the aforesaid disallowances, the Petitioner preferred Appeal No. 98 of 2021 before the Hon'ble APTEL. The Hon'ble APTEL, vide its Judgement, examined the contentions of both sides and remanded the matter to the Commission with the following direction:

“

In view of above deliberation, we set aside the observation in the Impugned Order with regard to disallowance of Return on Equity and interest on debt for the assets retired and remand the matter to State Commission for allowing return on equity and interest on Debt of the Retired Assets in terms of Regulation 20.2 of 'MYT Regulations 2019' for assets referred in the ARR of 2020-21....”

3.12.5. The Petitioner was disallowed the expense against loss on retirement/impairment of assets, based on identical approach for the subsequent years as well, i.e., for FY 2021-22; FY 2022-23 & FY 2023-24 based on the identical approach adopted for FY 2020-21. Relevant excerpt of the true-up Orders for FY 2021-22; FY 2022-23 & FY 2023-24, is extracted hereunder:

“The Commission, took a considered view on the above said matter in past True-up Orders of FY 2019-20 & FY 2020-21. The Commission is of the view that the MYT Regulation provisioned that 90% of the assets value to be covered through depreciation value, whereas the remaining 10% will be scrap value and to be recovered through sale of the assets... Accordingly, the Commission is not approving any loss on retirement / impairment of assets for FY 2021-22.”

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“The Commission took a considered view on the above said matter in past True-up Orders of FY 2019-20, FY 2020-21 and FY 2021-22... Accordingly, the Commission is not approving any loss on retirement/impairment of assets for FY 2022-23.”

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“The Commission observes that the Petitioner has claimed Rs 1.72 Cr. towards loss on sale of Fixed Assets under Miscellaneous Expenses. The Commission is of the view that as per the provision of MYT Regulations 90% of the asset value is to be covered through depreciation, whereas the remaining 10% will be scrap value to be recovered through the sale of the assets. Accordingly, the Commission is not approving any loss on retirement/impairment of assets for FY 2023-24.”

3.12.6. Aggrieved by the aforesaid disallowance, the Petitioner has preferred appeals against the respective true-up orders for FY 2021-22; FY 2022-23 & FY 2023-24.

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3.12.7. Subsequently, vide Order dated 11.05.2026 in connected appeals, the said issue was remanded for Commission's consideration in respect of FY 2021-22 to FY 2023-24.

3.12.8. Accordingly, this issue is being reconsidered for the period from FY 2020-21 to FY 2023-24, to the extent of remand as directed in appeals against the respective true-up Orders for FY 2021-22 to FY 2023-24 and the principles settled by the Hon'ble Tribunal in the lead appeal in FY 2020-21.

II. SUBMISSIONS OF THE PETITIONER

3.12.9. The Commission's letter dated 15.12.2025, the Petitioner filed its issue-wise submissions before the Commission.

3.12.10. The Petitioner submitted that, in view of the Hon'ble APTEL's findings, it is not separately claiming the loss of Rs. 1.77 Crore on retirement/impairment of assets in the present proceedings, on the premise that its prayer for restoration of the debt and equity corresponding to retired assets, for the purposes of allowance of RoE and Interest on Normative Term Loan, would be accepted by the Commission.

3.12.11. The Petitioner submitted the following details of assets retired during FY 2020-21 in respect of which the Commission had reduced debt and equity from GFA in the Impugned Order:

TABLE 3-76 ASSETS RETIRED DURING FY 2020-21 SUBMITTED BY THE PETITIONER

Year	Value of Assets Retired (Rs. Crore)	Normative Debt – 70% (Rs. Crore)	Equity – 30% (Rs. Crore)
FY 2020-21	3.06	2.14	0.92

3.12.12. The Petitioner accordingly prayed that the Commission restore the normative debt of Rs. 2.14 Crore and equity of Rs. 0.92 Crore corresponding to the retired assets in the ARR for FY 2020-21, compute the consequential allowance of Interest on Normative Term Loan and RoE in accordance with Regulation 20.2 of the MYT Regulations, 2019, and allow applicable carrying cost.

3.12.13. In line with above approach for FY 2020-21, the Petitioner for subsequent years i.e., FY 2021-22 to FY 2023-24, on similar principles, has retained the normative debt and equity corresponding to the value of assets retired, and has computed Interest on Debt and Return on Equity accordingly. At the same time, without prejudice, the Petitioner has not claimed the loss on sale/retirement of assets separately for these years, on the premise that the continued allowance of normative returns on the associated capital base adequately addresses the regulatory treatment envisaged by the Hon'ble APTEL.

III. ANALYSIS AND FINDINGS

3.12.14. The Commission has examined the submissions of the Petitioner, the directions of the Hon'ble APTEL, and the relevant provisions of the MYT Regulations, 2019. The Commission notes that the Hon'ble APTEL has conclusively held that the disallowance

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of the loss of Rs. 1.77 Crore under Regulation 47 of the MYT Regulations, 2019 is defensible.

3.12.15. The Commission finds that the operative question on remand is the correct application of Regulation 20.2 of the MYT Regulations, 2019 to the debt and equity treatment for retired assets, in case the expenditure on assets retired/decapitalized has not been considered while approving the net income under NTI. The relevant provisos read as follows:

“ 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.”

3.12.16. As observed by the Hon’ble APTEL, the scheme of Regulation 20.2 is such that, for the assets commissioned prior to 01.04.2020, the approved debt-equity ratio continues to apply. In the event of retirement, replacement, or decapitalisation, the provisos prescribe the manner of reduction i.e., equity to 30% of original cost (or actual if lower) and debt to the outstanding or normative loan component.

3.12.17. In the ARR Order for FY 2020-21, the Commission had removed Rs. 2.14 Crore of normative debt and Rs. 0.92 Crore of equity corresponding to the retired assets entirely from GFA as per the provisos to Regulation 20.2. However, at the same time it has also not allowed any expenditure on assets retired/decapitalized while approving the net income under NTI. This approach has been set aside by the Hon’ble APTEL.

3.12.18. The Commission had also disallowed the miscellaneous expenditure on retired/impaired assets claimed by the Petitioner in subsequent years i.e., for FY 2021-22 to FY 2023-24, on identical principles. The same was challenged by the Petitioner before the Hon’ble APTEL and has been remanded for Commission’s consideration, vide Tribunal’s Order dated 11.05.2026 in connected matters.

3.12.19. The treatment in terms of the provisos to Regulation 20.2, for the purposes of the computation of debt/equity ratio has been retained for such retired/decapitalized assets as, if the equity and debt component of retired assets is retained, the Petitioner will continue to get return on Equity and Interest on Loan till perpetuity which would be against the financial principles. At the same time, such a practice would mean that even if the entire asset base before 31st March 2020 is retired, the Petitioner will earn return on equity.

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3.12.20. However, in view of the above approach, the loss on sale of asset of Rs. 0.47 Crs. has been allowed separately to the Petitioner as item of expenditure in the ARR for FY 2020-21. This approach is in line with the cost-reflective principles, for determination of tariff as mandated under Section 61 of EA, 2003.

3.12.21. The Petitioner was disallowed such expenditure on account of retirement/decapitalization of assets for FY 2021-22; FY 2022-23 & FY 2023-24, based on identical approach as adopted for FY 2020-21 and set aside by the Hon'ble APTEL. Since, the above-mentioned methodology stands settled for FY 2020-21, the Commission allows expenditure on Loss on Retirement/Decapitalization Of Assets for FY 2021-22 to FY 2023-24, as shown below:

TABLE 3-77 EXPENDITURES ALLOWED BY THE COMMISSION ON LOSS ON RETIREMENT/DECAPITALIZATION OF ASSETS FOR FY 2021-22 TO FY 2023-24

(in Rs. Crore)

Financial Year	Loss on Retirement/ Decapitalization of Assets
2021-22	2.92
2022-23	1.04
2023-24	1.72

3.13. DEVIATION FROM MYT REGULATIONS WITH RESPECT TO COMPUTATION OF DEBT-EQUITY RATIO

I. BACKGROUND

3.13.1. The Commission in the ARR Order for FY 2020-21, adopted the following approach with respect to computation of the debt-equity ratio, as extracted hereunder:

5.7.42 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 31.03.2020 (taking into consideration the trued-up values for FY 2018-19 and APR of FY 2019-20). The equity capital as on 1.4.2020, 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.

5.15.4 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 31.03.2020 or the closing equity base of FY 2019-20 on 31.03.2020, 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 1.4.2020, since it is higher than the closing equity base of FY 2019-20 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."

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3.13.2. The relevant extract of the ARR Order for FY 2020-21, which has been set aside by the Hon'ble APTEL in the lead appeal, reads as follows:

"As per Regulation 20.2, the debt capital i.e. opening loan base as on 1.4.2020 shall be reduced to the extent of outstanding debt component of the fixed asset base computed as on 31.03.2020 or the normative closing loan base of FY 2019-20, whichever is lower. The same has been considered."

3.13.3. The Petitioner challenged this approach before the Hon'ble APTEL by way of Appeal No. 98 of 2021. Hon'ble APTEL, vide its Judgement dated 28.11.2025 remanded the issue to the Commission with the following specific directions:

"In view of above deliberation, recalibration of debt : equity in the ratio of 70 : 30 in the ARR of FY 2020-21 is in the teeth of "MYT Regulations 2019" and cannot be sustained and accordingly Impugned Order on this score is set aside; the issue is remanded to the State Commission for consideration of capitalization of fixed assets as on 01.04.2020 in the debt-equity ratio allowed by the State Commission in the ARR/ True-up Tariff Order(s) as on 31.03.2020, in terms of Regulation 20.2 and normative long term loan outstanding as on 01.04.2020 is to be worked out in terms of Regulation 23.2 of the MYT Regulations 2019."

3.13.4. At this stage, the Commission deems it appropriate to consider the above issue in respect of the FY 2020-21 (1st year of the control period) and the consequential impact of the same for the entire control period.

II. SUBMISSIONS OF THE PETITIONER

3.13.5. Pursuant to Hon'ble APTEL Judgement and the Commission's letter dated 15.12.2025, the Petitioner filed its issue-wise submissions before the Commission.

3.13.6. The Commission issued a letter dated 15.12.2025 seeking certain information and submissions from the Petitioner. The Petitioner thereafter filed its issue-wise submissions in compliance with the Judgement dated 28.11.2025 and the Commission's letter. The Petitioner's submission on this issue is, in essence, as follows:

- (a) In view of the Judgement, the debt-equity ratio as on 31.03.2020, as would be allowable by the Commission based on the revised submissions made in the True-up proceedings, should be adopted as the opening debt-equity base as on 01.04.2020.
- (b) The said opening debt-equity base should thereafter be applied for computing interest on normative long-term debt and Return on Equity in the Revised True-up ARR, as submitted by the Petitioner in its Annexure-5 (Revised ARR) to its response letter.

3.13.7. The Petitioner has prayed that the Commission adopt the corrected debt-equity ratio for computation of interest on normative debt and Return on Equity while re-computing the ARR for FY 2020-21 in accordance with the Judgement.

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III. ANALYSIS AND FINDINGS

3.13.8. The Commission has carefully examined the submissions of the Petitioner, the directions of the Hon'ble APTEL, and the relevant provisions of the MYT Regulations, 2019. The analysis is set out below.

3.13.9. The relevant provisions of the MYT Regulations, 2019 that are directly applicable to this issue, are summarised below.

(a) Regulation 20.1 deals with debt-equity treatment for capital investment schemes with COD on or after 01.04.2020. It prescribes a 70:30 (debt:equity) ratio for such new schemes. The provisos to Regulation 20.1 address situations where actual equity deployed is more than 30% (the excess being treated as normative loan) or less than 30% (actual equity to be considered).

(b) Regulation 20.2 deals with assets capitalised prior to 01.04.2020. The main part of Regulation 20.2 reads as follows:

"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."

(c) The first proviso to Regulation 20.2 states:

" *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.*"

(d) The second proviso to Regulation 20.2 states:

" *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.*"

(e) Regulation 23.2 of the MYT Regulations, 2019 governs the computation of normative long-term loan outstanding, which is relevant for working out the opening loan base as on 01.04.2020.

3.13.10. In the ARR Order for FY 2020-21, the Commission has undertaken a recalibration exercise, whereby it had applied a fresh 70:30 ratio on the opening GFA as on 01.04.2020 to arrive at a normative equity of Rs. 393.92 Crore, which was not in consonance with Regulation 20.2.

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3.13.11. Similarly, the reduction in the opening loan base as on 01.04.2020, to the extent of the outstanding debt component of the fixed asset base computed as on 31.03.2020 or the normative closing loan base of FY 2019-20 (whichever is lower), was an application of the proviso to Regulation 20.2 to the entire asset base rather than only to retired/replaced assets. The above approach was set aside by the Hon'ble APTEL, as was not permissible under the applicable regulations.

3.13.12. Accordingly, the Commission has carefully re-examined Regulation 20.2 of the MYT Regulations, 2019 in the light of the Judgement of the Hon'ble APTEL. In this regard, Commission has considered the main part of Regulation 20.2, which provides that for fixed assets capitalised prior to 01.04.2020, the debt-equity ratio as allowed by the Commission in its ARR/True-up Orders for the period ending 31.03.2020 shall be considered. This represents a transitional continuity principle i.e., assets that were approved under a prior regulatory framework continue to carry forward the debt-equity structure approved at the time of their capitalisation. In view of the same, the Commission accepts the interpretation adopted by the Hon'ble APTEL.

Re. Correct Methodology for determination of open debt-equity as on 01.04.2020

3.13.13. In terms of the Judgement of the Hon'ble APTEL and Regulation 20.2 of the MYT Regulations, 2019, the Commission now proceeds to lay down the correct methodology for determination of the opening debt-equity base as on 01.04.2020 for the purpose of computing interest on normative long-term loan and Return on Equity for the ARR of FY 2020-21.

3.13.14. **Opening Equity as on 01.04.2020:** The opening equity base as on 01.04.2020 shall be derived from the closing equity as approved by the Commission in the True-up for FY 2019-20, i.e., on 31.03.2020 amounting to Rs. 430.08 Cr. This shall not be recalibrated to reflect a fresh 70:30 ratio on the opening GFA. Any adjustment on account of assets retired, replaced or de-capitalised during FY 2020-21 shall be effected in terms of the first proviso to Regulation 20.2.

3.13.15. **Normative Long-Term Loan Outstanding as on 01.04.2020:** In terms of Regulation 23.2 of the MYT Regulations, 2019, the normative long-term loan outstanding as on 01.04.2020 shall be worked out by deducting the normative loan repayment as admitted and approved by the Commission up to 31.03.2020 from the gross normative loan approved. The Commission shall not apply the "lower of" methodology prescribed in paragraph 5.9.7 of the ARR Order for FY 2020-21 to the entire loan base. Any adjustment on account of assets retired, replaced or de-capitalised during FY 2020-21 shall be effected in terms of the second proviso to Regulation 20.2.

Re. Consequential Impact on Return on Equity and Interest on Normative Loan

3.13.16. The Commission notes that the recalibration of debt-equity undertaken in the ARR Order had the effect of compressing the equity base and correspondingly the Return on Equity allowable to the Petitioner for FY 2020-21. Correcting this recalibration in

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terms of Hon'ble APTEL Judgement will result in a higher equity base (carried forward from the approved structure as on 31.03.2020) and a correspondingly higher Return on Equity.

3.13.17. Similarly, working out the normative long-term loan outstanding as on 01.04.2020 in terms of Regulation 23.2 — rather than by reference to the “lower of” methodology applied in paragraph 5.9.7 of the ARR Order for FY 2020-21— will result in a recalibrated loan base for computation of interest on normative long-term loan for FY 2020-21.

3.13.18. The Commission has recomputed the correct opening debt-equity structure as on 01.04.2020, in terms of this Order, and that the Return on Equity and interest on normative long-term loan for FY 2020-21 is also determined on the basis of such corrected structure.

3.13.19. The Commission has examined the computation submitted by the Petitioner in its Annexure-5 (Revised ARR), wherein the Petitioner has considered the debt-equity ratio as on 31.03.2020 as the opening debt-equity base for FY 2020-21. The Commission accepts the approach as being consistent with Hon'ble APTEL Judgement and the provisions of Regulation 20.2 of the MYT Regulations, 2019.

3.14. CONSEQUENTIAL IMPACT ON GFA OF 'CAPITAL EXPENDITURE ISSUES'

3.14.1. Based on the capital expenditure approved by the Commission in the preceding section, the cumulative impact for the period from FY 2018-19 to FY 2023-24, on the opening/closing GFA base, including the additions for the relevant year, is as tabulated hereunder:

TABLE 3-78 CUMULATIVE IMPACT FROM FY 2018-19 TO FY 2023-24 ON THE OPENING/CLOSING GFA BASE

Particulars	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Opening	1,358.37	1,479.46	1,635.14	1,732.27	1,917.29	2,041.29
Addition	125.38	163.56	100.19	195.45	130.99	146.91
Retirement	(4.30)	(7.87)	(3.06)	(10.44)	(6.98)	(9.08)
Closing	1,479.46	1,635.14	1,732.27	1,917.29	2,041.29	2,179.12

3.14.2. In view of the revision in capital expenditure, CWIP, retirement of assets, computation of debt:equity ratio (for FY 2020-21) and the consequential impact on the revise ARR elements, including interest on loan, depreciation, return on equity, debt:equity ratio, return on equity, income tax and interest on working capital has been computed for FY 2018-19 to FY 2023-24. The ARR elements are accordingly tabulated below for year-wise consideration.

TABLE 3-79 COMPUTATION OF INTEREST OF TERM LOAN FOR FY 2018-19 TO FY 2023-24

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S. No.	Particulars	Reference	Determined pursuant to Remand					
			FY-19	FY-20	FY-21	FY-22	FY-23	FY-24
1	Gross Normative loan - Opening	a	811.36	890.70				
2	Cumulative repayment of Normative Loan upto previous year	b	370.92	421.11				
3	Net Normative loan - Opening	c=a-b	440.43	469.59	502.08	511.23	539.31	527.13
4	Loan addition during the Year (70% of Net GFA Addition after deducting Consumer contribution and asset deletion)	d	79.34	85.46	56.16	81.66	46.58	42.43
5	Repayments of Normative Loan during the year	e	(50.19)	(52.97)	(47.01)	(53.58)	(58.76)	(61.91)
6	Net Normative loan - Closing	f=c+d-e	469.58	502.08	511.23	539.31	527.13	507.65
7	Average Normative Loan	$g=(c+f)/2$	455.00	485.84	506.65	525.27	533.22	517.39
8	Weighted average Rate of Interest on actual Loans	h	9.91%	9.91%	9.91%	9.91%	9.91%	9.91%
9	Interest on Normative loan	i=g*h	45.09	48.15	50.21	52.05	52.84	51.27

TABLE 3-80 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2018-19

For Assets up to 31.03.2019 (FY 2018-19)			Depreciation									
S. No.	Particulars	Opening GFA as on 01.04.2018	Accumulated Depreciation up to FY2017-18	Balance Depreciable Value as on 01.04.2018	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	123.01	5.37	117.64	6.20	-	123.84	120.74	0.0%	-	-	-
2	Buildings & Civil Works	194.22	17.23	176.99	10.97	0.03	187.93	182.46	3.0%	5.51	-	5.51
3	Plant & Machinery	40.77	10.49	30.28	4.76	0.01	35.03	32.65	7.8%	2.56	-	2.56
4	Lines, Cables, Network etc.	812.27	300.23	512.04	84.30	1.78	594.56	553.30	6.7%	37.13	-	37.13
5	Meter and other Metering Equipment	63.58	33.00	30.57	10.76	1.57	39.77	35.17	12.8%	4.49	-	4.49
6	Communication Equipment	21.01	9.98	11.03	1.46	0.03	12.46	11.75	12.8%	1.50	-	1.50
7	Vehicles	4.25	2.77	1.48	1.93	0.64	2.77	2.12	33.4%	0.71	-	0.71
8	Furniture and Fixtures	32.34	5.74	26.60	0.74	0.09	27.25	26.93	12.8%	3.44	-	3.44
9	Office Equipment	16.94	3.10	13.83	0.28	0.16	13.96	13.90	12.8%	1.77	-	1.77
10	Intangible assets	40.52	19.47	21.06	3.99	-	25.04	23.05	15.0%	3.46	-	3.46
11	Assets taken over and pending final valuation	9.17	8.15	1.02	-	-	1.02	1.02	15.0%	0.15	-	0.15
12	Solar Power Generation Equipment	0.30	0.08	0.22	-	-	0.22	0.22	7.8%	0.02	-	0.02
13	Land (Freehold)	3.92	-	3.92	-	-	3.92	3.92	0.0%	-	-	-
14	Total Fixed Assets	1,358.37	415.62	942.76	125.38	4.30	1,063.84		6.05%	60.74	10.55	50.19

TABLE 3-81 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2019-20

For Assets up to 31.03.2020 (FY 2019-20)			Depreciation									
S. No.	Particulars	Opening GFA as on 01.04.2019	Accumulated Depreciation up to FY2018-19	Balance Depreciable Value as on 01.04.2019	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	129.21	5.37	123.84	-	-	123.84	123.84	0.0%	-	-	-
2	Buildings & Civil Works	205.16	22.74	182.42	16.29	-	198.71	190.56	3.0%	5.76	-	5.76
3	Plant & Machinery	45.52	13.05	32.47	7.49	-	39.96	36.21	7.8%	2.84	-	2.84
4	Lines, Cables, Network etc.	894.79	337.36	557.43	119.4	5.03	671.80	614.62	6.7%	41.24	-	41.24

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For Assets up to 31.03.2020 (FY 2019-20)		Depreciation										
5	Meter and other Metering Equipment	72.77	37.50	35.28	11.15	1.29	45.13	40.20	12.8%	5.13		5.13
6	Communication Equipment	22.44	11.48	10.96	2.48	0.69	12.76	11.86	12.8%	1.51		1.51
7	Vehicles	5.54	3.48	2.06	1.92	0.85	3.13	2.59	33.4%	0.87		0.87
8	Furniture and Fixtures	32.99	9.18	23.81	-	-	23.81	23.81	12.8%	3.04		3.04
9	Office Equipment	17.07	4.88	12.19	0.30	0.01	12.47	12.33	12.8%	1.57		1.57
10	Intangible assets	44.51	22.92	21.58	4.53	-	26.12	23.85	15.0%	3.58		3.58
11	Assets taken over and pending final valuation	9.17	8.31	0.87	-	-	0.87	0.87	15.0%	0.13		0.13
12	Solar Power Generation Equipment	0.30	0.10	0.20	-	-	0.20	0.20	7.8%	0.02		0.02
13	Land (Freehold)	3.92	-	3.92	-	-	3.92	3.92	0.0%	-		-
14	Total Fixed Assets	1,479.46	476.35	1,003.10	163.56	7.87	1,158.79		6.08%	65.69	12.72	52.97

TABLE 3-82 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2020-21 (PART-A)

For Assets up to 31.03.2020 (FY 2020-21) - PART-A		Depreciation										
S. No.	Particulars	Opening GFA as on 01.04.2020	Accumulated Depreciation up to FY2019-20	Balance Depreciable Value as on 01.04.2020	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	129.21	5.37	123.84	-	-	123.84	123.84	3.34%	4.14		4.14
2	Buildings & Civil Works	221.45	28.49	192.95	-	-	192.95	192.95	3.34%	6.44		6.44
3	Plant & Machinery	53.01	15.89	37.12	0.01	-	37.11	37.11	5.28%	1.96		1.96
4	Lines, Cables, Network etc.	1,009.16	378.60	630.56	0.25	-	630.31	630.44	5.28%	33.29		33.29
5	Meter and other Metering Equipment	82.63	42.63	40.00	0.36	-	39.64	39.82	5.28%	2.10		2.10
6	Communication Equipment	24.23	12.99	11.24	0.07	-	11.17	11.20	5.28%	0.59		0.59
7	Vehicles	6.61	4.35	2.26	0.03	-	2.23	2.25	9.50%	0.21		0.21
8	Furniture and Fixtures	32.99	12.22	20.77	-	-	20.77	20.77	6.33%	1.31		1.31
9	Office Equipment	17.35	6.45	10.90	-	-	10.90	10.90	6.33%	0.69		0.69
10	Intangible assets	49.04	26.50	22.54	-	-	22.54	22.54	15.00%	3.38		3.38
11	Assets taken over and pending final valuation	9.17	8.44	0.74	-	-	0.74	0.74	15.00%	0.11		0.11
12	Solar Power Generation Equipment	0.30	0.12	0.18	-	-	0.18	0.18	5.28%	0.01		0.01
13	Land (Freehold)	3.92	-	3.92	-	-	3.92	3.92	0.00%	-		-
14	Total Fixed Assets	1,635.14	542.04	1,093.10	-	0.73	1,092.38		4.95%	54.24	10.09	44.15

TABLE 3-83 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2020-21 (PART-B)

For Assets after 31.03.2020 (FY 2020-21) - PART-B		Depreciation										
S. No.	Particulars	Balance Depreciable Value as on 01.04.2020	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation		
1	Land & Land Rights	-	-	-	-	-	3.34%	-	-	-		
2	Buildings & Civil Works	-	8.08	-	8.08	4.04	3.34%	0.13	-	0.13		
3	Plant & Machinery	-	8.73	-	8.73	4.37	5.28%	0.23	-	0.23		
4	Lines, Cables, Network etc.	-	60.87	-	60.87	30.44	5.28%	1.61	-	1.61		
5	Meter and other Metering Equipment	-	10.53	-	10.53	5.27	5.28%	0.28	-	0.28		
6	Communication Equipment	-	5.14	-	5.14	2.57	5.28%	0.14	-	0.14		
7	Vehicles	-	0.14	-	0.14	0.07	9.50%	0.01	-	0.01		
8	Furniture and Fixtures	-	0.55	-	0.55	0.27	6.33%	0.02	-	0.02		
9	Office Equipment	-	0.36	-	0.36	0.18	6.33%	0.01	-	0.01		
10	Intangible assets	-	5.79	-	5.79	2.89	15.00%	0.43	-	0.43		

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For Assets after 31.03.2020 (FY 2020-21) - PART-B		Depreciation							
11	Assets taken over and pending final valuation	-	-	-	-	15.00%	-	-	-
12	Solar Power Generation Equipment	-	-	-	-	5.28%	-	-	-
13	Land (Freehold)	-	-	-	-	0.00%	-	-	-
14	Total Fixed Assets	-	100.19	-	100.19	5.70%	2.86		2.86

TABLE 3-84 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2021-22 (PART-A)

For Assets up to 31.03.2020 (FY 2021-22) - PART-A		Depreciation								
S. No	Particulars	Balance Depreciable Value as on 01.04.2021	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	123.84		-	123.84	123.84	3.34%	4.14		4.14
2	Buildings & Civil Works	192.95		-	192.95	192.95	3.34%	6.44		6.44
3	Plant & Machinery	37.11		0.08	37.02	37.07	5.28%	1.96		1.96
4	Lines, Cables, Network etc.	630.31		1.85	628.46	629.39	5.28%	33.23		33.23
5	Meter and other Metering Equipment	39.64		1.44	38.20	38.92	5.28%	2.05		2.05
6	Communication Equipment	11.17		0.22	10.95	11.06	5.28%	0.58		0.58
7	Vehicles	2.23		0.15	2.09	2.16	9.50%	0.21		0.21
8	Furniture and Fixtures	20.77		-	20.77	20.77	6.33%	1.31		1.31
9	Office Equipment	10.90		-	10.90	10.90	6.33%	0.69		0.69
10	Intangible assets	22.54		0.02	22.52	22.53	15.00%	3.38		3.38
11	Assets taken over and pending final valuation	0.74		-	0.74	0.74	15.00%	0.11		0.11
12	Solar Power Generation Equipment	0.18		-	0.18	0.18	5.28%	0.01		0.01
13	Land (Freehold)	3.92		-	3.92	3.92	0.00%	-		-
14	Total Fixed Assets	1,092.38	-	3.76	1,088.62		4.95%	54.12	11.87	42.25

TABLE 3-85 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2021-22 (PART-B)

For Assets after 31.03.2020 (FY 2021-22) - PART-B		Depreciation								
S. No	Particulars	Balance Depreciable Value as on 01.04.2021	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	-	-	-	-	-	3.34%	-		-
2	Buildings & Civil Works	8.08	9.93	-	18.01	13.05	3.34%	0.44		0.44
3	Plant & Machinery	8.73	11.28	0.00	20.01	14.37	5.28%	0.76		0.76
4	Lines, Cables, Network etc.	60.87	146.57	-	207.45	134.16	5.28%	7.08		7.08
5	Meter and other Metering Equipment	10.53	13.38	0.03	23.88	17.20	5.28%	0.91		0.91
6	Communication Equipment	5.14	1.72	-	6.86	6.00	5.28%	0.32		0.32
7	Vehicles	0.14	1.58	-	1.72	0.93	9.50%	0.09		0.09
8	Furniture and Fixtures	0.55	0.02	-	0.57	0.56	6.33%	0.04		0.04
9	Office Equipment	0.36	0.15	-	0.51	0.43	6.33%	0.03		0.03
10	Intangible assets	5.79	10.84	-	16.62	11.20	15.00%	1.68		1.68
11	Assets taken over and pending final valuation	-	-	-	-	-	15.00%	-		-
12	Solar Power Generation Equipment	-	-	-	-	-	5.28%	-		-
13	Land (Freehold)	-	-	-	-	-	0.00%	-		-
14	Total Fixed Assets	100.19	195.46	0.03	295.62		5.73%	11.34		11.34

TABLE 3-86 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2022-23 (PART-A)

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For Assets up to 31.03.2020 (FY 2022-23) - PART-A		Depreciation								
S. No.	Particulars	Balance Depreciable Value as on 01.04.2022	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	123.84		-	123.84	123.84	3.34%	4.14		4.14
2	Buildings & Civil Works	192.95		-	192.95	192.95	3.34%	6.44		6.44
3	Plant & Machinery	37.02		0.05	36.97	37.00	5.28%	1.95		1.95
4	Lines, Cables, Network etc.	628.46		1.03	627.44	627.95	5.28%	33.16		33.16
5	Meter and other Metering Equipment	38.20		1.14	37.06	37.63	5.28%	1.99		1.99
6	Communication Equipment	10.95		0.37	10.57	10.76	5.28%	0.57		0.57
7	Vehicles	2.09		0.16	1.92	2.01	9.50%	0.19		0.19
8	Furniture and Fixtures	20.77		0.00	20.77	20.77	6.33%	1.31		1.31
9	Office Equipment	10.90		0.01	10.89	10.89	6.33%	0.69		0.69
10	Intangible assets	22.52		-	22.52	22.52	15.00%	3.38		3.38
11	Assets taken over and pending final valuation	0.74		-	0.74	0.74	15.00%	0.11		0.11
12	Solar Power Generation Equipment	0.18		-	0.18	0.18	5.28%	0.01		0.01
13	Land (Freehold)	3.92		-	3.92	3.92	0.00%	-		-
14	Total Fixed Assets	1,088.62	-	2.76	1,085.86		4.95%	53.94	15.84	38.10

TABLE 3-87 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2022-23 (PART-B)

For Assets after 31.03.2020 (FY 2022-23) - PART-B		Depreciation								
S. No.	Particulars	Balance Depreciable Value as on 01.04.2022	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	-	-	-	-	-	3.34%	-	-	-
2	Buildings & Civil Works	18.01	4.37	-	22.37	20.19	3.34%	0.67		0.67
3	Plant & Machinery	20.01	3.11	-	23.12	21.57	5.28%	1.14		1.14
4	Lines, Cables, Network etc.	207.45	79.96	-	287.40	247.42	5.28%	13.06		13.06
5	Meter and other Metering Equipment	23.88	26.59	0.05	50.41	37.15	5.28%	1.96		1.96
6	Communication Equipment	6.86	7.80	-	14.66	10.76	5.28%	0.57		0.57
7	Vehicles	1.72	1.23	-	2.95	2.33	9.50%	0.22		0.22
8	Furniture and Fixtures	0.57	0.07	-	0.63	0.60	6.33%	0.04		0.04
9	Office Equipment	0.51	2.74	-	3.25	1.88	6.33%	0.12		0.12
10	Intangible assets	16.62	5.14	-	21.76	19.19	15.00%	2.88		2.88
11	Assets taken over and pending final valuation	-	-	-	-	-	15.00%	-		-
12	Solar Power Generation Equipment	-	-	-	-	-	5.28%	-		-
13	Land (Freehold)	-	-	-	-	-	0.00%	-		-
14	Total Fixed Assets	295.62	130.99	0.05	426.56		5.72%	20.66		20.66

TABLE 3-88 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2023-24 (PART-A)

For Assets up to 31.03.2020 (FY 2023-24) - PART-A		Depreciation								
S. No.	Particulars	Balance Depreciable Value as on 01.04.2023	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	123.84		-	123.84	123.84	3.34%	4.14		4.14
2	Buildings & Civil Works	192.95		-	192.95	192.95	3.34%	6.44		6.44
3	Plant & Machinery	36.97		-	36.97	36.97	5.28%	1.95		1.95
4	Lines, Cables, Network etc.	627.44		1.96	625.48	626.46	5.28%	33.08		33.08

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For Assets up to 31.03.2020 (FY 2023-24) - PART-A		Depreciation								
S. No.	Particulars	Balance Depreciable Value as on 01.04.2023	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
5	Meter and other Metering Equipment	37.06		1.10	35.96	36.51	5.28%	1.93		1.93
6	Communication Equipment	10.57		0.02	10.56	10.57	5.28%	0.56		0.56
7	Vehicles	1.92		0.51	1.41	1.67	9.50%	0.16		0.16
8	Furniture and Fixtures	20.77		-	20.77	20.77	6.33%	1.31		1.31
9	Office Equipment	10.89		-	10.89	10.89	6.33%	0.69		0.69
10	Intangible assets	22.52		-	22.52	22.52	15.00%	3.38		3.38
11	Assets taken over and pending final valuation	0.74		-	0.74	0.74	15.00%	0.11		0.11
12	Solar Power Generation Equipment	0.18		-	0.18	0.18	5.28%	0.01		0.01
13	Land (Freehold)	3.92		-	3.92	3.92	0.00%	-		-
14	Total Fixed Assets	1,085.86	-	3.59	1,082.27		4.95%	53.76	20.40	33.36

TABLE 3-89 COMPUTATION OF DEPRECIATION APPROVED PURSUANT TO REMAND FOR FY 2023-24 (PART-B)

For Assets after 31.03.2020 (FY 2023-24) - PART-B		Depreciation								
S. No.	Particulars	Balance Depreciable Value as on 01.04.2023	Addition to GFA	Deduction to GFA	Closing GFA	Average GFA	Depreciation Rate	Gross Allowable Depreciation	Depreciation on Assets Created out of Consumer Contribution	Net Allowable Depreciation
1	Land & Land Rights	-	2.28	-	2.28	1.14	3.34%	0.04		0.04
2	Buildings & Civil Works	22.37	2.27	-	24.64	23.51	3.34%	0.79		0.79
3	Plant & Machinery	23.12	-	-	23.12	23.12	5.28%	1.22		1.22
4	Lines, Cables, Network etc.	287.40	91.71	0.00	379.10	333.25	5.28%	17.60		17.60
5	Meter and other Metering Equipment	50.41	24.57	0.18	74.80	62.61	5.28%	3.31		3.31
6	Communication Equipment	14.66	13.48	-	28.15	21.40	5.28%	1.13		1.13
7	Vehicles	2.95	2.22	0.14	5.03	3.99	9.50%	0.38		0.38
8	Furniture and Fixtures	0.63	0.10	-	0.73	0.68	6.33%	0.04		0.04
9	Office Equipment	3.25	4.33	-	7.57	5.41	6.33%	0.34		0.34
10	Intangible assets	21.76	5.98	-	27.74	24.75	15.00%	3.71		3.71
11	Assets taken over and pending final valuation	-	-	-	-	-	15.00%	-		-
12	Solar Power Generation Equipment	-	-	-	-	-	5.28%	-		-
13	Land (Freehold)	-	-	-	-	-	0.00%	-		-
14	Total Fixed Assets	426.56	146.92	0.32	573.16		5.71%	28.55		28.55

TABLE 3-90 COMPUTATION OF DEPRECIATION FOR FY 2018-19 TO FY 2023-24

Particulars	Determined pursuant to Remand					
	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24
Opening GFA	1,358.37	1,479.46	1,635.14	1,192.57	1,384.24	1,512.42
Cumulative Depreciation	415.62	476.35	542.04	-	-	-
Written Down Opening	942.76	1,003.10	1,093.10	1,192.57	1,384.24	1,512.42
Additions to GFA	125.38	163.56	100.19	195.46	130.99	146.92
Deductions to GFA	4.30	7.87	0.73	3.79	2.81	3.91
Closing GFA	1063.84	1158.79	1,192.57	1,384.24	1,512.42	1,655.43
Gross Allowable Depreciation	60.74	65.69	57.10	65.45	74.60	82.31
Less: Consumer Contribution	10.55	12.72	10.09	11.87	15.84	20.40
Net Allowable Depreciation	50.18	52.97	47.01	53.58	58.76	61.91

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TABLE 3-91 COMPUTATION OF DEBT: EQUITY RATIO FOR FY 2018-19 TO FY 2023-24

S. No.	Particulars	Reference	Determined pursuant to Remand					
			FY-19	FY-20	FY-21	FY-22	FY-23	FY-24
1	Total Assets put to use	a	125.38	163.56	100.19	195.45	130.99	146.91
2	Consumer Contribution & GNIDA	b	(37.34)	(24.65)	(19.97)	(78.79)	(64.44)	(86.29)
3	Net Capex	c= a+b	88.05	138.92	80.22	116.66	66.55	60.62
4	Debt @ 70%	c*70%	61.63	97.24	56.16	81.66	46.58	42.43
5	Equity @ 30%	c*30%	26.41	41.67	23.64	33.70	18.87	16.66

TABLE 3-92 COMPUTATION OF RETURN ON EQUITY FOR FY 2018-19 TO FY 2023-24

S. No.	Particulars	Reference	Determined pursuant to Remand					
			FY-19	FY-20	FY-21	FY-22	FY-23	FY-24
1	Regulatory Equity Base at the beginning of the year	a	356.26	382.67	424.35	447.99	481.69	500.57
2	Assets Capitalised during the year	b	125.38	163.56	100.19	195.45	130.99	146.91
3	Equity portion of Assets Capitalised during the year	c	26.41	41.67	23.64	33.70	18.87	16.66
4	Regulatory Equity Base at the end of the year	d=a+c	382.67	424.35	447.99	481.69	500.57	517.23
5	Return on Opening Regulatory Equity Base @ 16% / 15%	e=a*16%/15%	57.00	61.23	63.65	67.20	72.25	75.09
6	Return on Addition to Equity Base during the year @ 16% / 15%	f=c*16% or 15%/2	2.11	3.33	1.77	2.53	1.42	1.25
7	Total Return on Equity	g=e+f	59.11	64.56	65.43	69.73	73.67	76.34

TABLE 3-93 COMPUTATION OF INCOME TAX FOR FY 2018-19 TO FY 2023-24

S. No.	Particulars	Determined pursuant to Remand					
		FY-19	FY-20	FY-21	FY-22	FY-23	FY-24
1	Return on Equity	59.11	64.56	65.43	69.73	73.67	76.34
2	Income Tax Rate	34.94%	25.17%	25.17%	25.17%	25.17%	25.17%
3	Total Tax Expense	31.75	21.72	22.01	23.45	24.78	25.68
4	Less: Refund (if any)		(17.64)				
5	Net Tax Expense	31.75	4.08	22.01	23.45	24.78	25.68

TABLE 3-94 COMPUTATION OF INTEREST ON WORKING CAPITAL FOR FY 2018-19 TO FY 2023-24

Sr. No.	Particulars	Reference	Determined pursuant to Remand					
			FY-19	FY-20	FY-21	FY-22	FY-23	FY-24
1	One Month's O&M Expenses	a	6.35	7.22	6.82	7.61	8.92	8.60
2	Maintenance spares @ 40% of R&M expenses for two months	b	2.89	3.17	2.95	3.34	3.65	3.62
3	Receivables equivalent to 60 days of expected revenue	c	248.42	274.99	209.65	242.46	275.97	290.61
4	Gross Total	d=a+b+c	257.66	285.39	219.42	253.40	288.54	302.83
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	223.47	255.81	260.11	274.48	289.96	324.88
7	Received during the year	f	32.34	4.30	14.37	15.47	34.93	18.04
8	Closing Balance	g=e+f	255.81	260.11	274.48	289.95	324.89	342.92
9	Less: Security Deposit with UPPCL	h	(11.28)	(11.28)	(11.28)	(11.28)	(11.28)	(11.28)
10	Net Security Deposits by the Consumers reduced by Security Deposits under section 47(1)(b) of the Electricity Act 2003	i=(e+g)/2-h	228.36	246.68	256.02	270.94	296.14	322.62
11	Net Working Capital	j=d-i	29.30	38.71	(36.60)	(17.54)	(7.60)	(19.79)
12	Rate of Interest for Working Capital	k	13.75%	13.80%	9.57%	9.50%	10.30%	10.49%
13	Interest on Total Working Capital	l=j*k	4.03	5.34	-	-	-	-

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3.15. DISALLOWANCE OF O&M EXPENSES

- (A) NON-CONSIDERATION OF FINANCING COST OF DELAYED PAYMENT SURCHARGE; AND
(B) ERROR IN COMPUTATION OF NORMATIVE O&M EXPENSES BASED ON TRUE-UP O&M EXPENSES OF FY 2014-15 TO FY 2018-19.

I. BACKGROUND

Re. Non-consideration of Financing Cost of DPS

- 3.15.1. The Commission in ARR Order for FY 2020-21, disallowed the Petitioner's claim for inclusion of the financing cost of Delayed Payment Surcharge (DPS) in the computation of Administrative and General (A&G) Expenses. The Commission's finding, at Para 5.5.40 of the Tariff Order, was:

"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 2020-21."

- 3.15.2. Aggrieved by the aforesaid disallowance, the Petitioner preferred Appeal before the Hon'ble APTEL. The Hon'ble APTEL vide its Judgement remanded the matter to the Commission with the following direction:

"The matter is remanded to the State Commission for fresh consideration of the A&G expenses, after considering the financing cost of DPS in terms of deliberation held under True-up for FY 2018-19."

Re. Error in Computation of Normative O&M Expenses

- 3.15.3. The Petitioner had also appealed that in determining the ARR for FY 2020-21, the Commission computed the Base Year O&M expenses by averaging the trued-up O&M expenses for the preceding five financial years (FY 2014-15 to FY 2018-19) as set out in Table 5-28 of the ARR Order. In doing so:

- (a) For FY 2017-18 and FY 2018-19, the Commission considered Gross O&M expenses (i.e., inclusive of employee cost capitalisation) of Rs. 76.69 Crore and Rs. 81.82 Crore respectively.
- (b) For FY 2014-15, FY 2015-16, and FY 2016-17, the Commission considered figures of Rs. 39.26 Crore, Rs. 45.20 Crore, and Rs. 51.44 Crore respectively, which, as the Petitioner contended, were in fact the Net O&M figures (i.e., after deduction of employee cost capitalisation), not the Gross O&M figures.
- (c) In all five years, the Commission did not include: (i) additional statutory expenses approved separately over and above normative O&M in the respective True-up Orders for FY 2014-15 to FY 2016-17; and (ii) the GST impact approved as an additional allowance in the True-up Order for FY 2017-18, and the GST impact for FY 2018-19 (which was in dispute in the present appeal).

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3.15.4. The Petitioner contended before Hon'ble APTEL that the computation of Base Year O&M expenses in ARR for FY 2020-21, suffered from three fundamental errors:

- (a) **Gross vs. Net O&M:** The figures considered for the first three years were in fact the Net O&M expenses (post-deduction of employee cost capitalisation), not the Gross O&M expenses. This was evidenced by the fact that in Table 5-28 of the ARR Order, the figures in Row 6 (purportedly "Gross O&M") and Row 8 (purportedly "Net O&M") were identical for these three years — an arithmetical impossibility, since Gross O&M must always exceed Net O&M. The capitalisation of Rs. 6.90 Crore (FY 2015-16), and Rs. 12.32 Crore (FY 2016-17) was approved in the respective True-up Orders and ought to have been included.
- (b) **Omission of Additional Statutory Expenses:** In the True-up Orders for FY 2014-15, FY 2015-16, and FY 2016-17, the Commission had approved additional statutory expenses of Rs. 1.42 Crore, Rs. 2.23 Crore, and Rs. 3.17 Crore respectively, over and above normative O&M. These were genuine trued-up O&M expenses for those years and ought to have been included in the base year calculation in terms of Regulation 45(b) of the MYT Regulations, 2019.
- (c) **Omission of GST impact:** The impact of GST on O&M expenses was approved in the True-up Order for FY 2017-18 (Rs. 2.22 Crore) and was in dispute for FY 2018-19. Since the base year calculation is intended to reflect the true O&M cost level for derivation of normative charges for the next control period, the GST impact — being a legitimate and trued-up component of O&M — ought to have been included.

3.15.5. The Petitioner submitted that these errors have a cascading effect on the normative O&M allowance for each subsequent year of the control period from i.e., FY 2020-21 to FY 2023-24, and that the Commission ought to be directed to recompute the Base Year O&M expenses by correcting all three errors. The findings of Hon'ble APTEL in its judgement in lead appeal for FY 2020-21, are summarised below:

"Such portion of O&M charges which were trued up, and allowed separately, though not appearing as part of O&M (Trued up) for the preceding years in the tariff order for the respective years and such charges have been subsumed as part of Normative O&M charges, and are not allowed separately under Regulation 45 of 'MYT Regulations 2019' for the next Control period are to be included while calculating base year O&M charges to avoid understatement. However, to avoid duplication/over statement, such charges which are to be claimed over and above the Normative O&M charges as per 'MYT Regulations 2019', are to be excluded from the previous year's O&M (True up) Charges."

3.15.6. Further, the Hon'ble APTEL vide its order dated 11.05.2026 in APL No. 398 of 2022, in respect of true-up for FY 2020-21 (1st year of the control period) and ARR for FY 2022-23, has remanded the issue, for its consideration by the Commission.

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3.15.7. At this stage, the Commission deems it appropriate to consider the above issue in respect of the FY 2020-21 (1st year of the control period) and the consequential impact of the same for the period from FY 2020-21 to FY 2023-24.

II. SUBMISSIONS OF THE PETITIONER

3.15.8. In compliance with the Commission's letter dated 15.12.2025, the Petitioner submitted the monthly break-up of DPS billed in FY 2020-21 as per audited accounts, aggregating Rs. 5.25 Crore as follows:

TABLE 3-95 BREAK-UP OF DPS BILLED IN FY 2020-21 SUBMITTED BY THE PETITIONER

Month	Amount (Rs. Lakh)
April	2.61
May	21.32
June	44.15
July	46.95
August	39.64
September	57.78
October	44.03
November	31.08
December	37.48
January	45.42
February	69.59
March	84.92
Total	524.98

3.15.9. The Petitioner submitted that the financing cost of DPS for FY 2020-21 is to be computed at the same normative rate as that applicable for working capital, consistently with the methodology directed by Hon'ble APTEL for FY 2018-19 (i.e., by grossing up the actual DPS at 24% per annum to arrive at the implied working capital amount, and applying the normative interest rate thereon). The Petitioner prayed that the Commission allow the financing cost of DPS of Rs. 2.09 Crores, as part of A&G Expenses for FY 2020-21 in accordance with the proviso to Regulation 45.3 of the MYT Regulations, 2019, together with applicable carrying cost.

3.15.10. The Petitioner vide its Additional Submissions has also flagged the financial impact of disallowance of Financing cost of DPS, in the subsequent years based on the same principle as adopted by the Commission in the ARR order for FY 2020-21, which has been set aside by the Hon'ble APTEL. The Petitioner vide its Additional Submissions has provided the computation of financial impact in subsequent true-up orders for FY 2021-22; FY 2022-23 & FY 2023-24, on application of principles now settled by the Hon'ble Tribunal. The disallowance in the subsequent true-up order(s), based on principles adopted in the impugned order that has been set aside by the Hon'ble APTEL in the lead appeal, is tabulated hereunder:

TABLE 3-96 DISALLOWANCE OF FINANCING COST OF DPS FROM A&G EXPENSES AS PER SETTLED PRINCIPLE

Financial Year	True-up Order dated	Disallowance (Rs. Crores)
2021-22	24.05.2023	1.91

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Financial Year	True-up Order dated	Disallowance (Rs. Crores)
	(Contested in APL No.676 of 2023)	
2022-23	10.10.2024 (Contested in APL No. 58 of 2025)	2.08
2023-24	22.11.2025 (Contested in DFR No.46 of 2026)	2.48

Re. Base Year O&M Computation

3.15.11. The Petitioner submitted a revised computation of Base Year O&M expenses for FY 2019-20 and the resulting normative O&M for FY 2020-21, incorporating the three corrections directed by Hon'ble APTEL. The Petitioner's computation, as submitted, are set out below:

TABLE 3-97 REVISED GROSS O&M FIGURES FOR PRECEDING FIVE YEARS

Particulars	Trued-up O&M Average (Rs. Crore)					
	FY 16	FY 17	FY 18	FY 19	FY 20	Avg. FY 18
Emp	17.92	21.93	26.37	29.61	35.92	26.35
R&M	26.34	32.24	38.78	43.41	47.80	37.72
A&G	7.84	9.59	11.54	12.32	13.43	10.94
O&M Excl. Fin. Chg.	52.10	63.76	76.69	85.34	97.15	75.01
Fin. Chg.	3.07	1.71	1.64	1.58	1.74	1.95
Cost of Borrowing for DPS	1.44	3.03	3.33	3.28	2.85	2.79
Other Statutory Expense	2.23	3.17	-	-	-	1.08
Impact of GST	-	-	2.22	1.58	1.76	1.11
Gross O&M	58.84	71.67	83.88	91.78	103.51	81.94

3.15.12. Based on the revised mid-year average, the Petitioner submitted a recomputed Base Year O&M for FY 2019-20 and normative O&M for FY 2020-21, resulting in a revised normative Gross O&M of approximately Rs. 95.04 Crore for FY 2020-21, as against the Rs. 81.92 Crore approved in the ARR Order, reflecting an additional allowance of approximately Rs. 13.12 Crore.

3.15.13. The Petitioner prayed that the Commission recompute the normative O&M expenses for FY 2020-21 (1st year of the Control Period) in terms of Hon'ble APTEL's directions and grant the resulting additional allowance together with applicable carrying cost.

III. ANALYSIS AND FINDINGS

Re. Financing Cost of DPS

3.15.14. The Commission has examined the submissions of the Petitioner, the directions of the Hon'ble APTEL. The operative question is the computation of the financing cost of DPS for FY 2020-21 in terms of the proviso to Regulation 45.3 of the MYT Regulations, 2019, consistently with the methodology determined for the True-up of FY 2018-19. The relevant proviso to Regulation 45.3 reads:

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“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.”

- 3.15.15. The Commission notes that Hon’ble APTEL has expressly held that the financing cost of DPS must be included within A&G Expenses under the MYT Regulations, 2019, consistently with the normative methodology directed for FY 2018-19 (i.e., grossing up actual DPS at 24% per annum to derive the implied working capital amount, and applying the normative working capital interest rate thereto).
- 3.15.16. The actual DPS for FY 2020-21, as per the audited accounts submitted by the Petitioner, is Rs. 5.25 Crore (Rs. 524.98 Lakh). Grossing up at 24% per annum yields an implied working capital amount of Rs. 21.87 Crore. The applicable normative working capital interest rate for FY 2020-21 is to be applied to this amount to arrive at the financing cost of DPS of Rs. 2.09 Crores, which shall form part of A&G Expenses for FY 2020-21.
- 3.15.17. In view of the specific mandate under Regulation 45.3 of the MYT Regulations, 2019, and the settled position laid down by the Hon’ble APTEL, the financing cost of DPS shall form part of A&G Expenses for FY 2020-21, subject to the applicable normative computation under the MYT Regulations, 2019.
- 3.15.18. The Petitioner in terms of the above methodology for FY 2020-21, has also computed the impact of financing cost of DPS for subsequent years, i.e., FY 2021-22; FY 2022-23 & FY 2023-24. However, the Commission notes that the Hon’ble APTEL in the connected appeals against the respective true-up Order had not remanded the issues for Commission’s consideration. Accordingly, the said issue being outside the scope of the present remand proceeding is not being considered herein. However, the Commission may take an appropriate view in respect of such claim for FY 2021-22; FY 2022-23 & FY 2023-24, subject to the Tribunal’s judgement in the appeals pending for adjudication.

Re. Base Year O&M Computation

- 3.15.19. The Commission has examined the submissions of the Petitioner and the directions of the Hon’ble APTEL as recorded in preceding paragraphs. In view of the scope of the present remand, the issue of Base Year O&M expenses is being re-computed component-wise in accordance with the directions of the Hon’ble Tribunal, as follows:
- (a) **Gross vs. Net O&M Expenses:** The Commission is satisfied from its examination of the respective True-up Orders that the figures of Rs. 45.20 Crore (FY 2015-16), and Rs. 51.44 Crore (FY 2016-17) considered in Table 5-28 of the ARR Order for FY 2020-21, are the Net O&M (True-up) figures for those years, i.e., they are net of capitalisation. Hon’ble APTEL’s finding that capitalisation cannot rationally be included for FY 2017-18, FY 2018-19, and FY 2019-20 but excluded for the preceding three years within the same averaging exercise is accepted.

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Accordingly, the capitalisation approved for FY 2015-16 (Rs. 6.90 Crore), and FY 2016-17 (Rs. 12.32 Crore) shall be added back to the O&M (True-up) figures for those years in the base year calculation.

- (b) **Statutory Expenses:** The Commission notes that additional statutory expenses were approved separately in the True-up Orders for FY 2015-16 (Rs. 2.23 Crore), and FY 2016-17 (Rs. 3.17 Crore). These charges were allowed over and above normative O&M under the MYT Regulations, 2014. To the extent that such charges are not claimable separately under the MYT Regulations, 2019 and have been subsumed into the normative O&M framework for the next control period, they must be included in the O&M (True-up) figures for those years to avoid understatement of the base year. However, to the extent that any such charges remain separately claimable under the MYT Regulations, 2019, they are to be excluded to avoid double-counting. The Commission shall make this determination in the course of recomputing the base year figures.
- (c) **GST Impact (FY 2017-18 to FY 2019-20):** The GST impact of Rs. 2.22 Crore approved in the True-up Order for FY 2017-18, while Rs. 1.53 Crore and Rs. 1.71 Cr. determined for FY 2018-19 and FY 2019-20 respectively pursuant to the remand in the present proceedings, shall be included in the O&M (True-up) figures for the respective years in the base year calculation. The Commission based on the nature of expense under GST impact has considered Rs. 1.71 Cr, Rs. 1.19 Cr. and Rs. 1.34 Cr. for FY 2017-18, FY 2018-19 & FY 2019-20 respectively, under R&M expense and similarly Rs. 0.51 Cr , Rs. 0.34 Cr. and Rs. 0.38 for FY 2017-18, FY 2018-19 & FY 2019-20, respectively, under A&G expenses.

3.15.20. On the basis of the corrected O&M (True-up) figures for the preceding five years, the Commission has recomputed:

- (a) the mid-year average O&M for FY 2016-17;
- (b) the Base Year O&M for FY 2019-20, by escalating the mid-year figure to FY 2019-20 applying the applicable CPI/WPI indices; and
- (c) the normative O&M for FY 2020-21, by escalating the Base Year figure applying the applicable escalation factors

3.15.21. The allowance of financing cost of DPS as part of A&G Expenses for FY 2020-21, in terms of the proviso to Regulation 45.3 of the MYT Regulations, 2019, is made in compliance with the directions of the Hon'ble Tribunal.

3.15.22. 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 2020-21 is provided in the table below:

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TABLE 3-98 NORMATIVE O&M EXPENSES FOR FY 2019-20

(Rs. Crore)

Particulars	Trued-up O&M Average					Base Year & ARR Computation				
	FY 16	FY 17	FY 18	FY 19	FY 20	Avg. FY 18	Indices for FY 19 (%)	FY 19	Indices for FY 20 (%)	FY 20
Emp Expenses	17.92	21.93	26.37	29.61	35.92	26.35	5.20%	27.72	6.30%	29.47
R&M as per Norms	26.34	32.24	38.78	43.30	47.62					
Impact of GST	-	-	1.71	1.10	1.26					
Total R&M for trued-up year	26.34	32.24	40.49	44.40	48.88	38.47	5.20%	40.47	6.30%	43.02
A&G	7.84	9.59	11.54	12.32	13.43					
Fin. Chg.	3.07	1.71	1.64	1.58	1.74					
Cost of Borrowing for DPS	1.44	3.03	3.33	3.26	2.85					
Other Statutory Expense	2.23	3.17	-	-	-					
Impact of GST	-	-	0.51	0.31	0.36					
Total A&G for trued-up year	14.58	17.50	17.02	17.47	18.38	16.99	5.20%	17.88	6.30%	19.00
Gross O&M	52.10	63.76	83.88	91.48	103.18			86.07		91.49
Expense Capitalised	(6.90)	(12.32)	(10.34)	(8.99)	(10.32)			(8.99)		(10.32)
Net O&M Exp. (Normative)	45.20	51.44	73.54	82.49	92.86			77.08		81.17

3.15.23. The revised O&M Expenses approved for the Petitioner for FY 2020-21, in terms of the directions issued by the Hon'ble Tribunal in lead appeal, is shown in the Table below:

TABLE 3-99 O&M EXPENSES FOR FY 2020-21 AS APPROVED BY THE COMMISSION

(Rs. Crore)

Particulars	FY 2019-20	Actual CPI and WPI		FY 2020-21
	Normative	WPI	CPI	Normative
Employee Expenses	29.47		5.35%	31.04
R&M Expenses	43.02	2.96%		44.29
A&G Expenses	19.00	2.96%		19.56
Gross O&M Expenses	91.49			94.90
Expense Capitalised	(10.32)			(9.82)
Net O&M Expenses (Normative)	81.17			85.08

3.15.24. The summary of revised normative O&M Expenses as computed on the basis of above methodology, in line with Regulation-45 of MYT Regulations, 2019 for the period from FY 2020-21 to FY 2023-24, is provided in Table below:

TABLE 3-100 O&M EXPENSES FOR FY 2020-21 TO FY 2023-24 AS APPROVED BY THE COMMISSION

(Rs. Crore)

Particulars	FY 2020-21	Annual ARR Computation		Annual ARR Computation		Annual ARR Computation	
	Normative	Indices for FY 22 (%)	FY 22	Indices for FY 23 (%)	FY 23	Indices for FY 24 (%)	FY 24
Employee Expenses	31.04	5.13%	32.63	6.05%	34.61	5.19%	36.40
R&M Expenses	44.29	13.00%	50.05	9.41%	54.76	(0.73%)	54.36

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Particulars	FY 2020-21	Annual ARR Computation		Annual ARR Computation		Annual ARR Computation	
	Normative	Indices for FY 22 (%)	FY 22	Indices for FY 23 (%)	FY 23	Indices for FY 24 (%)	FY 24
A&G Expenses	19.56	13.00%	22.11	9.41%	24.19	(0.73%)	24.01
Gross O&M Expenses	94.90		104.79		113.56		114.77
Expense Capitalised	(9.82)		(8.98)		(6.52)		(11.58)
Net O&M Expenses (Normative)	85.08		95.81		107.04		103.19

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4. REVISED REVENUE GAP/SURPLUS FOR FY 2018-19 TO FY 2023-24 PURSUANT TO REMAND

- 4.1. The Commission has, in the preceding chapters of this Order, considered the issues remanded by the Hon'ble APTEL in the lead appeal relating to FY 2018-19 and, to the extent applicable, the common issues arising in the connected appeals relating to FY 2019-20 to FY 2023-24. The Commission has examined such issues year-wise and has determined the consequential financial impact in accordance with the principles settled by the Hon'ble APTEL, the applicable MYT Regulations, and the facts and material placed on record.
- 4.2. The Commission further notes that the common issues remanded in the connected appeals have been considered across FY 2018-19 to FY 2023-24, to the extent such issues arise and fall within the scope of remand in the respective appeals. Accordingly, the revised treatment adopted in this Order is not confined only to the lead appeal year, but has been extended, wherever applicable and supported by year-specific facts, to the subsequent period covered under the connected proceedings.
- 4.3. In view of the above determinations, the Aggregate Revenue Requirement, Non-Tariff Income, power purchase cost, capital expenditure, CWIP, O&M expenses, financing cost of DPS, sharing of controllable factor losses, depreciation, return on equity, interest on loan and other allied components of ARR, to the extent affected by the remanded issues, stand revised for the relevant years. Consequently, the revenue gap/surplus position, along with carrying cost for FY 2018-19 to FY 2023-24 also requires to be reworked on the basis of the findings recorded in this Order.
- 4.4. The Commission is also presently seized of the proceedings relating to the True-Up of FY 2024-25, APR for FY 2025-26 and ARR for FY 2026-27. Since the opening revenue gap/surplus carried forward into such ongoing proceedings was based on the position obtained prior to the present remand determination, the same necessarily needs to be revisited to the extent of the impact flowing from the issues decided herein.
- 4.5. In this regard, the Commission during determination of the true-up for FY 2023-24, APR for FY 2024-25 and ARR for FY 2025-25, has made the following observation in its Order dated 22.11.2025:

"9.1.10. Further, the following Tariff Orders have been challenged in the Hon'ble APTEL whose proceedings are ongoing. The final judgements may have a significant impact on the Tariff of the consumers. The list of ongoing proceedings is as under:

TABLE 9-6: CASES PENDING BEFORE HON'BLE APTEL (MATTER RELATED TO TARIFF ORDERS AND REGULATIONS) AS SUBMITTED BY THE PETITIONER

Sl. No.	Case No.	UPERC Case Reference	Cause Title	Description
1.	Appeal No. 98/2021	1541/2019 Order dated 04.12.2020	NPCL Vs. UPERC	NPCL Appeal against the Tariff Order (ARR of FY 2020-21, APR of FY 2019-20 and True-up of FY 2018-19)

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Sl. No.	Case No.	UPERC Case Reference	Cause Title	Description
2.	Appeal No. 343/2021	1684/2021 Order dated 26.08.2021	NPCL Vs. UPERC	NPCL Appeal against the Tariff Order (ARR of FY 2021-22, APR of FY 2020-21 and True-up of FY 2019-20)
3.	Appeal No. 398/2022	1797/2021 Order dated 20.07.2022	NPCL Vs. UPERC	NPCL Appeal against the Tariff Order (ARR of FY 2022-23, APR of FY 2021-22 and True-up of FY 2020-21)
4.	Appeal No. 676/2023	1919/2022 Order dated 24.05.2023	NPCL Vs. UPERC	NPCL Appeal against the Tariff Order (ARR of FY 2023-24, APR of FY 2022-23 and True-up of FY 2021-22)
5.	Appeal No. 58/2025	2039/2023 Order dated 10.10.2024	NPCL Vs. UPERC	NPCL Appeal against the Tariff Order (ARR of FY 2024-25, APR of FY 2023-24 and True-up of FY 2022-23)

9.1.11. The Computation of ARR and Revenue for FY 2025-26 in the Order are estimated figures and may vary, so the projected gap/surplus will also change correspondingly. The Commission will analyse these points in future Tariff or True Up proceedings....”

The present proceedings constitute such re-examination in respect of the remanded issues in connected appeals, and the opening revenue gap/surplus for the ongoing proceedings shall accordingly be read as revised in terms of the findings recorded in this Order. This approach is also in line with the Hon’ble Tribunal’s direction in the remand orders, in respect of such common issues- “The Commission may go ahead and consider these very issues in the tariff order to be passed for FY 2026-27.”

- 4.6. The revised revenue gap/surplus, along with carrying cost as per the tariff regulations and the consequential impact on the ARR of the relevant years are set out in the tables hereunder:

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TABLE 4-1 ARR SUMMARY SHEET FROM FY 2018-19 TO FY 2023-24 AS APPROVED BY THE COMMISSION FOR NPCL

Sr. No.	Particulars	Reference	FY19	FY20	FY21	FY22	FY23	FY24
1	Power Purchase Expenses	a	941.36	918.07	894.84	1,386.69	1,895.58	1,751.23
2	Deemed Revenue due to excess sales (in unmetered category)	b	(4.11)	(6.95)	(1.71)	(0.19)	-	-
3	Transmission Charges (UPPTCL+PGCIL)	c	183.50	148.60	152.19	150.92	166.86	197.36
4	Employee cost	d	29.61	35.92	31.04	32.63	34.61	36.40
5	A&G expenses	e	12.32	13.43	16.38	17.57	24.19	24.01
6	R&M expenses	f	43.30	47.62	44.29	50.05	54.76	54.36
7	Gross O&M Expenses	g=d+e+f	85.23	96.97	91.72	100.25	113.56	114.77
8	Total Interest and Finance Charges	h	65.79	73.65	62.81	64.28	66.31	75.48
9	Depreciation	i	50.19	52.97	47.01	53.58	58.76	61.91
10	Income Tax	j	31.75	4.08	22.01	23.45	24.78	25.68
11	Gross Expenditure	k=a+b+c+g+h+i+j	1,353.70	1,287.39	1,268.87	1,778.99	2,325.86	2,226.43
12	Employee Cost Capitalized	l	(8.99)	(10.32)	(9.82)	(8.98)	(6.52)	(11.58)
13	Net Expenditure	m=k-l	1,344.71	1,277.07	1,259.05	1,770.01	2,319.34	2,214.85
14	Provision for Bad & Doubtful debts	n	13.29	15.81	16.93	17.48	8.34	8.89
15	Misc. Expenses	o	-	-	0.47	2.92	1.04	1.72
16	Impact of GST	p	1.42	1.62	-	-	-	-
17	Total net expenditure with provisions	q=m+n+o+p	1,359.42	1,294.50	1,276.46	1,790.41	2,328.71	2,225.46
18	Add: Return on Equity	r	59.11	64.56	65.43	69.73	73.67	76.34
19	Less: Non-Tariff Income	s	(11.31)	(11.40)	(15.20)	(20.25)	(21.94)	(22.84)
20	Add: Efficiency Gains on Loans Swapping	t	-	-	-	-	-	-
21	Add: Efficiency Gains for Controllable Factors	u	12.08	14.53	-	-	-	-
22	Annual Revenue Requirement (ARR)	v=q+..+u	1,419.30	1,362.19	1,326.68	1,839.89	2,380.45	2,278.95
23	Revenue from existing/ revised Tariff	w	1,407.39	1,649.95	1,679.78	1,939.66	2,207.78	2,324.86
24	Revenue Gap/(Surplus)	x=v-w	11.91	(287.76)	(353.10)	(99.78)	172.67	(45.91)
25	Revenue Gap/ (Surplus) from Prev. Year	y	278.36	242.53	(83.41)	(461.40)	(609.76)	(491.00)
26	Revenue from Regulatory Surcharge	z	(83.11)	(48.91)	-	-	-	-
27	Carrying cost	aa	35.37	10.73	(24.89)	(48.59)	(53.91)	(56.90)
28	Net Revenue Gap/(Surplus)	ab=x+y+z+aa	242.53	(83.41)	(461.40)	(609.76)	(491.00)	(593.81)

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- 4.7. Accordingly, the cumulative revenue gap/surplus (along with carrying cost thereon) position for the relevant years, as well as the opening revenue gap/ surplus to be considered in the ongoing proceedings for FY 2024-25, FY 2025-26 and FY 2026-27, shall stand modified to the extent of the revisions approved hereinabove.


(Sanjay Kumar Singh)
Member




(Arvind Kumar)
Chairman

Place: Lucknow

Date: June 17, 2026