UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition Nos. 2144 of 2024, 2145 of 2024, 2146 of 2024, 2147 of 2024 and 2148 of 2024

Filed by

Bajaj Energy Limited (BEL)

IN THE MATTER OF

Petition under Section 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with Regulation 16 of UPERC (Terms and Condition of Generation Tariff) Regulations, 2019 for Truing Up of Tariff for 'Khambarkhera', Utraula', 'Kundarkhi', 'Maqsoodapur', & 'Barkhera' Thermal Power Projects (TPP) of Bajaj Energy Limited (BEL) for the period from 01.04.2019 to 31.03.2024.

Lucknow

Dated: 18.11.2026

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उ०प्र० विद्युत नियामक आयोग U.P. ELECTRICITY REGULATORY COMMISSION

Petition Nos. 2144 of 2024, 2145 of 2024, 2146 of 2024, 2147 of 2024 and 2148 of 2024

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

(Date of Order: 18.11.2026)

QUORUM

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

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

IN THE MATTER OF: Petition No. 2144 of 2024

Petition under Section 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with Regulation 16 of UPERC (Terms and Condition of Generation Tariff) Regulations, 2019 for Truing Up of Tariff for '2x45 MW Khambarkhera' Thermal Power Project (TPP) of Bajaj Energy Limited (BEL) for the period from 01.04.2019 to 31.03.2024.

AND

IN THE MATTER OF: Petition No. 2145 of 2024

Petition under Section 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with Regulation 16 of UPERC (Terms and Condition of Generation Tariff) Regulations, 2019 for Truing Up of Tariff for '2x45 MW Utraula' Thermal Power Project (TPP) of Bajaj Energy Limited (BEL) for the period from 01.04.2019 to 31.03.2024.

AND

IN THE MATTER OF: Petition No. 2146 of 2024

Petition under Section 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with Regulation 16 of UPERC (Terms and Condition of Generation Tariff) Regulations, 2019 for Truing Up of Tariff for '2x45 MW Kundarkhi' Thermal Power Project (TPP) of Bajaj Energy Limited (BEL) for the period from 01.04.2019 to 31.03.2024.

AND

IN THE MATTER OF: Petition No. 2147 of 2024

Petition under Section 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with Regulation 16 of UPERC (Terms and Condition of Generation Tariff) Regulations, 2019 for Truing Up of Tariff for '2x45 MW Maqsoodapur' Thermal Power Project (TPP) of Bajaj Energy Limited (BEL) for the period from 01.04.2019 to 31.03.2024.

AND

IN THE MATTER OF: Petition No. 2148 of 2024

Petition under Section 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with Regulation 16 of UPERC (Terms and Condition of Generation Tariff) Regulations, 2019 for Truing Up of Tariff for '2x45 MW Barkhera' Thermal Power Project (TPP) of Bajaj Energy Limited (BEL) for the period from 01.04.2019 to 31.03.2024.

AND

IN THE MATTER OF

Bajaj Energy Limited (BEL),

(Presently, Bajaj Energy Private Limited)

TC-13, Vibhuti Khand, Gomti Nagar, Lucknow, Uttar Pradesh - 226010 **.....Petitioner**

Versus

Uttar Pradesh Power Corporation Limited (UPPCL),

Shakti Bhawan, 14-Ashok Marg, Lucknow – 226001 **.....Respondent**

FOLLOWING WERE PRESENT

1. Shri Amit Kapur, Advocate, BEL
2. Shri Akshat Jain, Advocate, BEL
3. Shri Mandloi, Advocate, BEL
4. Shri Shikhar Verma, Advocate, BEL
5. Shri Sanjeev Kr. Singh, Advocate, BEL
6. Shri Amit Mittal, Executive Director, BEL
7. Shri Ketan Patil, Vice President, BEL
8. Shri Shailabh Gupta, Sr. Manager, BEL
9. Shri Amit Pandey, Sr. Manager, BEL
10. Shri Hemant Sahai, Advocate, UPPCL

11. Shri Nitish Gupta, Advocate, UPPCL
12. Shri Nipun Sharma, Advocate, UPPCL
13. Ms Varnika Tyagi, Advocate, UPPCL
14. Shri Manish Dwivedi, CE(PPA), UPPCL
15. Shri Kashi Nath Yadav, EE(PPA), UPPCL
16. Shri Dharm Ratna, AE(PPA), UPPCL

ORDER

(DATE OF FINAL HEARING: 27.08.2026)

1. BACKGROUND AND PROCEDURAL HISTORY

1.1. Background

1.1.1. The Petitioner, BEL is a generating company within the meaning of Section 2(28) of the Electricity Act, 2003 and was promoted by Bajaj Hindusthan Sugars Limited (erstwhile Bajaj Hindusthan Limited). BEL has established five thermal power projects in the State of Uttar Pradesh, namely Barkhera, Khambarkhera, Maqsoodapur, Utraula and Kundarkhi, with an aggregate installed capacity of 450 MW, pursuant to the Memorandum of Understanding (MoU) dated 14.01.2010 and 22.04.2010 executed between the Government of Uttar Pradesh and Bajaj Hindusthan Limited in accordance with the Uttar Pradesh Energy Policy, 2009.

1.1.2. A PPA dated 10.12.2010 was executed between BEL and Uttar Pradesh Power Corporation Limited (UPPCL), for supply of 90% of the saleable energy from all the five generating stations for a period of 25 years. Subsequently, the contracted capacity was enhanced to 100% of the saleable energy vide Supplementary Power Purchase Agreement dated 15.06.2011.

1.1.3. The Power Purchase Agreement dated 10.12.2010 and the Supplementary Power Purchase Agreement dated 15.06.2011 were approved by the Commission vide Orders dated 18.11.2010, 07.12.2010, and 03.11.2014. The details of Petitioner's power stations are as below:

Table 1: Capacity and COD of BEL's Thermal Power Plants (TPPs)

Power Station	Unit No.	COD	Capacity (MW)	COD of Station
Khambarkhera	1	10.03.2012	45	10.03.2012
	2	15.12.2011	45	
Utraula	1	03.04.2012	45	24.04.2012
	2	24.04.2012	45	
Kundarkhi	1	31.03.2012	45	21.04.2012
	2	21.04.2012	45	
Maqsoodapur	1	16.12.2011	45	28.03.2012
	2	28.03.2012	45	
Barkhera	1	02.12.2011	45	24.03.2012
	2	24.03.2012	45	
Total (MW)			450 MW	

1.1.4. The Commission vide order dated 24.05.2017 approved the final capital cost as on COD, true up for the period from COD to 31.03.2014 and MYT Tariff for the period from FY 2014-15 to FY 2018-19 in Petition No. 973 of 2014, 1036 to 1040 of 2015, 1079 to 1083 of 2016 respectively. The Commission, through Suo-moto Orders, on provisional basis, had extended the FY 2018-19 tariff determined under the UPERC (Terms and Conditions of Generation Tariff) Regulation, 2014 applicable for MYT 2014-19, subject to adjustment with applicable interest, if any, till MYT Tariff Order of the Projects for Control Period 2019-24 are issued

1.1.5. The Commission vide order dated 05.08.2022 in Petition No. 1584-1588 of 2020 had decided additional capitalisation from COD to 31.03.2014. Further, the Commission vide order dated 16.01.2023 in Petition No. 1637-1641 of 2020 had trued up the tariff for the FY 2014-19.

1.1.6. The final order for Multi-Year Tariff (MYT) fixation for the 2019–2024 control period involving Bajaj Energy Limited (BEL) and Uttar Pradesh Power Corporation Limited (UPPCL) was passed by the Uttar Pradesh Electricity Regulatory Commission (UPERC) on 12.05.2023, and Corrigendum order dated 22.05.2023 in Petition Nos. 1646,1647,1648,1649 & 1650 of 2020.

1.2. Regulatory Framework

1.2.1. Section 61 of the Electricity Act, 2003 deals with Tariff Regulations. Section 62(1) of the Act provides that the Appropriate Commission shall determine the tariff under the provisions of the Act, inter alia for

the supply of electricity by a generating company to a distribution licensee. Further, under Section 86(1)(a) of the Act, the Commission determines the tariff for the generation of power at stations owned by the UPRVUNL. Section 86(1)(b) further mandates the Commission to regulate the electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies.

1.2.2. Accordingly, the Commission issued the first tariff regulations, the Uttar Pradesh Electricity Regulatory Commission (Terms and Condition of Generation Tariff) Regulations, 2004 which were applicable from FY 2005-06 to FY 2007-08 which were extended for FY 2008- 09 as well. The Commission notified the Uttar Pradesh Electricity Regulatory Commission (Terms and Condition of Generation Tariff) Regulations, 2009 for the control period of FY 2009-10 to FY 2013-14.

1.2.3. Subsequently, the Commission notified the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations 2014 which came into effect from 01.04.2014 for the control period of FY 2014-15 to FY 2018-19. Further, on 11.09.2019 the Commission notified UPERC (Terms and Conditions of Generation Tariff) Regulations, 2019, vide Notification No. UPERC/Secy/Generation Regulations, 2019/343A, for the control period of FY 2019-20 to FY 2023-24.

1.3. BEL Petition Seeking Truing-Up of Capital Expenditure and Tariff

1.3.1. BEL filed instant Petition No. 2144 of 2024 for Khambarkhera TPP, Petition No. 2145 of 2024 for Utraula TPP, Petition No. 2146 of 2024 for Kundarkhi TPP, Petition No. 2147 of 2024 for Maqsoodapur TPP and Petition No. 2148 of 2024 for Barkhera TPP on 29.11.2024, under Regulation 16 of UPERC (Terms and Conditions of Generation Tariff) Regulations, 2019 read with Section 61, Section 62 and Section 86 of Electricity Act, 2003 seeking approval of Additional Capital Expenditure and Tariff for the Control Period FY 2019-20 to FY 2023-24 along with the requisite tariff formats, audited accounts, trial

balances and other supporting documents, as prescribed under the UPERC Generation Tariff Regulations, 2019.

1.3.2. Since all the Petitions involve similar facts, issues, questions of law and reliefs sought, they have been clubbed together for consideration by the Commission and are being decided by way of this common order.

1.3.3. BEL has submitted the following True-up summary for FY 2019-24 control period for consideration:

Table 2: Summary of AFC submitted by Petitioner for True-up of all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1.	Depreciation	29.16	29.18	29.2	29.27	25.91
2.	Interest on Loan	15.96	12	7.1	3.7	1.16
3.	Return on Equity	23.62	23.63	23.64	23.7	23.74
4.	Interest on Working Capital	10.47	8.93	8.91	10.64	11.57
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total**	**108.87**	**104.44**	**100.63**	**100.2**	**96.45**
	Utraula TPS					
1.	Depreciation	30.4	30.41	30.47	30.53	27.32
2.	Interest on Loan	16.72	12.57	7.5	3.93	1.23
3.	Return on Equity	24.59	24.6	24.65	24.7	24.71
4.	Interest on Working Capital	9.93	8.51	8.74	10.2	11.29
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total**	**111.31**	**106.81**	**103.14**	**102.27**	**98.6**
	Kundarkhi TPS					
1.	Depreciation	29.19	29.22	29.24	29.3	24.74
2.	Interest on Loan	15.83	11.88	6.99	3.59	1.11
3.	Return on Equity	23.51	23.53	23.55	23.6	23.64
4.	Interest on Working Capital	9.21	8.16	8.31	10	11.26
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total**	**107.41**	**103.5**	**99.87**	**99.39**	**94.81**
	Maqsoodapur TPS					
1.	Depreciation	28.8	28.81	28.83	28.85	25.37
2.	Interest on Loan	15.86	11.94	7.08	3.67	1.14
3.	Return on Equity	23.32	23.33	23.35	23.37	23.38
4.	Interest on Working Capital	10.79	8.57	8.88	10.05	11.17
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total**	**108.44**	**103.37**	**99.93**	**98.85**	**95.11**
	Barkhera TPS					
1.	Depreciation	28.54	28.56	28.58	28.65	22.84
2.	Interest on Loan	15.3	11.43	6.69	3.38	1.02
3.	Return on Equity	22.95	22.97	22.99	23.04	23.08
4.	Interest on Working Capital	10.68	8.89	9.19	10.18	11.81
5.	O & M Expenses	29.66	[illegible]	31.78	32.9	34.06
6.	**Total**	**107.14**	**102.57**	**99.23**	**98.15**	**92.81**

1.4. Prayers

1.4.1. The Petitioner has prayed for the following:

a) Admit the present Petition(s) and approve the additional capital expenditure actually incurred during the period from 01.04.2019 to 31.03.2024, as claimed by BEL in this Petition;

b) Approve Tariff of 'Khambarkhera', 'Utraula', 'Kundarkhi', 'Maqsoodapur', & 'Barkhera' Thermal Power Plants of BEL for the True up period from 01.04.2019 to 31.03.2024 as per Annexure P-1 enclosed herewith as per provisions of UPERC (Terms and Condition of Generation Tariff) Regulations, 2019 and its consequential impact along with carrying cost;

c) Allow additional rate of ROE of 0.5% as an incentive towards early commissioning of the project by exercising the 'Power to Relax' as per Regulation 12 read with Regulation 2(4) of UPERC (Terms and Condition of Generation Tariff) Regulations, 2019;

d) Allow recovery of expenses understated/not considered in the present Petition(s) at a later stage, if required;

e) Condone any inadvertent omissions/errors/differences and permit BEL to add/alter its submissions and make further submissions as may be required by this Commission;

f) Allow the recovery of application fees paid to this Commission and statutory charges imposed by the State and Central Government; &

g) Pass any other order as it may deem fit in the circumstances mentioned above.

1.5. Preliminary Scrutiny of the Petition

1.5.1. A preliminary analysis of the Petition was conducted by the Commission and in pursuance thereof, the Commission vide its communication dated 30.12.2024 directed BEL to reply to the following deficiencies / queries in the Petition:

a) Complete details as per Tariff Form -15 for Coal and Secondary Fuel Oil

b) Detailed Bank statements (lender-wise) for calculation of the Weighted average Rate of Interest on Loans for the control period FY 2019-20 to FY 2023-24.

c) Detailed break-up of claimed cost towards Additional Capitalisation for the tariff period FY 2019-20 to FY 2023-24 supported by feasibility/project report.

d) Detail computation on account of savings on loan refinancing (if any) along with the supporting documents.

e) Details of the Efficiency gains (if any) with detailed computation based on the actual cost incurred in supplying power to the Respondents during FY 2019-20 to FY 2023-24 as per audited accounts.

f) Details of Annual Revenue Requirement for FY 2019-20 to FY 2023-24 as per the claimed tariff components in the present petition and revenue recovered in actuals from the Respondents for the tariff period FY 2019-20 to FY 2023-24 for all its stations and accordingly submitting its claim for revenue gap/surplus along with the computation of carrying cost (if any).

1.5.2. The Petitioner submitted the Data Gap response vide affidavit dated 20.01.2025.

1.5.3. The Commission, vide its letter dated 22.08.2025, has further sought additional information from BEL, and directed BEL to submit details of Particulate Matter (PM) emission levels during the one-year prior to ESP upgrade and until 31.03.2024, post ESP upgrade, as certified or validated by the Uttar Pradesh Pollution Control Board (UPPCB).

1.5.4. The Petitioner submitted the Data Gap response vide affidavit dated 19.01.2026.

1.6. Record of Proceedings

1.6.1. The Commission heard the matter on 22.05.2025, 31.07.2025, 30.09.2025, 18.12.2025, 30.04.2026, 16.07.2026 and 27.08.2026. On 22.05.2025 it admitted the Petitions for truing up FY 2019-24 for

the five stations, and UPPCL filed its reply on 10.07.2025 and BEL its rejoinder on 30.07.2025, completing pleadings by 31.07.2025.

1.6.2. On 30.09.2025 UPPCL objected that the disputes involved entitlement under law, so a Judicial/Legal Member had to be on the Bench. It relied on the Commission's order of 18.08.2025 in Petition No. 2106 of 2024 and on the Supreme Court judgments in *T.N. Generation* and *Utility Users' Welfare Association*. BEL replied that these are true-up proceedings under Sections 62 and 86(1)(a)/(b), not Section 86(1)(f), so they fall within the Commission's regulatory jurisdiction, and a Member (Law) is not mandatory. It cited the Commission's earlier orders (Petition Nos. 2130 and 2151 of 2024) and the tariff orders for UPPTCL and UPSLDC, while UPPCL maintained that any determination of a dispute is adjudicatory.

1.6.3. The Commission directed written submissions, which were not filed in time, and UPPCL declined to file any by email of 17.10.2025 and asked for an order. The Commission held that the Member (Law) requirement is confined to adjudication under Section 86(1)(f), that tariff determination and true-up are regulatory, and that the objection was not sustained. A corrigendum of 18.11.2025 corrected a typographical error ("respondent" for "petitioner") in paragraph 18.

1.6.4. The matter was adjourned on 18.12.2025 at UPPCL's request, as its arguing counsel was unavailable, to 24.03.2026, though the next hearing was held on 30.04.2026. It was adjourned again on 16.07.2026 on BEL's personal grounds.

1.6.5. On 30.04.2026 BEL claimed ₹13.32 crore of additional capital expenditure under six heads: STP, ESP, DCS, CGWA compliance, chimney ladder and COVID-19. UPPCL objected that:

(i) BEL had not shown whether the works were new installations or upgrades;

(ii) the UPPCB application behind the STP was not on record;

(iii) de-capitalisation details of the existing STP, ETP and cyber-security assets were missing;

(iv) STP and ESP should be Change in Law claims under the PPA, not Regulation 20(2)(i) capitalisation;

(v) the COVID-19 expenditure is operational, not capital;

(vi) hardware and software particulars for the cyber-security claim were missing.

1.6.6. The Commission directed BEL to file an affidavit within four weeks, with a copy to UPPCL, covering these points:

(i) whether the STP and ESP are new or upgraded facilities;

(ii) the UPPCB Application No. 232616;

(iii) de-capitalisation of the old STP, ESP and cyber-security system.

(iv) BEL filed on 18.06.2026 and UPPCL on 15.07.2026.

1.6.7. At the final hearing on 27.08.2026 BEL clarified that the 100 KLD MBBR-based STP is a new asset installed under UPPCB directions, separate from the ETP, which treats industrial effluent. It said the STP and ESP works were claimed under Regulation 20(2)(i) even though they could also be Change in Law, and that the DCS/FCS and cyber-security items were claimed under Regulation 20(2)(iv) and the CEA 2021 Guidelines. UPPCL said asset-wise records, Fixed Asset Register entries and capitalisation schedules were inadequate, and asked how BEL had met the environmental requirements before the STP was installed.

1.6.8. The Commission reserved the matters for final orders and gave BEL four weeks to furnish prudence-check information on:

(i) pre-FY 2019 and current STP compliance status and de-capitalisation;

(ii) the de-capitalisation value of the existing ESP;

(iii) OEM recommendations, bid documents and technical specifications for the ESP;

(iv) the depreciation status and Fixed Asset Register entries of the DCS, FCS and IT infrastructure.

UPPCL was allowed for one week to respond. BEL filed its submission on 14.10.2026.

2. TRUING UP OF TARIFF FOR FY 2019-20 TO FY 2023-24

2.1. Regulation 16 of the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2019 provides for truing up of capital expenditure and tariff. Regulation 16 lays down as follows in this regard:

> *16.Truing up of Capital Expenditure and tariff for the period 2019-24:*
> *(1) The Commission shall carry out Truing up exercise along with the tariff Petition filed for the next tariff period, for the following, after prudence check.:*
> *(a)Capital Expenditure including Additional Capital Expenditure incurred up to 31.03.2024.*
> *(b)Capital Expenditure including Additional Capital Expenditure incurred up to 31.03.2024, on account of uncontrollable factors.*
> *(2) The generating company shall make an Application, in hard and soft copy in specified formats as per Appendix II to these Regulations, for carrying out*
> *Truing up exercise in respect of the generating station or any of its units or*
> *block of units thereof by 30.11.2024.*
> *(3) The generating company shall submit, for the purpose of Truing up, details of Capital Expenditure and additional capital expenditure incurred duly audited and certified by the Auditors.*
> *Provided the Commission may appoint a separate independent auditor who,*
> *under the supervision of the Commission, we shall undertake technical and*
> *financial audit of the generating station at any time.*
> *(4) Where after the Truing up, if the tariff recovered exceeds the tariff approved by, the Commission under these Regulations, the generating company shall refund to the Beneficiaries, the excess amount so recovered along with simple interest at the rate equal to the Bank Rate prevailing as on 1st April of the relevant Year.*
> *(5) Where after the Truing up, if the tariff recovered is less than the tariff approved by the Commission under these Regulations, the generating company shall recover from the Beneficiaries, the under-recovered amount along with simple interest at the rate equal to the Bank Rate, prevailing as on 1st April of the relevant Year.*
> *(6) The amount under-recovered or over-recovered, along with simple interest at the rate equal to the Bank Rate as on 1st April of the relevant Year, shall be recovered or refunded by the generating company, in six equal monthly installments starting within three months from the date of the tariff Order issued by the Commission after the truing up exercise.*

2.2. Additional Capitalization: Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera Thermal Power Station (TPS)

Petitioner's Submission

2.2.1. The Petitioner has claimed projected additional capital expenditure for Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS for FY 2019-20 to FY 2023-24 in its MYT Petition. The Commission deferred approval of projected additional capital expenditure and

permitted BEL to claim the same during truing up for FY 2019–24 in terms of UPERC Generation Tariff Regulations, 2019.

2.2.2. In the present true-up Petition, the Petitioner has claimed additional capital expenditure for Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS claimed under Regulations 20(2)(i) and 20(2)(iv) of the UPERC Generation Tariff Regulations, 2019. The Petitioner has claimed actual additional capital expenditure during FY 2019–24 against projected claimed in MYT as detailed below for all the five TPS in the following Tables.

Table 3: Additional Capitalization claimed by Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Particulars	Claimed in MYT Petition (Projection)	Claim For True-Up (Actuals)
	Khambarkhera TPS		
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	0.44	0.43
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.50	0.42
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.40	1.97
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.08
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12
7.	Expenditure towards COVID pandemic	-	0.10
8.	**Total (Rs. Crore)**	**7.06**	**3.12**
	Utraula TPS		
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	-	-
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.61	0.52
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.40	1.85
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.08
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12
7.	Expenditure towards COVID pandemic	-	0.06
8.	**Total (Rs. Crore)**	**6.74**	**2.63**
	Kundarkhi TPS		
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	0.47	0.40
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.61	0.52
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-

S. No.	Particulars	Claimed in MYT Petition (Projection)	Claim For True-Up (Actuals)
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.40	1.87
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.06
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12
7.	Expenditure towards COVID pandemic	-	0.08
8.	**Total (Rs. Crore)**	**7.21**	**3.05**
	Maqsoodapur TPS		
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	-	-
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.50	0.42
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.43	0.70
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.08
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12
7.	Expenditure towards COVID pandemic	-	0.10
8.	**Total (Rs. Crore)**	**6.65**	**1.42**
	Barkhera TPS		
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	0.44	0.38
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.51	0.43
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.40	1.91
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.17
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12
7.	Expenditure towards COVID pandemic	-	0.09
8.	**Total (Rs. Crore)**	**7.07**	**3.10**

2.2.3. The Petitioner in the present true-up Petition submitted that the total additional capital expenditure actually incurred during the tariff period 2019–24 is lower than the expenditure claimed in the MYT Petition in all the five TPS (i.e., Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS). The detailed justification and item-wise particulars of the additional capital expenditure claimed in the present Petition are as follows:

(i) Additional capital expenditure for installation of Sewage Treatment Plant (STP) as per UPPCB directions: (Khambarkhera, Kundarkhi, & Barkhera TPS)

2.2.4. The Petitioner submitted that, the UPPCB, vide statutory Consent Order dated 23.03.2018 issued under the Water (Prevention and Control of Pollution) Act, 1974, mandated treatment of domestic effluent through an STP conforming to specified discharge norms, pursuant to which BEL installed a 100 KLD STP using Moving Bed Biofilm Reactor (MBBR) technology during the 2019–24 tariff period, and the expenditure incurred qualifies for allowance under Regulation 20(2)(i) of the UPERC Generation Tariff Regulations, 2019 as statutory compliance cost, consistent with CERC's approval of similar STP expenditure in its Order dated 31.03.2023 in Petition No. 487/GT/2020.

(ii) Additional Capital Expenditure for Electrostatic Precipitator ("ESP") up-gradation to achieve MoEFCC Revised Environmental Norms and UPPCB directions: (Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS)

2.2.5. The Petitioner submitted that pursuant to the MoEFCC Notification dated 07.12.2015 prescribing a particulate matter emission limit of 50 mg/Nm^3 and the subsequent recommendations of the 36th Special TCC Meeting dated 14.09.2017, read with the UPPCB statutory Consent Order dated 04.02.2020 mandating compliance with revised emission norms, the Petitioner undertook up-gradation of its existing ESP system through installation of an Advanced ESP Integrated Controller as a cost-effective technological solution, and since the said expenditure was incurred solely to comply with statutory directions and was not part of the original project scope, the same qualifies for allowance under Regulation 20(2)(i) of the UPERC Generation Tariff Regulations, 2019.

(iii) Additional Capital expenditure towards Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled

Operating System and other IT related works for safety and security: (Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS)

2.2.6. The Petitioner submitted that the upgradation of its Digital Control System (FOXBORO, supplied by Invensys), Field Control System, bundled operating systems and IT infrastructure is admissible under Regulation 20(2)(iv) of the UPERC Generation Tariff Regulations, 2019. It relied on the CEA (Cyber Security in Power Sector) Guidelines, 2021, issued on 07.10.2021 under Regulation 10 of the CEA (Technical Standards for Connectivity to the Grid) (Amendment) Regulations, 2019. According to BEL, these Guidelines apply mandatorily to a thermal generating utility and require upgradation of control systems, firmware and software and the phasing out of legacy IT systems. It also contended that CEA is a statutory authority constituted under Section 70, with functions under Section 73 of the Electricity Act, 2003. BEL stated that the systems were procured in 2010–11 on Windows Server 2003 and Windows XP and had become obsolete. Microsoft support ended on 08.04.2014, and Dell (email of 18.10.2019) and Schneider Electric confirmed that hardware spares were unavailable. Schneider Electric also discontinued the 14 FCP-270 Field Control Processors from 01.10.2017 (email of 26.06.2017). This led to multiple failures across BEL's stations between 2018 and 2021.

2.2.7. BEL submitted that these failures made urgent replacement necessary of the servers, workstations, operating systems and FCPs. The replacements were Windows Server 2019, Windows 10 and the FCP-280, which has a 10-year life, as Schneider Electric recommended on 20.07.2021. It argued that the upgradation was essential for safe and secure plant operation and for preventing generation loss and unit outages. It also argued that it was needed to comply with the directions of a statutory authority. BEL added that the CERC had already allowed similar expenditure on upgrading the same FOXBORO system from the same OEM (Order dated 21.03.2017 in Petition No. 263/GT/2014). On that basis it claimed that the expenditure, incurred after the cut-off date, squarely qualifies under Regulation 20(2)(iv).

(iv) Additional Capital Expenditure incurred towards compliance of CGWA directions: (Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS)

2.2.8. The Petitioner submitted that, to comply with the Central Ground Water Authority's Notification dated 24.09.2020 (issued under Sections 3(3) and 5 of the Environment (Protection) Act, 1986) regulating groundwater extraction, it built observation wells and borewells, installed piezometers with telemetry, did RCC grouting around borewells, and set up rooftop rainwater harvesting and recharge systems. These works were required by Paragraph 4.1(iv), Clause 3 of Annexure III and Clause 9.0(iii) of the Notification. BEL contended that, since the expenditure was incurred solely to meet binding CGWA directions, it qualifies under Regulation 20(2)(i) of the UPERC Generation Tariff Regulations, 2019.

(v) Additional Capital Expenditure towards installation of Chimney ladder in compliance to CPCB directions for safety and security: (Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS)

2.2.9. The Petitioner has submitted that pursuant to the CPCB Notification dated 21.02.2018 issued under Section 18(1)(b) of the Air (Prevention and Control of Pollution) Act, 1981 mandating replacement of unsafe monkey ladders with spiral or scaffold ladders to ensure safe access for monitoring personnel, BEL incurred additional capital expenditure towards installation of chimney ladders, and since the said expenditure was incurred beyond the cut-off date to comply with binding statutory directions and to enhance safety and security of the plant, the same qualifies for allowance under Regulations 20(2)(i) and 20(2)(iv) of the UPERC Generation Tariff Regulations, 2019.

(vi) Additional Capital Expenditure towards COVID-19 period related exigency expenses: (Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS)

2.2.10. The Petitioner submitted that the WHO's declaration of COVID-19 as a pandemic on 11.03.2020, and the lockdowns ordered by NDMA, the

Ministry of Home Affairs, the Ministry of Labour & Employment and the Government of Uttar Pradesh in March–April 2020, disrupted normal operations in FY 2020-21 and FY 2021-22. To ensure employee safety and continuity of plant operations during this period, BEL incurred additional capital expenditure. It contended that, since the Ministry of Finance's Office Memorandum dated 19.02.2020 recognised COVID-19 as a natural calamity and force majeure event, the expenditure qualifies under Regulation 20(2)(i) of the UPERC Generation Tariff Regulations, 2019. BEL added that the projected expenditure on RO plants will be claimed separately after commissioning, in the FY 2024-29 control period.

Commission's Analysis:

2.3. Based on the submissions made by the Petitioner in the Petition, the Commission has considered dealing with the issue of Additional Capitalisation, at first. The Commission has considered the submissions of the Petitioner in its Petition filed on 29.11.2024, Response to the data gap I of the Commission by the Petitioner dated 20.01.2025, Reply of the Respondent dated 10.07.2025, Rejoinder filled by the Petitioner on 30.07.2025, note submitted by the Petitioner dated 15.10.2025, Response to the data gap II ,as raised by the Commission during the hearing, submitted by the Petitioner on 19.01.2026. The Commission also considered additional submission, Rejoinder and combined submission that of 5 petitions submitted by the Petitioner dated 18.06.2026, 20.08.2026 and 14.10.2026 respectively and Combined Reply that of 5 petitions submitted by the Respondent dated 15.07.2026. As already mentioned in para 1.6.8 of this order, under Record of Proceedings heading, BEL filed its last combined submission on 14.10.2026 and vide order dated 03.09.2026 UPPCL was allowed 1 weeks' time to furnish its response on the combined submission of BEL. Accordingly, the deadline for UPPCL's combined submission expired on 21-22.10.2026. More than 25 days have lapsed since then but the commission has not yet received the combined written submission. Thus, the Commission is issuing this order based on entire material on record available before it, which is mentioned in the paragraph above, and the oral arguments of rival parties before it including the final hearing of 27.08.2026, written submission of which could not be submitted by UPPCL despite substantial delay. Non submission of UPPCL written

submission could not have altered the analysis of the Commission in the matter as the oral arguments of respondent's Counsel have been scrupulously considered by the Commission, while deciding this matter. Further, wait of UPPCL's written submission would unnecessarily delay the rendering of judgement in the matter. In pursuance to all the submissions, replies and additional submissions, the Commission has decided on the 6 major additional capitalisation heads mentioned in the subsequent sub sections:

2.4. Additional Capitalisation towards Sewage Treatment Plant

2.4.1. The expenditure claimed under this head is ₹0.43 crore for Khambarkhera, ₹0.40 crore for Kundarki and ₹0.38 crore for Barkhera.

Respondents' Submission:

2.4.2. The Respondent opposed the STP claim on three grounds. First, it questioned whether sewage and effluent-treatment facilities were already part of the original environmental approvals, project configuration and approved capital cost. It said the Petitioner must show the expenditure is an incremental requirement arising after the original project scope, and that it does not duplicate an asset or expenditure already in the admitted capital cost, including the treatment of effluent-treatment expenditure in earlier tariff proceedings.

2.4.3. Second, it contended that expenditure arising from a subsequent statutory requirement is Change in Law, and that the Petitioner did not give the notice required under Article 13 of the PPA. Third, on de-capitalisation, it argued that the Statutory Auditor's Certificate of non-decapitalisation cannot by itself establish regulatory admissibility. It said the Commission must independently examine the pre-existing sewage-treatment arrangement, the new assets created, and whether allowing the claim would result in duplicate tariff servicing.

Petitioner's Submission and Response:

2.4.4. The Petitioner submitted that the STP expenditure was incurred under environmental requirements stipulated by the UPPCB. It said the expenditure is therefore admissible under Regulation 20(2)(i) of the Tariff Regulations, 2019, as expenditure incurred to comply with the direction of

a statutory authority. It said the dedicated STP was installed under the treatment requirements in the UPPCB Consent Orders and placed those orders and connected documents on record.

2.4.5. On the earlier arrangement, in answer to the Commission's query, the Petitioner stated that domestic sewage from the residential colonies had been handled through septic tanks and soak pits. Solids settled in the tanks and, after anaerobic decomposition, the clarified effluent passed into soak pits for natural filtration. The Consent Orders record this arrangement and also contain conditions for treating domestic effluent:

i. Khambarkhera, 28.02.2018: septic tank/soak pit disposal, with annexed conditions specifying treatment through an STP.

ii. Maqsoodapur, 23.03.2018: septic tank/soak pit disposal, with standards stipulated for domestic effluent.

iii. Barkhera, 23.03.2018: identifies Reference Application No. 232616 and the prevailing disposal arrangement.

2.4.6. At the Commission's direction, the Petitioner also furnished its letter of 12.12.2017 and the application for obtaining or renewing Consent to Operate. It said these establish the link to Application No. 232616 cited in the 23.03.2018 Consent Order.

2.4.7. The Petitioner clarified that the STP, which treats domestic sewage from the residential colony, is different from the ETP inside the station premises, which handles industrial effluent from plant operations. It therefore disputed that the STP claim duplicates earlier ETP expenditure. On de-capitalisation, it said installing the dedicated STP did not replace or retire any existing STP or capital asset. It relied on the Statutory Auditor's Certificate of 17.06.2026, which records that no existing asset was decommissioned during the STP works.

Commission's Findings and Decision:

2.4.8. The Commission has carefully considered the submissions of the Petitioner and the Respondent, filed during the proceedings, the information furnished pursuant to the directions of the Commission, the relevant

UPPCB Consent Orders, the underlying consent documentation and the Statutory Auditor's Certificate dated 17.06.2026.

2.4.9. The contemporary Consent documents support the Petitioner's submission that domestic sewage was earlier being dealt with through septic tanks and soak pits. The documents also record the treatment requirements relied upon by the Petitioner for installation of the dedicated STP.

2.4.10. The Commission has also examined the Respondent's objection regarding the existing ETP and the Petitioner's contention that the present claim is distinct therefrom. The Petitioner has specifically clarified that the ETP and STP cater to different streams of effluent. While the ETP is stated to cater to industrial effluent generated from plant operations, the dedicated STP caters to domestic sewage generated from the residential-colony area.

2.4.11. The Commission observes that the present claim has been preferred under Regulation 20(2)(i) of the Tariff Regulations, 2019, which specifically provides for consideration of capital expenditure incurred after the cut-off date pursuant to an order or direction of a statutory authority. The Commission is therefore of the considered view that an expenditure otherwise satisfying Regulation 20(2)(i) cannot be rejected at the threshold solely on the ground that the event giving rise to the expenditure may also have characteristics associated with Change in Law under the PPA.

2.4.12. The Commission has also examined whether installation of the dedicated STPs requires corresponding de-capitalisation of any existing asset. The Statutory Auditor's Certificate dated 17.06.2026 records that no existing asset was decommissioned while undertaking the identified STP works. The Commission considers the certificate to be relevant evidence and also the fact that ETP and STP calibrate to two different streams of effluents.

2.4.13. In view of the foregoing analysis, the Commission finds that installation of the dedicated STPs has a direct and sufficient nexus with the applicable environmental/statutory requirements and has resulted in creation of identifiable capital facilities for treatment of domestic sewage. The Commission further finds that the dedicated STP is functionally distinct

from the ETP and that the material placed on record does not establish that the STP expenditure presently claimed represents duplication of expenditure already admitted towards the ETP or replacement of an existing dedicated STP.

2.4.14. Accordingly, the Commission allows the additional capital expenditure incurred towards installation of STPs under Regulation 20(2)(i) of the Tariff Regulations, 2019 at Khambarkhera, Kundarki and Barkhera.

2.5. Additional Capital Expenditure towards ESP Upgradation

2.5.1. The Petitioner has claimed, aggregate additional capital expenditure of ₹2.31 crore, additional capital expenditure towards upgradation of the Electrostatic Precipitator ("ESP") systems at all five generating stations, namely Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera, for compliance with the revised environmental norms relating to Particulate Matter ("PM") emissions.

Respondents' Submission:

2.5.2. UPPCL, in its Reply dated 10.07.2025, acknowledged that MoEF&CC had prescribed the PM emission limit of 50 mg/Nm^3 and that UPPCB had issued statutory directions on 04.02.2020 requiring compliance with it. It nevertheless contended that the ESP upgradation expenditure is a Change in Law event under Article 13 of the PPA. It said Article 13.3.1 required prior notice to UPPCL, which the Petitioner had not given. UPPCL also questioned whether BEL had furnished enough particulars of the original ESP configuration and the norms applicable before the revised requirements. It said this information was needed to decide whether the works were incremental and necessitated by the later environmental requirement.

2.5.3. UPPCL further submitted that BEL had initially not furnished a cost-benefit analysis showing the expenditure to be the technically and economically prudent option. Since the cost would be serviced through tariff, it argued that the reasonableness of the chosen solution and its cost must be subjected to prudence check, and it sought either disallowance or an independently vetted cost-benefit analysis. In later proceedings UPPCL

also raised whether the ESP was a new facility or an upgradation of the existing one, and whether any corresponding de-capitalisation was required. The Commission accordingly directed BEL to clarify whether the STP and ESP were new facilities or upgradations of existing assets and, for any fresh facility, to give details of de-capitalisation of the corresponding old assets.

Petitioner's Submission and Response:

2.5.4. The Petitioner submitted that the Environment (Protection) Amendment Rules, 2015, notified by MoEF&CC on 07.12.2015 under Sections 6 and 25 of the Environment (Protection) Act, 1986, set a PM emission limit of 50 mg/Nm³ for thermal plants commissioned after 01.01.2003 and up to 31.12.2016. It said this covered all five stations. It relied on the 36th Special TCC Meeting of NRPC (14.09.2017), which found that its units needed no FGD for SOx compliance but did need ESP upgradation for PM compliance. It also relied on the UPPCB Consent Order of 04.02.2020, issued under Sections 21 and 22 of the Air Act and valid from 01.01.2020 to 31.12.2021, which required stack emissions to meet the prescribed standards and so the 50 mg/Nm³ limit. The existing ESPs had been designed for 70 mg/Nm³, so technological upgradation became necessary.

2.5.5. BEL stated that it did not replace the principal ESP structure. It upgraded the system with Advanced ESP Integrated Controllers (EPIC-III Ethernet-based controllers, retrofit kits, Ethernet switches, Ethernet Terminal Units and optimisation software), which regulate power input to the ESP and adapt to boiler and flue-gas conditions to improve particle collection. Before choosing this, it approached the original ESP suppliers: VT Corp Pvt. Ltd. for Barkhera, Khambarkhera and Maqsoodapur, and Thermax Ltd. for Kundarkhi and Utraula. Both proposed adding a further ESP field, which meant higher capital cost and continuous shutdowns that could affect availability. BEL therefore evaluated and chose the controller-retrofit solution offered by GE Power India Ltd., which it said achieved the required PM level without the larger physical augmentation. It disputed UPPCL's demand for a cost-benefit analysis, saying environmental compliance is mandatory and non-discretionary and a conventional analysis gives no meaningful basis for deciding whether to comply. It relied on the Statutory

Auditor's Certificate of 26.11.2024 for the expenditure and furnished PM emission data from before and after the upgradation.

2.5.6. On de-capitalisation, BEL consistently maintained that the physical ESP remained intact and operational and that the works were an upgradation, not a replacement. It relied on the Statutory Auditor's Certificate of 17.06.2026, filed with the Common Submissions of 18.06.2026, which records that no existing asset was decommissioned. BEL concluded that the expenditure was incurred to comply with MoEF&CC and UPPCB directions, was not part of the original project scope, and qualifies for admission under Regulation 20(2)(i) of the Tariff Regulations, 2019.

Commission's Findings and Decision:

2.5.7. The Commission has carefully considered the submissions of BEL & UPPCL, the MoEF&CC environmental requirements relied upon by the Petitioner, proceedings of the 36th Special TCC Meeting of NRPC, the UPPCB Consent Order dated 04.02.2020, the technical proposals furnished by the ESP suppliers, the purchase orders relating to the solution ultimately implemented, the available emission-related information and the Statutory Auditor's Certificates placed on record.

2.5.8. The Commission notes that the Environment (Protection) Amendment Rules, 2015 were notified by MoEF&CC on 07.12.2015 and that the Petitioner relies upon the revised PM emission limit of 50 mg/Nm³ thereunder as applicable to the five generating stations. The Petitioner has further relied upon the 36th Special TCC Meeting of NRPC held on 14.09.2017 and the UPPCB Consent Order dated 04.02.2020.

2.5.9. The document placed on record reveal that the existing ESP configuration had been designed for a PM emission level of 70 mg/Nm³, whereas the subsequent requirement relied upon by BEL was 50 mg/Nm³. The Petitioner has also furnished pre- and post-upgradation PM emission data certified by UPPCB. On consideration of the aforesaid material, the Commission finds a direct nexus between the works undertaken for ESP upgradation and the environmental-compliance requirements relied upon by the Petitioner. The works involved technological augmentation of the existing pollution-control system for achieving the revised performance

requirement relied upon by the Petitioner and is distinguishable from routine repair and maintenance of ESP.

2.5.10. The Commission finds the alternative technical solutions particularly relevant for the purpose of prudence check. The material placed on record shows that BEL approached M/s VT Corp Pvt. Ltd. and M/s Thermax Ltd., being the suppliers associated with the existing ESP systems at the respective generating stations. The Commission observes that UPPCL's objection concerning the absence of sufficient cost-prudence material must be considered in view of subsequent filings. The alternative proposals and the purchase orders for the selected solution provide material for comparing the nature and extent of physical works proposed by the original suppliers with the controller-retrofit solution ultimately adopted.

2.5.11. The Commission has considered UPPCL's contention that the revised environmental requirements may constitute a Change in Law event under Article 13 of the PPA and that prior notice under Article 13.3.1 was therefore required. The Commission observes that the present claim before it has been made under Regulation 20(2)(i) of the Tariff Regulations, 2019 on the ground that expenditure was incurred for compliance with statutory directions. The provision relied upon by the Petitioner expressly provides a regulatory framework for considering qualifying additional capital expenditure after the cut-off date. Where those conditions stand fulfilled, the mere circumstance that the underlying statutory development may also possess the characteristics of Change in Law, does not, in the Commission's view, warrant rejection of the additional capitalisation claim at the threshold. The Commission therefore does not accept the absence of notice under Article 13.3.1 as sufficient, by itself, to disallow the ESP expenditure in these true-up proceedings.

2.5.12. The Commission finds considerable merit in the Petitioner's submission that the principal ESP structure was not replaced. The material placed on record indicates that the works involved retrofit/upgradation of the existing ESP control system while retaining the existing physical ESP infrastructure. Consequently, the Commission does not consider it appropriate to treat the expenditure as replacement of the existing ESP as a whole or to require de-capitalisation of the entire ESP asset. The Commission has also relied

upon the Statutory Auditor's Certificate dated 17.06.2026 in support thereof.

2.5.13. The alternative proposals of the existing ESP suppliers, read together with the solution ultimately procured from M/s GE Power India Ltd., demonstrate that BEL evaluated physical augmentation of the ESP and ultimately adopted a retrofit solution retaining the principal ESP infrastructure. The Commission is therefore satisfied that the expenditure incurred towards ESP/EPIC upgradation is admissible under Regulation 20(2)(i) of the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2019.

2.5.14. **Accordingly, the Commission allows the additional capital expenditure towards ESP/EPIC upgradation for Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera generating stations.**

2.6. Additional Capital Expenditure towards Upgradation of DCS, FCS and Associated IT Systems for Safety and Cyber Security

2.6.1. The Petitioner has claimed aggregate additional capital expenditure of Rs. 8.30 crores, towards upgradation of the Digital Control System ("DCS"), Field Control System ("FCS"), associated bundled Operating Systems, servers, workstations and other IT-related infrastructure at Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera generating stations. The Petitioner has claimed the aforesaid expenditure under Regulation 20(2)(iv) of the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2019 ("Tariff Regulations, 2019"), which provides for consideration of capital expenditure incurred after the cut-off date on account of higher security and safety requirements of the generating station as advised or directed by the appropriate Government agency or statutory authority, subject to prudence check.

Respondents' Submission:

2.6.2. UPPCL, in its Reply dated 10.07.2025, opposed the DCS/FCS claim on several grounds. It contended that expenditure claimed under the CEA Cyber Security Guidelines, 2021 is a Change in Law event under Article 13 of the PPA, and that BEL did not give prior notice. Without prejudice to

this, it relied on Article 7(b), under which the Information Security Division lists equipment nearing end-of-life or without OEM support, the CISO identifies systems to be phased out and firms up a replacement plan, and the plan goes to the Board of Directors for approval. UPPCL said BEL had not initially placed on record any evidence of Board approval. It argued that BEL cannot rely on the CEA Guidelines for tariff relief without showing compliance with the Guidelines' own procedure.

2.6.3. UPPCL also questioned the obsolescence justification:

(i) Windows Server 2008 (R2) was available in 2009, before BEL's original operating system was procured, so it asked why BEL procured Windows Server 2003.

(ii) Under the Schneider Electric notification of 26.06.2017, FCP-270 support continued through the five-year Mature Phase until 30.09.2022, so that notification alone cannot justify immediate capitalisation.

(iii) BEL's case does not make clear the actual trigger for the expenditure: BEL relies on obsolescence, discontinued Microsoft/OEM support and equipment failures, yet seeks admission under Regulation 20(2)(iv) on the strength of the CEA Guidelines issued only on 07.10.2021.

(iv) BEL must therefore establish whether the expenditure arose from ordinary obsolescence or specifically from the CEA cyber-security requirements.

2.6.4. UPPCL further submitted that the UPERC Tariff Regulations, 2019 contain no provision recognising technological obsolescence as a ground for additional capitalisation. It therefore distinguished the CERC Order dated 21.03.2017 in Petition No. 263/GT/2014 relied on by BEL, as the CERC regulations expressly permitted replacement for obsolescence. On de-capitalisation, in its response to BEL's Common Submissions of 18.06.2026, UPPCL said BEL had produced nothing beyond the Statutory Auditor's Certificate: no asset-wise records, Fixed Asset Register details, capitalisation schedules or technical documents. It argued that a Nil de-capitalisation certificate cannot decide whether DCS/FCS equipment that has been physically replaced and taken out of service should still remain in the regulatory capital base.

Petitioner's Submission and Response:

2.6.5. The Petitioner submitted that the CEA (Cyber Security in Power Sector) Guidelines, 2021 (issued 07.10.2021 under Regulation 10 of the CEA (Technical Standards for Connectivity to the Grid) (Amendment) Regulations, 2019) apply to generating utilities and their control systems. Under Articles 5 and 7, entities must update firmware and software with OEM-validated patches, keep IT in power equipment upgradable, and phase out legacy systems. Since CEA is a statutory authority under Sections 70 and 73 of the Electricity Act, BEL contended that the DCS/FCS upgradation falls under Regulation 20(2)(iv).

2.6.6. BEL said its FOXBORO DCS (Invensys, procured 2010 and supplied 2011) ran on Dell servers with Windows Server 2003 and Windows XP. Microsoft support ended on 08.04.2014, and Dell (18.10.2019) and Schneider Electric confirmed the hardware was obsolete with no spares. Schneider Electric also discontinued the 14 FCP-270 controllers from 01.10.2017, and they failed repeatedly between 2018 and 2021. BEL therefore procured Windows Server 2019, Windows 10 and the FCP-280 (as Schneider Electric recommended on 20.07.2021), arguing the spend was needed for safe, uninterrupted operation and cyber-security compliance, not merely because of ageing. It also relied on the CERC Order of 21.03.2017 in Petition No. 263/GT/2014, which allowed similar FOXBORO upgradation.

2.6.7. On Board approval, BEL said its Board had authorised the Managing Director to approve such procurement, and he approved this upgradation, so no separate Board approval was needed. On de-capitalisation, BEL said the original DCS was capitalised as an integrated Control and Instrumentation package with no separately identifiable component values in the Fixed Asset Register. It relied on the Statutory Auditor's Certificate of 17.06.2026, which records that no existing asset was decommissioned.

Commission's Findings and Decision:

2.6.8. The Commission has considered the submissions of BEL and UPPCL, the additional material on record, the CEA Cyber Security Guidelines, 2021, the OEM correspondence, the Statutory Auditor's Certificates and the precedent relied on by BEL. BEL has justified the DCS/FCS upgradation on two distinct footings: (i) technological obsolescence and end-of-support

(the date after which the manufacturer or vendor stops supporting a product) of the existing equipment, and (ii) compliance with the later CEA Guidelines. Since the claim was made specifically under Regulation 20(2)(iv), the Commission observes that this distinction needed careful examination.

2.6.9. The Commission observes that Regulation 20(2)(iv) permits post-cut-off expenditure for higher security and safety of the station, as advised or directed by the appropriate Government agencies or statutory authorities, subject to prudence check. Three elements follow from the text. (a) There must be an advice or direction from a competent authority. (b) The expenditure must be for security or safety *higher* than what the station already had, which means an increment over the existing baseline. (c) There must be a causal link between the advice or direction and the expenditure. It notes that the CEA Guidelines of 07.10.2021 apply to generating utilities and contain provisions on firmware, software and phasing out of legacy systems. It therefore accepts that expenditure demonstrably and necessarily incurred to implement mandatory cyber-security requirements can be considered under the Regulation. However, this does not make every modernisation or replacement of DCS/FCS and IT equipment admissible.

2.6.10. Regulation 20(2)(iv) has to be read in the context of the scheme of the Regulations. The general rule is that the capital cost of a generating station is determined up to the cut-off date, and the tariff is fixed on that basis. Expenditure after the cut-off date is not meant to be routinely added to the capital cost. The Regulations allow it only in a few listed situations, and Regulation 20(2)(iv) is one of them. It covers expenditure for higher security and safety of the station when this is advised or directed by an appropriate Government agency or statutory authority. The ordinary upkeep of the station including repair, periodic replacement of components and routine upgrading of equipment is dealt with differently.

2.6.11. The Commission is of the view that it is not enough to show that the expenditure was useful, or even necessary, for operating the station. If a general need for safety, security or modernisation were enough, the cut-off date and the O&M norms would lose their purpose. Almost any

expenditure on an existing station can be described as improving its safety, security or reliability, and the cost would pass into the capital base and be recovered by the beneficiaries with return on equity and interest. The Regulations do not intend this, and the Commission is bound to prevent it in the interest of the beneficiaries and consumers.

2.6.12. The Commission holds that the claimed expenditure must be shown to have arisen from the higher security or safety requirement as the Regulation contemplates. Obsolescence, end-of-life hardware, discontinued OEM support, unavailable spares and replacement of ageing IT equipment are not synonymous with compliance, merely because the system is also subject to cyber-security requirements. It is BEL's own case that substantial technological and operational were required reasons for the modernisation: Windows Server 2003 and XP became unsupported, Dell flagged non-availability of spares, Schneider Electric communicated the FCP-270 lifecycle position, and FCP-270 controllers failed between 2018 and 2021. These are, however, reasons of lifecycle and reliability. UPERC Regulations, 2019 do not carry a provision that expressly admits expenditure on account of technological obsolescence. Obsolescence cannot be brought in through Regulation 20(2)(iv) by describing it as a security upgrade.

2.6.13. The Commission notes that several of these events substantially pre-date the CEA Guidelines: Microsoft's discontinuation of support from 08.04.2014, the FCP-270 communication of 26.06.2017, the failures from 2018, and Dell's communication of 18.10.2019. The sequence of events shows that the replacement was already being driven by obsolescence and failures before the Guidelines were issued. The Commission finds considerable merit in UPPCL's objection that the material shows two distinct triggers, ordinary technological lifecycle factors and the 2021 cyber-security requirements. The Commission cannot accept that the two merge automatically for Regulation 20(2)(iv). Where an expenditure would have been incurred in any event because of obsolescence and failures, the later arrival of the Guidelines does not turn it into expenditure *necessitated* by the Guidelines.

2.6.14. BEL has also not placed before the Commission any gap assessment or compliance audit identifying which existing systems failed the Guidelines and what was needed to cure the gap as also breakup of the package into items needed for compliance and items needed for other reasons. The Statutory Auditor's Certificates only certify that the expenditure was incurred and capitalised. These do not certify why it was incurred in pursuance to or whether it was necessary under Regulation 20(2)(iv). The burden of showing that the claim falls, within the Regulation, lies on the Petitioner, and it has not been discharged.

2.6.15. The Commission observes that replacement of obsolete hardware that also improved cyber-security does not show that the entire cost was incurred for the higher security requirement. Further, the Commission opines that the contrary reading would let virtually every technological refresh of an ageing control system qualify for post-cut-off capitalisation because the new system has modern security features. That would enlarge Regulation 20(2)(iv) beyond its scope and would take away the sanctity of cut-off date as a limit on capital cost. BEL, therefore, had to establish and segregate the expenditure necessitated specifically by the CEA Guidelines or other qualifying requirements from what was needed anyway. The Commission finds that BEL has not placed such material before it.

2.6.16. On the CERC Order of 21.03.2017 in Petition No. 263/GT/2014, the Commission holds that similarity of equipment or manufacturer cannot by itself decide admissibility. A precedent decided under a provision that expressly recognises technological obsolescence cannot be applied mechanically to a differently worded provision of the UPERC Regulations, 2019. The CERC order may show that DCS modernisation can be capital expenditure under an appropriate framework. However, the present claim must still satisfy Regulation 20(2)(iv) independently, and it does not.

2.6.17. The Commission accepts that identifying the historical cost of individual components in a composite package is practically difficult. It holds that this cannot justify loading the entire replacement cost on beneficiaries while the cost of the replaced components stays in the admitted capital cost. This aspect matters, particularly because BEL sought substantial additional capitalisation across all five stations, which makes the matter

more significant. It is also found that BEL has not established the regulatory treatment of the replaced servers, workstations, controllers and associated systems since the original DCS/ FCS remans part of a composite Control & Instrumentation asset.

2.6.18. On UPPCL's Change in Law objection, the Commission has consistently held that a claim need not be rejected solely for want of notice under Article 13.3.1 of the PPA, because it was made under a specific provision of the Tariff Regulations. The Commission recognises that cyber security of control systems is important to safe and reliable operation and that expenditure genuinely and demonstrably necessitated by higher security and safety requirements from an appropriate statutory authority may qualify under Regulation 20(2)(iv), however, the claim needs to be further examined by classifying into two categories: (i) expenditure arising from an actual requirement pursuant to a statutory direction, and (ii) expenditure necessitated by technical obsolescence or undertaken for general maintenance and upkeep of the system. BEL has not made this classification.

2.6.19. The Commission notes that DCS/FCS modernisation was substantially driven by obsolescence, discontinued support for the operating systems, lack of spares and end-of-life concerns for the controllers, and much of it was necessitated before the Guidelines were issued. It is also found that BEL has not justified why the original 2010-11 DCS package used Windows Server 2003 when a later version was stated to be available. Without an adequate justification for that technology choice, the later obsolescence cannot by itself justify passing the full replacement cost to beneficiaries. A utility is expected to select technology with a service life that matches the asset it supports. The consequences of choosing otherwise cannot be shifted to consumers through the capital base.

2.6.20. The Commission further observes that the tariff framework provides normative O&M expenses for the operation and maintenance of generating stations, and in the present computation O&M is allowed on a normative basis on installed capacity. Not every expenditure undertaken to maintain the safety, security or proper operation of an existing station qualifies for addition to the capital base. Upkeep, periodic refresh of IT equipment and

replacement of ageing components are matters the O&M norms are designed to cover.

2.6.21. Accordingly, after prudence check, the Commission finds that BEL has neither segregated the expenditure attributable to the higher security and safety requirement nor established the treatment of the replaced components. It has also not shown a causal link between any advice or direction of a statutory authority and the expenditure. The Commission is not satisfied that the DCS/FCS and associated IT expenditure meets Regulation 20(2)(iv). The claim fails the prudence check and is disallowed, for the five stations totaling ₹8.30 crore.

2.6.22. **The Commission, therefore, disallows the additional capital expenditure of ₹8.3 crores claimed towards upgradation of DCS/FCS and associated IT infrastructure across the five generating stations.**

2.7. Additional Capital Expenditure towards Compliance with CGWA Directions

2.7.1. The Petitioner has claimed and additional capital expenditure of Rs. 0.47 crores towards works undertaken for compliance with the directions of the Central Ground Water Authority ("CGWA") at Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera generating stations.

Respondents' Submission:

2.7.2. UPPCL opposed the CGWA claim, contending that expenditure arising from the CGWA Notification dated 24.09.2020 is a Change in Law event. It said such expenditure must be considered under the PPA's Change in Law provisions, and that BEL did not comply with the notice requirement of Article 13 of the PPA. BEL therefore should not be allowed to recover it directly under Regulation 20(2)(i) of the Tariff Regulations, 2019. UPPCL also questioned whether BEL had furnished adequate particulars of actual groundwater consumption or drawl at its stations, and the documents needed to show that the CGWA requirements apply to each station. It added that the mere existence of the Notification cannot lead to automatic capitalisation of all expenditure said to be connected with it, and that the

nature of each item, its statutory necessity and its capital or revenue character must be examined independently.

Petitioner's Submission and Response:

2.7.3. The Petitioner stated that the expenditure was incurred under the CGWA Notification dated 24.09.2020, issued under Section 5 of the Environment (Protection) Act, 1986 to regulate groundwater management. The works include piezometers, observation wells, groundwater monitoring arrangements, RCC grouting around bore wells and rainwater-harvesting/recharge facilities. The Notification requires industries drawing groundwater beyond the threshold to build observation wells or piezometers, install a water-level monitoring mechanism, and submit the data to CGWA.

2.7.4. BEL said compliance required boring for piezometers at the specified depths, procuring and installing piezometers that meet CGWA specifications, RCC grouting around bore wells and the associated groundwater-management works. It submitted that these were not routine O&M but created specific facilities required by a statutory authority, and that the expenditure, incurred after the cut-off date, is therefore claimed under Regulation 20(2)(i) of the UPERC Regulations, 2019.

Commission's Findings and Decision:

2.7.5. The Commission has carefully considered the submissions of the Petitioner and the Respondent, the CGWA Notification dated 24.09.2020 and the material placed on record regarding the nature of the works undertaken.

2.7.6. The Commission notes that the CGWA Notification dated 24.09.2020 regulates groundwater management and sets specific requirements for observation wells or piezometers and groundwater-level monitoring in the circumstances it specifies. BEL's works comprise boring and installation of piezometers, associated monitoring infrastructure, RCC works around bore wells and rainwater-harvesting or recharge arrangements. The Commission finds that these differ from routine day-to-day operating expenditure, because they create identifiable physical facilities needed for continuing compliance, and so have the character of capital expenditure.

2.7.7. It therefore finds that expenditure actually incurred on piezometers, observation wells, monitoring infrastructure, rainwater-harvesting or recharge infrastructure and other identifiable capital works demonstrably required by the Notification can be considered under Regulation 20(2)(i). It also found that these works were undertaken in connection with the Notification's groundwater management and monitoring requirements.

2.7.8. On UPPCL's objection that the Notification is a Change in Law event and that BEL had to comply with Article 13 of the PPA first, the Commission holds that once expenditure falls within a category expressly recognised by Regulation 20(2)(i), its admissibility must be decided under that provision after prudence check. Alleged non-compliance with Article 13 is not, by itself, enough to disallow qualifying capital expenditure incurred under the CGWA requirements.

2.7.9. Accordingly, the Commission allows the additional capital expenditure incurred towards qualifying capital works undertaken in compliance with the CGWA directions at Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera generating stations.

2.8. Additional Capital Expenditure towards Installation of Chimney Ladder in Compliance with CPCB Directions

2.8.1. The Petitioner has claimed aggregate additional capital expenditure of Rs. 0.60 crores towards installation of chimney ladders at Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera generating stations for compliance with directions issued by the Central Pollution Control Board ("CPCB") concerning safety of personnel engaged in stack-emission monitoring.

Respondents' Submission:

2.8.2. The Respondent has opposed the claim and submitted that, although the CPCB directions require industrial units to provide safe porthole and ladder facilities for monitoring and contemplate spiral type/scaffold ladders in place of monkey ladders, it is necessary to examine whether provision of such facilities was already included within the original scope of the generating stations. UPPCL has specifically sought clarification regarding

the measures that were already available at the generating stations for providing access to the emission-monitoring points prior to installation of the facilities presently claimed. UPPCL has also raised the issue of de-capitalisation of the pre-existing asset/access arrangement. UPPCL also contended that the existence of a subsequent CPCB direction cannot, without examining the pre-existing infrastructure and the original scope of works, establish that the entire expenditure subsequently incurred represents creation of a new capital asset.

2.8.3. UPPCL has further raised the general objection that expenditure arising pursuant to subsequent statutory directions or notifications is in the nature of Change in Law and that, under Article 13.3 of the PPA dated 10.12.2010, the Petitioner was required to notify UPPCL of such Change in Law event as soon as practicable after becoming aware thereof. UPPCL has contended that no such prior notice was provided.

Petitioner's Submission and Response:

2.8.4. The Petitioner submitted that the CPCB Notification dated 21.02.2018, issued under Section 18(1)(b) of the Air (Prevention and Control of Pollution) Act, 1981, requires industrial units to keep porthole and ladder facilities used for monitoring safe for monitoring personnel. It also directs that spiral-type or scaffold ladders be provided in place of monkey ladders. BEL said the chimney ladder expenditure was incurred specifically under this direction and claimed it under Regulations 20(2)(i) and 20(2)(iv) of the UPERC Regulations, 2019. Regulation 20(2)(i) allows post-cut-off expenditure to comply with a statutory authority's direction, and Regulation 20(2)(iv) allows expenditure needed for higher safety and security. BEL disputed UPPCL's contention that the original project scope must be examined first.

2.8.5. BEL contended that, because the expenditure arose from the later CPCB direction, it qualifies as post-cut-off additional capitalisation. It said the chimney ladder was not part of the original project scope and was a new addition made solely for statutory compliance. It therefore argued that no existing capital asset was replaced, and no de-capitalisation was required.

Commission's Findings and Decision:

2.8.6. The Commission has carefully considered the submissions of the Petitioner and the Respondent, and the CPCB direction dated 21.02.2018 relied upon in support of the claim.

2.8.7. The Commission frames the issues as whether the expenditure was needed because of a subsequent statutory requirement, whether it created or augmented an identifiable capital facility, whether it qualifies under Regulations 20(2)(i) and 20(2)(iv), and whether de-capitalisation is warranted. It found that the CPCB direction of 21.02.2018 addresses the safety of porthole and ladder facilities for stack-emission monitoring and requires spiral-type or scaffold ladders instead of monkey ladders. The claim is therefore tied to a specific safety standard set by a statutory authority. It holds that the direction satisfies both limbs of BEL's claim: it is a statutory direction on emission-monitoring infrastructure under Regulation 20(2)(i), and it prescribes a higher safety requirement under Regulation 20(2)(iv).

2.8.8. The Commission accepts UPPCL's point that a statutory direction does not make every rupee spent under it as an additional capital expenditure, and that the prudence check must examine the incremental requirement. However, the Commission finds that the CPCB direction does not merely prescribe the requirement of access to chimney. Rather, it prescribes the type of access facility, so even if some access existed earlier, the later expenditure is not inadmissible if it brought the arrangement up to the new safety specification.

2.8.9. The Commission also finds that installing a spiral or scaffold ladder creates or augments a physical facility that lasts beyond a financial year. This distinguishes it from consumables, inspection or monitoring services, recurring safety measures, or routine maintenance of an existing ladder. Once the statutory nexus, the incremental requirement and the capital nature gets established, the normative O&M allowance is not a sufficient ground for disallowance.

2.8.10. On de-capitalisation, the Commission observes that the ladder was a new addition and that existing asset was retired or replaced in connection with its installation. Hence no asset was decapitalized from the existing GFA or capital cost on account of the addition of the ladder.

2.8.11. Accordingly, after prudence check, the Commission allows the additional capital expenditure claimed towards installation of chimney ladders at Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera generating stations.

2.9. Additional Capital Expenditure towards COVID-19 Related Exigency Expenses

2.9.1. The Petitioner has claimed aggregate additional capital expenditure of Rs., 0.43 crores towards expenditure incurred in connection with the COVID-19 pandemic at Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera generating stations.

Respondents' Submission:

2.9.2. The Respondent has opposed the claim and has submitted that expenditure incurred towards facilities and equipment for facilitating social distancing, enabling work-from-home arrangements and ensuring employee safety during COVID-19 is essentially operational in nature and does not constitute additional capital expenditure. UPPCL has further contended that expenditure on minor items/assets purchased after the cut-off date had not been considered for additional capitalisation under Regulation 22(3) of the UPERC Tariff Regulations, 2014 and that expenditure of the nature claimed by BEL ought appropriately to be treated as operating/revenue expenditure rather than capitalised and serviced through tariff.

Petitioner's Submission and Response:

2.9.3. The Petitioner submitted that the WHO's declaration of COVID-19 as a pandemic on 11.03.2020, and the nationwide and State lockdowns and restrictions, significantly affected operations in FY 2020-21 and FY 2021-22. Mandatory social distancing and work-from-home arrangements required BEL to provide facilities and equipment at its stations to ensure employee safety and continued operation. It contended that this expenditure was neither routine nor recurring and arose solely from the extraordinary circumstances. BEL relied on the Ministry of Finance communication No. F.18/04/2020-PPD dated 19.02.2020, which treats the spread of coronavirus as a natural calamity for invoking Force Majeure,

and disputed UPPCL's contention that the expenses were operational in nature. It also disputed UPPCL's reliance on Regulation 22(3) of the UPERC Tariff Regulations, 2014 on minor items purchased after the cut-off date, as the claim falls in FY 2019-24 and is governed by the 2019 Regulations.

Commission's Findings and Decision:

2.9.4. The Commission recognises the exceptional circumstances of the COVID-19 pandemic and does not dispute that generating stations, as critical infrastructure, had to take measures to keep operating and protect personnel. It holds that for expenditure to enter the capital cost, BEL must show that it created or augmented an identifiable capital asset and satisfies one of the circumstances for additional capitalisation under the Tariff Regulations, 2019. BEL's contention that the expenditure was outside the ordinary course of business does not meet that requirement.

2.9.5. The Commission observes that the expenditure was incurred essentially to keep day-to-day operations running, facilitate work-from-home, maintain social distancing and protect personnel, and that normative O&M expenses are the regulatory allowance for such operating costs. It concludes that expenditure on continuity of operations, temporary workplace arrangements, employee-safety measures, work-from-home communication/IT arrangements and other operational needs during an exigency cannot ordinarily be shifted to the regulatory capital base merely because the precipitating event was extraordinary or unforeseen.

2.9.6. Accordingly, the Commission disallows the additional capital expenditure of ₹0.43 crore claimed towards COVID-19 related exigency expenses for Khambarkhera, Utraula, Kundarkhi, Maqsoodapur and Barkhera generating stations.

2.10. Accordingly, the Commission approves the additional capitalisation as claimed for the control period below for all the five plants (i.e., Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS):

Table 4: Additional Capitalization approved by the Commission for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Particulars	Claimed in MYT Petition (Projection)	Claim For True-Up (Actuals)	Approved by the Commission
	Khambarkhera TPS			

S. No.	Particulars	Claimed in MYT Petition (Projection)	Claim For True-Up (Actuals)	Approved by the Commission
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	0.44	0.43	0.43
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.50	0.42	0.42
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-	-
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.40	1.97	-
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.08	0.08
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12	0.12
7.	Expenditure towards COVID pandemic	-	0.10	-
8.	**Total (Rs. Crore)**	**7.06**	**3.12**	**1.05**
Utraula TPS				
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	-	-	-
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.61	0.52	0.52
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-	-
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.40	1.85	-
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.08	0.08
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12	0.12
7.	Expenditure towards COVID pandemic	-	0.06	-
8.	**Total (Rs. Crore)**	**6.74**	**2.63**	**0.72**
Kundarkhi TPS				
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	0.47	0.40	0.40
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.61	0.52	0.52
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-	-

S. No.	Particulars	Claimed in MYT Petition (Projection)	Claim For True-Up (Actuals)	Approved by the Commission
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.40	1.87	-
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.06	0.06
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12	0.12
7.	Expenditure towards COVID pandemic	-	0.08	-
8.	**Total (Rs. Crore)**	**7.21**	**3.05**	**1.10**
Maqsoodapur TPS				
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	-	-	-
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.50	0.42	0.42
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-	-
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.43	0.70	-
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.08	0.08
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12	0.12
7.	Expenditure towards COVID pandemic	-	0.10	-
8.	**Total (Rs. Crore)**	**6.65**	**1.42**	**0.62**
Barkhera TPS				
1.	Installation of Sewage Treatment Plant (STP) as per UPPCB directions	0.44	0.38	0.38
2.	Electrostatic Precipitator (ESP) up-gradation to achieve MoEF Revised Environmental Norms and UPPCB directions	0.51	0.43	0.43
3.	Installation of Reverse osmosis (RO) plants for re-use of ETP discharge water as CT make up water	4.57	-	-
4.	Upgradation of Digital Control System (DCS), Field Control System (FCS) and associated bundled Operating System and other IT related works for safety and security	1.40	1.91	-
5.	Expenditure incurred towards compliance of CGWA directions	0.15	0.17	0.17
6.	Installation of Chimney ladder in compliance to CPCB directions for safety and security	-	0.12	0.12
7.	Expenditure towards COVID pandemic	-	0.09	-
8.	**Total (Rs. Crore)**	**7.07**	**2.10**	**1.10**

3. COMPUTATION OF TARIFF

3.1. Commission's Earlier Orders

3.1.1. The Commission vide order dated 12.05.2023 in MYT Petition No. 1646/2020 to 1650/2020 approved the following AFC in Rs. Crore for the period from 01.04.2019 to 31.03.2024:

Table 5: Approved AFC in MYT for all 5 BEL TPPs for period FY 2019-24 by the Commission (Rs. Crore)

Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total Approved AFC for the Period
Khambarkhera	108.03	105.18	102.46	99.92	92.64	508.22
Utraula	110.35	107.33	104.44	101.74	94.77	518.61
Kundarkhi	106.90	104.05	101.33	98.78	90.44	501.51
Maqsoodapur	107.16	104.38	101.66	99.13	92.64	504.97
Barkhera	105.68	102.92	100.28	97.82	88.33	495.03
Total (Rs. Crore)						**2,528.34**

3.2. Opening Gross Fixed Asset (GFA)

3.2.1. The GFA base (Opening GFA) for FY 2019-20 for Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, & Barkhera TPS considered by the Commission for truing up period from 01.04.2019 to 31.03.2024 is the closing GFA for FY 2018-19 as approved by the Commission vide Order dated 16.01.2023 in Petition No. 1637 to 1641 of 2020, which is shown in the table below:

Table 6: Opening GFA approved by the Commission for all 5 BEL TPPs (Rs. Crore)

S. No.	Power Station	FY 2019-2020
1.	Khambarkhera	507.60
2.	Utraula	528.84
3.	Kundarkhi	505.44
4.	Maqsoodapur	501.53
5.	Barkhera	493.43

3.3. Additional Capitalization

3.3.1. The Commission has elaborated its decision on each item of the additional capitalization claimed by the Petitioner in the foregoing sections. The year wise summary of the claimed and approved additional capitalization for FY 2019-24 is provided in the table below:

Table 7: Year wise claimed and approved additional capitalization for all 5 BEL TPPs for FY 2019-24

		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total

S. No.	Power Station	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
1.	Khambarkhera	0.51	0.44	0.08	0.03	0.55	0.46	1.76	-	0.22	0.12	3.12	1.05
2.	Utraula	0.03	-	0.30	0.29	1.72	0.30	0.39	0.02	0.20	0.12	2.63	0.73
3.	Kundarkhi	0.50	0.40	0.33	0.30	0.33	0.29	1.72	-	0.17	0.12	3.05	1.11
4.	Maqsoodapur	0.13	-	0.34	0.23	0.30	0.26	0.45	0.01	0.21	0.12	1.42	0.62
5.	Barkhera	0.42	0.37	0.29	0.24	0.41	0.36	1.70	-	0.28	0.12	3.10	1.09

3.4. Closing Gross Fixed Asset

3.4.1. The Petitioner in the Tariff Forms has submitted the following closing GFA including Add-cap for all the five TPS:

Table 8: Closing GFA submitted by the Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Khambarkhera TPS						
1.	Opening GFA	507.60	508.11	508.19	508.74	510.50
2.	Additional Capitalization	0.51	0.08	0.55	1.76	0.22
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**508.11**	**508.19**	**508.74**	**510.50**	**510.72**
Utraula TPS						
1.	Opening GFA	528.84	528.87	529.17	530.89	531.27
2.	Additional Capitalization	0.03	0.30	1.72	0.39	0.20
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**528.87**	**529.17**	**530.89**	**531.27**	**531.47**
Kundarkhi TPS						
1.	Opening GFA	505.44	505.94	506.27	506.60	508.32
2.	Additional Capitalization	0.50	0.33	0.33	1.72	0.17
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**505.94**	**506.27**	**506.60**	**508.32**	**508.49**
Maqsoodapur TPS						
1.	Opening GFA	501.53	501.66	502.00	502.30	502.74
2.	Additional Capitalization	0.13	0.34	0.30	0.45	0.21
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**501.66**	**502.00**	**502.30**	**502.74**	**502.95**
Barkhera TPS						
1.	Opening GFA	493.43	493.85	494.14	494.55	496.25
2.	Additional Capitalization	0.42	0.29	0.41	1.70	0.28
3.	De-Capitalization	-	-	-	-	-

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
4.	**Closing GFA**	**493.85**	**494.14**	**494.55**	**496.25**	**496.53**

3.4.2. In view of the above approved Opening GFA and Additional Capitalization, the approved closing GFA by the Commission for FY 2019-24 for all five TPS of BEL is tabulated below:

Table 9: Approved GFA by the Commission for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1.	Opening GFA	507.60	508.04	508.07	508.53	508.53
2.	Additional Capitalization	0.44	0.03	0.46	-	0.12
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**508.04**	**508.07**	**508.53**	**508.53**	**508.65**
	Utraula TPS					
1.	Opening GFA	528.84	528.84	529.13	529.43	529.45
2.	Additional Capitalization	-	0.29	0.30	0.02	0.12
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**528.84**	**529.13**	**529.43**	**529.45**	**529.57**
	Kundarkhi TPS					
1.	Opening GFA	505.44	505.84	506.14	506.43	506.43
2.	Additional Capitalization	0.40	0.30	0.29	-	0.12
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**505.84**	**506.14**	**506.43**	**506.43**	**506.55**
	Maqsoodapur TPS					
1.	Opening GFA	501.53	501.53	501.76	502.02	502.03
2.	Additional Capitalization	-	0.23	0.26	0.01	0.12
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**501.53**	**501.76**	**502.02**	**502.03**	**502.15**
	Barkhera TPS					
1.	Opening GFA	493.43	493.80	494.04	494.40	494.40
2.	Additional Capitalization	0.37	0.24	0.36	-	0.12
3.	De-Capitalization	-	-	-	-	-
4.	**Closing GFA**	**493.80**	**494.04**	**494.40**	**494.40**	**494.52**

3.5. Debt: Equity Ratio

3.5.1. BEL vide instant Petition submitted actual Debt: Equity ratio against its claim of additional capitalization for all its five stations. As per the submission of the Petitioner vide Tariff Forms, it is observed that the Petitioner deployed 100% Equity for additional capitalization, which is more than 30% as per the Regulatory provisions, the Petitioner claimed the same for all five TPS. The Commission restricted the same to 30% as per Regulation 25 of the UPERC Generation Tariff

Regulations, 2019. The details of actual funding towards additional capitalization and corresponding funding allowed for the purpose of this Order for all its five stations are as shown in the table below:

Table 10: Debt: Equity Ratio on the approved additional capitalization for all 5 BEL TPPs (Rs. Crore)

Financial Year	Debt: Equity as claimed	Amount Based on Claimed	Debt: Equity as Approved	Amount Approved
Khambarkhera TPS				
FY 2019-2020	Debt (0%)	0	Debt (70%)	0.31
	Equity (100%)	0.51	Equity (30%)	0.13
FY 2020-2021	Debt (0%)	0	Debt (70%)	0.02
	Equity (100%)	0.08	Equity (30%)	0.01
FY 2021-2022	Debt (0%)	0	Debt (70%)	0.32
	Equity (100%)	0.55	Equity (30%)	0.14
FY 2022-2023	Debt (0%)	0	Debt (70%)	-
	Equity (100%)	1.76	Equity (30%)	-
FY 2023-2024	Debt (0%)	0	Debt (70%)	0.08
	Equity (100%)	0.22	Equity (30%)	0.04
Utraula TPS				
FY 2019-2020	Debt (0%)	0	Debt (70%)	-
	Equity (100%)	0.03	Equity (30%)	-
FY 2020-2021	Debt (0%)	0	Debt (70%)	0.20
	Equity (100%)	0.3	Equity (30%)	0.09
FY 2021-2022	Debt (0%)	0	Debt (70%)	0.21
	Equity (100%)	1.72	Equity (30%)	0.09
FY 2022-2023	Debt (0%)	0	Debt (70%)	0.01
	Equity (100%)	0.39	Equity (30%)	0.01
FY 2023-2024	Debt (0%)	0	Debt (70%)	0.08
	Equity (100%)	0.2	Equity (30%)	0.04
Kundarkhi TPS				
FY 2019-2020	Debt (0%)	0	Debt (70%)	0.28
	Equity (100%)	0.5	Equity (30%)	0.12
FY 2020-2021	Debt (0%)	0	Debt (70%)	0.21
	Equity (100%)	0.33	Equity (30%)	0.09
FY 2021-2022	Debt (0%)	0	Debt (70%)	0.20
	Equity (100%)	0.33	Equity (30%)	0.09
FY 2022-2023	Debt (0%)	0	Debt (70%)	-
	Equity (100%)	1.72	Equity (30%)	-
FY 2023-2024	Debt (0%)	0	Debt (70%)	0.08
	Equity (100%)	0.17	Equity (30%)	0.04
Maqsoodapur TPS				
FY 2019-2020	Debt (0%)	0	Debt (70%)	-
	Equity (100%)	0.13	Equity (30%)	-
FY 2020-2021	Debt (0%)	0	Debt (70%)	0.16
	Equity (100%)	0.34	Equity (30%)	0.07
FY 2021-2022	Debt (0%)	0	Debt (70%)	0.18
	Equity (100%)	0.3	Equity (30%)	0.08
FY 2022-2023	Debt (0%)	0	Debt (70%)	0.01
	Equity (100%)	0.45	Equity (30%)	-
FY 2023-2024	Debt (0%)	0	Debt (70%)	0.08
	Equity (100%)	0.21	Equity (30%)	0.04
Barkhera TPS				
FY 2019-2020	Debt (0%)	0	Debt (70%)	0.26
	Equity (100%)	0.42	Equity (30%)	0.11
FY 2020-2021	Debt (0%)	0	Debt (70%)	0.17
	Equity (100%)	0.29	Equity (30%)	0.07
FY 2021-2022	Debt (0%)	0	Debt (70%)	0.25

Financial Year	Debt: Equity as claimed	Amount Based on Claimed	Debt: Equity as Approved	Amount Approved
	Equity (100%)	0.41	Equity (30%)	0.11
FY 2022-2023	Debt (0%)	0	Debt (70%)	-
	Equity (100%)	1.7	Equity (30%)	-
FY 2023-2024	Debt (0%)	0	Debt (70%)	0.08
	Equity (100%)	0.28	Equity (30%)	0.04

3.6. ANNUAL FIXED CHARGES

3.6.1. The tariff for supply of electricity from a thermal power generating station comprises Fixed Charges, which is to be determined in the manner specified in Regulation 23(2) and Regulation 24 of the UPERC Generation Tariff Regulations, 2019. The Annual Fixed Charges consists of the following:

a) Return on Equity;
b) Interest on Loan Capital;
c) Depreciation;
d) Interest on Working capital;
e) Operation and Maintenance expenses

3.6.2. Each of the annual fixed charges components has been dealt with in the following paragraphs.

A. Return on Equity

Respondent's Reply (dated 10.07.2025)

3.6.3. UPPCL, in its common replies of 10.07.2025, opposed BEL's claim for an additional 0.5% RoE for early commissioning over the 15% prescribed by Regulation 24(i) of the UPERC Generation Tariff Regulations, 2019. It said the 2019 Regulations provide for no additional RoE, and that BEL's reliance on Schedule 7 of the PPA, past tariff orders, financial closure and investor risk, CERC norms, Regulation 2(4), and the powers under Regulations 11 and 12 is misconceived.

3.6.4. According to UPPCL, tariff and RoE are always governed by the Regulations for the relevant control period. The 16% RoE for FY 2014-19 therefore came from the 2014 Regulations and not from the PPA, and Schedule 7 itself requires tariff to be fixed under the prevailing Regulations. It added that similar pleas for a higher RoE were considered and rejected when the

2019 Regulations were framed, in the Statement of Reasons of 23.09.2019, after weighing sectoral RoE, interest-rate trends, CAPM, Section 61, the National Tariff Policy and consumer interest.

3.6.5. Because the Regulations are final and unchallenged, BEL cannot reopen the issue through the hardship proviso to Regulation 2(4) or Regulations 11 and 12. UPPCL relied on *Reliance Infrastructure*, *GUVNL v. Solar Semiconductor* and *Maruti Suzuki v. HERC*. It said subordinate legislation cannot be overridden through relaxation or removal-of-difficulty powers, that Section 61 factors are only guiding, and that reliance on CERC norms is misplaced. It also noted that para 2.5.18 of the MYT Order had already rejected a higher RoE through the power to relax.

3.6.6. It said the 0.5% additional RoE is pending before APTEL in Appeal Nos. 615, 616, 619, 620 and 621 of 2023 and should not be re-adjudicated here. Finally, it submitted that additional capitalisation disallowed by the Commission cannot attract the corresponding normative 30% equity, and that RoE for FY 2019-24 must be computed strictly at 15%.

Petitioners Submission

3.6.7. The Petitioner claimed RoE at 15.50% for all five stations, including an additional 0.5% as an incentive for early commissioning. It relied on Article 7.3.6 of Schedule 7 of the PPA, which provides 15.50% RoE plus 0.5% for units commissioned within the timelines prescribed by the UPERC Regulations. According to BEL, the incentive crystallised under Regulation 21(1)(iii) of the 2009 Regulations and has consistently been recognised by the Commission, in the MYT Order of 24.05.2017 (FY 2014-19), the True-up Order of 05.08.2022 (FY 2009-14) and the True-up Order of 16.01.2023 (FY 2014-19). All units were commissioned 19 to 165 days ahead of their SCODs, which saved IDC and IEDC, lowered the approved capital cost and so the AFC over the projects' useful life, and BEL claimed no RoE on the avoided IDC. It contended that while the base RoE varies with each control period's Regulations, the 0.5% incentive is a vested contractual and

regulatory entitlement for the useful life of the projects. It relied on the judgment of 15.03.2019 in Appeal No. 355 of 2017, *JSW Energy v. MERC*.

3.6.8. BEL argued that the 2019 Regulations are silent on withdrawing the incentive from stations commissioned before 01.04.2019, and that the Statement of Reasons explains the cut in base RoE to 15% without addressing withdrawal of the earned incentive. It said that withdrawing it would be inconsistent with the Commission's earlier orders and with regulatory certainty, legitimate expectation, estoppel and approbate-and-reprobate, citing *P.R. Deshpande*, *Shyam Telelink*, *Mumbai International Airport* and *Suzuki Parasrampuria*. It also invoked the proviso to Regulation 2(4) and the Power to Relax under Regulation 12 of the 2019 Regulations to address the hardship from the mismatch between the PPA and earlier framework and the 2019 Regulations. It said continuing the incentive balances consumer and investor interests under Section 61(d) of the Electricity Act, 2003 and Clause 5.11(a) of the Tariff Policy, 2016, and protects the expectations behind financial closure and investment decisions.

3.6.9. In its Rejoinder of 30.07.2025, BEL reiterated that the entitlement flows from the PPA, the 2009 Regulations and the Commission's earlier orders, not from a fresh claim under the 2019 Regulations. It distinguished UPPCL's reliance on LPGCL's representations during framing of the 2019 Regulations and disputed the allegations of technical non-compliance and refund of earlier RoE. It also said the pendency of Appeal Nos. 615, 616, 619, 620 and 621 of 2023 before APTEL does not bar adjudication because there is no stay. BEL prayed that the Commission use Regulation 12 read with Regulation 2(4) to allow the additional 0.5% for the useful life of the projects. It also prayed that RoE for FY 2019-24 be allowed at 15.50% on

the actual additional capital expenditure, instead of the estimated figures in the MYT Order of 12.05.2023.

3.6.10. The RoE Claimed by the Petitioner for all five TPS are as follows:

Table 11: RoE submitted by the Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Khambarkhera TPS						
1.	Opening Equity	152.28	152.43	152.46	152.62	153.15
2.	Addition	0.15	0.02	0.17	0.53	0.07
3.	Reduction	-	-	-	-	-
4.	Closing Equity	152.43	152.46	152.62	153.15	153.22
5.	Average Equity	152.36	152.44	152.54	152.89	153.18
6.	Rate of Return (%)	15.50%	15.50%	15.50%	15.50%	15.50%
7.	**Return on Equity (RoE)**	**23.62**	**23.63**	**23.64**	**23.70**	**23.74**
Utraula TPS						
1.	Opening Equity	158.65	158.66	158.75	159.26	159.38
2.	Addition	0.01	0.09	0.52	0.12	0.06
3.	Reduction	-	-	-	-	-
4.	Closing Equity	158.66	158.75	159.27	159.38	159.44
5.	Average Equity	158.66	158.71	159.01	159.32	159.41
6.	Rate of Return (%)	15.50%	15.50%	15.50%	15.50%	15.50%
7.	**Return on Equity (RoE)**	**24.59**	**24.60**	**24.65**	**24.70**	**24.71**
Kundarkhi TPS						
1.	Opening Equity	151.63	151.78	151.88	151.98	152.50
2.	Addition	0.15	0.10	0.10	0.51	0.05
3.	Reduction	-	-	-	-	-
4.	Closing Equity	151.78	151.88	151.98	152.50	152.55
5.	Average Equity	151.71	151.83	151.93	152.24	152.52
6.	Rate of Return (%)	15.50%	15.50%	15.50%	15.50%	15.50%
7.	**Return on Equity (RoE)**	**23.51**	**23.53**	**23.55**	**23.60**	**23.64**
Maqsoodapur TPS						
1.	Opening Equity	150.46	150.50	150.60	150.69	150.82
2.	Addition	0.04	0.10	0.09	0.13	0.06
3.	Reduction	-	-	-	-	-
4.	Closing Equity	150.50	150.60	150.69	150.82	150.89
5.	Average Equity	150.48	150.55	150.64	150.76	150.85
6.	Rate of Return (%)	15.50%	15.50%	15.50%	15.50%	15.50%
7.	**Return on Equity (RoE)**	**23.32**	**23.33**	**23.35**	**23.37**	**23.38**
Barkhera TPS						
1.	Opening Equity	148.03	148.16	148.24	148.36	148.88

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
2.	Addition	0.13	0.09	0.12	0.51	0.08
3.	Reduction	-	-	-	-	-
4.	Closing Equity	148.16	148.24	148.36	148.88	148.96
5.	Average Equity	148.09	148.20	148.30	148.62	148.92
6.	Rate of Return (%)	15.50%	15.50%	15.50%	15.50%	15.50%
7.	**Return on Equity (RoE)**	**22.95**	**22.97**	**22.99**	**23.04**	**23.08**

Commission's Analysis

3.6.11. The Commission has examined the claim of the Petitioner seeking Return on Equity (RoE) at the rate of 15.50% including the additional rate of 0.5% as an incentive for early commissioning, the objections raised by the Respondent thereto, and the detailed rejoinder filed by the Petitioner. The Commission observes that the Petitioner, vide the instant Petition, has claimed RoE in accordance with Regulation 22(i) of the UPERC Generation Tariff Regulations, 2019. The Commission further notes that the opening equity for all the five stations has been considered same as approved by the Commission vide Tariff Order dated 16.01.2023 in Petition No. 1637/2020 to 1641/2020 for the control period ended on 31.03.2019. The equity portion equivalent to 30% of the approved capital cost has been considered as normative equity for the respective year, and equity at 30% of the approved additional capitalisation has been added.

3.6.12. The Commission notes that Regulation 24(i) of the UPERC Generation Tariff Regulations, 2019 clearly prescribes RoE at the rate of 15% per annum for the control period FY 2019–24 and does not provide for any additional return on equity on account of early commissioning. The Commission further notes that the tariff determination for the control period FY 2019–24 is governed by the prevailing regulations, and earlier dispensation under the UPERC Generation Tariff Regulations, 2009 or past tariff orders cannot override the explicit provisions of the UPERC Generation Tariff Regulations, 2019.

3.6.13. The Commission also takes note that in the MYT Order for FY 2019–24 dated 12.05.2023 passed in Petition No. 1646 to 1650 of 2020, the Commission has already approved Return on Equity at the rate of 15% for the Petitioner's generating stations strictly in accordance with the UPERC

Generation Tariff Regulations, 2019. The Commission finds no regulatory or legal basis to deviate from the said determination in the present Petition. The Commission further holds that the proviso to Regulation 2(4) and the powers under Regulation 12 of the UPERC Generation Tariff Regulations, 2019 cannot be exercised to grant a relief which is directly inconsistent with the substantive provisions of the regulations, particularly when the issue has already been examined and settled at the stage of framing of the regulations and thereafter applied in the MYT Order for FY 2019–24.

3.6.14. In view of the above, the Commission approves Return on Equity at the rate of 15.00%, in accordance with Regulation 24(i) of the UPERC Generation Tariff Regulations, 2019, as against the Petitioner's claim of higher RoE. **Accordingly, the RoE for all the five stations for the control period FY 2019–24 is restricted to 15%, and the claim of additional RoE of 0.5% on account of early commissioning is not admissible.** The approved RoE for all the five TPS are as follows:

Table 12: Approved RoE by the Commission for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Khambarkhera TPS						
1.	Opening Equity	152.28	152.41	152.42	152.56	152.56
2.	Addition	0.13	0.01	0.14	-	0.04
3.	Reduction	-	-	-	-	-
4.	Closing Equity	152.41	152.42	152.56	152.56	152.60
5.	Average Equity	152.34	152.41	152.49	152.56	152.58
6.	Rate of Return (%)	15.00%	15.00%	15.00%	15.00%	15.00%
7.	**Return on Equity (RoE)**	**22.85**	**22.86**	**22.87**	**22.88**	**22.89**
Utraula TPS						
1.	Opening Equity	158.65	158.65	158.74	158.83	158.84
2.	Addition	-	0.09	0.09	0.01	0.04
3.	Reduction	-	-	-	-	-
4.	Closing Equity	158.65	158.74	158.83	158.84	158.88
5.	Average Equity	158.65	158.69	158.79	158.84	158.86
6.	Rate of Return (%)	15.00%	15.00%	15.00%	15.00%	15.00%
7.	**Return on Equity (RoE)**	**23.80**	**23.80**	**23.82**	**23.83**	**23.83**
Kundarkhi TPS						
1.	Opening Equity	151.63	151.75	151.84	151.93	151.93
2.	Addition	0.12	0.09	0.09	-	0.04
3.	Reduction	-	-	-	-	-

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
4.	Closing Equity	151.75	151.84	151.93	151.93	151.97
5.	Average Equity	151.69	151.80	151.88	151.93	151.95
6.	Rate of Return (%)	15.00%	15.00%	15.00%	15.00%	15.00%
7.	**Return on Equity (RoE)**	**22.76**	**22.78**	**22.78**	**22.79**	**22.79**
	Maqsoodapur TPS					
1.	Opening Equity	150.46	150.46	150.53	150.61	150.61
2.	Addition	-	0.07	0.08	-	0.04
3.	Reduction	-	-	-	-	-
4.	Closing Equity	150.46	150.53	150.61	150.61	150.65
5.	Average Equity	150.46	150.50	150.57	150.61	150.63
6.	Rate of Return (%)	15.00%	15.00%	15.00%	15.00%	15.00%
7.	**Return on Equity (RoE)**	**22.57**	**22.57**	**22.59**	**22.59**	**22.59**
	Barkhera TPS					
1.	Opening Equity	148.03	148.14	148.21	148.32	148.32
2.	Addition	0.11	0.07	0.11	-	0.04
3.	Reduction	-	-	-	-	-
4.	Closing Equity	148.14	148.21	148.32	148.32	148.36
5.	Average Equity	148.08	148.18	148.26	148.32	148.34
6.	Rate of Return (%)	15.00%	15.00%	15.00%	15.00%	15.00%
7.	**Return on Equity (RoE)**	**22.21**	**22.23**	**22.24**	**22.25**	**22.25**

B. Interest on Loan (IoL) Capital

Respondent's Reply (dated 10.07.2025)

3.6.15. UPPCL, in its reply of 10.07.2025, submitted that BEL's Interest on Loan for FY 2019–24 must be adjusted for the disallowed additional capital expenditure. Since that additional capitalisation is inadmissible, the associated 70% normative loan addition should not be counted in computing interest. It also said that Regulation 24(b)(ii)(c) of the UPERC Regulations, 2019 requires the interest rate to be the weighted average rate on actual loans outstanding at the start of each financial year, and that BEL had not furnished this based on its actual loan position. UPPCL therefore recomputed the allowable Interest on Loan for each station.

3.6.16. For FY 2019–24, the MYT Order of 12.05.2023 had approved ₹43.28 crore for Khambarkhera, ₹45.56 crore for Utraula, ₹42.70 crore for Kundarkhi, ₹43.22 crore for Maqsoodapur and ₹40.91 crore for Barkhera. BEL claimed

₹39.92 crore, ₹41.95 crore, ₹39.41 crore, ₹39.69 crore and ₹37.82 crore respectively. UPPCL worked out ₹39.66 crore, ₹42.23 crore, ₹39.12 crore, ₹39.74 crore and ₹37.39 crore respectively.

3.6.17. The Petitioner vide tariff forms has submitted the following Interest on Loan (IoL) for all five TPS:

Table 13: IoL submitted by the Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1.	Opening Loan Balance	140.54	111.73	82.60	53.79	25.75
2.	Addition	0.36	0.05	0.39	1.23	0.15
3.	Repayment	29.16	29.18	29.20	29.27	25.91
4.	Closing Loan Balance	111.73	82.60	53.79	25.75	-
5.	Average Loan	126.13	97.17	68.20	39.77	12.88
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**15.92**	**12.00**	**7.10**	**3.70**	**1.16**
	Utraula TPS					
1.	Opening Loan Balance	147.30	116.92	86.71	57.44	27.18
2.	Addition	0.02	0.21	1.20	0.27	0.14
3.	Repayment	30.40	30.41	30.47	30.53	27.32
4.	Closing Loan Balance	116.92	86.71	57.44	27.18	-
5.	Average Loan	132.11	101.82	72.08	42.31	13.59
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.30%	9.02%
7.	**Interest on Loan Capital**	**16.72**	**12.57**	**7.50**	**3.93**	**1.23**
	Kundarkhi TPS					
1.	Opening Loan Balance	139.54	110.70	81.71	52.71	24.62
2.	Addition	0.35	0.23	0.23	1.20	0.12
3.	Repayment	29.19	29.22	29.24	29.30	24.74
4.	Closing Loan Balance	110.70	81.71	52.71	24.62	-
5.	Average Loan	125.12	96.21	67.21	38.66	12.31
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**15.83**	**11.88**	**6.99**	**3.59**	**1.11**
	Maqsoodapur TPS					
1.	Opening Loan Balance	139.68	110.97	82.39	53.77	25.22
2.	Addition	0.09	0.24	0.21	0.31	0.15
3.	Repayment	28.80	28.81	28.83	28.85	25.37
4.	Closing Loan Balance	110.97	82.39	53.77	25.22	-
5.	Average Loan	125.32	96.68	68.08	39.50	12.61
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**15.86**	**11.94**	**7.08**	**3.67**	**1.14**
	Barkhera TPS					
1.	Opening Loan Balance	135.00	106.97	78.81	50.72	23.48
2.	Addition	0.30	0.20	0.28	1.19	0.20
3.	Repayment	28.33	28.35	28.37	28.44	23.67
4.	Closing Loan Balance	106.97	78.81	50.72	23.48	-
5.	Average Loan	120.98	92.89	64.77	37.10	11.74
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**15.31**	**11.47**	**6.74**	**3.45**	**1.06**

3.6.18. The Petitioner vide its rejoinder dated 30.07.2025 submits the reply against submission of the Respondent on Interest on Loan for all the five

TPS (i.e., Khambarkhera, Utraula, Kundarkhi, Maqsoodapur, and Barkhera) that the BEL has claimed net interest on loan in terms of Regulation 24(b)(ii) of the UPERC Generation Tariff Regulations, 2019, based on normative loan computed as 70% of additional capital expenditure claimed in the present Petition. Further the Petitioner submitted that the weighted average rate of interest on loan (WAROI), if calculated based on BEL's actual loan profile, would be lower than the interest claimed. The interest allowed by the Commission in its Order dated 12.05.2023 was based on estimated figures, whereas in the present petition, the interest claim is based on the actual normative loan outstanding and the applicable WAROI. Accordingly, UPPCL's contention that the interest on loan claimed by BEL is not based on actual loans is baseless and without any merit.

Commission's Analysis

3.6.19. The Commission has noted the submissions of the Petitioner and the Respondent. Further, the Commission observes that BEL vide instant Petition claimed Interest on Loan Capital in accordance with Regulation 24(ii) of the UPERC Generation Tariff Regulations, 2019.

3.6.20. The opening loan considered for all the five stations by the Commission is same as approved by the Commission vide true up order dated 16.01.2023 in Petition No. 1637/2020 to 1641/2020 for the BEL's TPS for the control period from 01.04.2014 to 31.03.2019. The debt portion, i.e., 70% of the approved additional capitalization has been considered as the loan addition during the year. The allowable depreciation for the year has been considered as the normative repayment.

3.6.21. The actual interest rate submitted by BEL has been considered by the Commission after prudence check. The loan balance along with the Interest on loan capital approved as per the applicable UPERC Regulations by the Commission for all the five stations as tabulated below:

Table 16: Approved IoL by the Commission for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Khambarkhera TPS						

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1.	Opening Loan Balance	140.54	111.70	82.56	53.70	24.51
2.	Addition	0.31	0.02	0.32	-	0.08
3.	Repayment	29.15	29.16	29.18	29.19	29.19
4.	Closing Loan Balance	111.70	82.56	53.70	24.51	-
5.	Average Loan	126.12	97.13	68.13	39.11	12.26
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**15.92**	**11.99**	**7.09**	**3.63**	**1.11**
	Utraula TPS					
1.	Opening Loan Balance	147.30	116.89	86.67	56.45	26.02
2.	Addition	-	0.20	0.21	0.01	0.08
3.	Repayment	30.41	30.42	30.43	30.44	30.45
4.	Closing Loan Balance	116.89	86.67	56.45	26.02	-
5.	Average Loan	132.09	101.78	71.56	41.23	13.01
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**16.67**	**12.57**	**7.45**	**3.83**	**1.17**
	Kundarkhi TPS					
1.	Opening Loan Balance	139.54	110.64	81.65	52.64	23.42
2.	Addition	0.28	0.21	0.20	-	0.08
3.	Repayment	29.18	29.20	29.21	29.22	29.22
4.	Closing Loan Balance	110.64	81.65	52.64	23.42	-
5.	Average Loan	125.09	96.15	67.15	38.03	11.71
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**15.79**	**11.87**	**6.99**	**3.53**	**1.06**
	Maqsoodapur TPS					
1.	Opening Loan Balance	139.68	110.89	82.26	53.63	24.82
2.	Addition	-	0.16	0.18	0.01	0.08
3.	Repayment	28.79	28.79	28.81	28.82	28.82
4.	Closing Loan Balance	110.89	82.26	53.63	24.82	-
5.	Average Loan	125.28	96.58	67.95	39.23	12.41
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**15.81**	**11.93**	**7.07**	**3.64**	**1.12**
	Barkhera TPS					
1.	Opening Loan Balance	135.00	106.73	78.35	50.03	21.45
2.	Addition	0.26	0.17	0.25	-	0.08
3.	Repayment	28.53	28.55	28.57	28.58	28.61
4.	Closing Loan Balance	106.73	78.35	50.03	21.45	0
5.	Average Loan	120.87	92.54	64.19	35.74	10.72
6.	Interest Rate (%)	12.62%	12.35%	10.41%	9.29%	9.02%
7.	**Interest on Loan Capital**	**15.25**	**11.43**	**7.68**	**3.32**	**0.97**

C. Depreciation

Respondent's Reply (dated 10.07.2025)

3.6.22. The Petitioner vide tariff forms has submitted the following Depreciation for all five TPS:

Table 17: Depreciation submitted by the Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1.	Opening Capital Cost	507.60	508.11	508.19	508.74	510.50
2.	Closing Capital Cost	508.11	508.19	508.74	510.50	510.72
3.	Average Capital Cost	507.85	508.15	508.46	509.62	510.61
4.	Rate of depreciation (%)	5.74%	5.74%	5.74%	5.74%	5.07%
5.	**Depreciation**	**29.16**	**29.18**	**29.20**	**29.27**	**25.91**
	Utraula TPS					
1.	Opening Capital Cost	528.84	528.87	529.17	530.89	531.27
2.	Closing Capital Cost	528.87	529.17	530.89	531.27	531.47
3.	Average Capital Cost	528.85	529.02	530.03	531.08	531.37
4.	Rate of depreciation (%)	5.75%	5.75%	5.75%	5.75%	5.14%
5.	**Depreciation**	**30.40**	**30.41**	**30.47**	**30.53**	**27.32**
	Kundarkhi TPS					
1.	Opening Capital Cost	505.44	505.94	506.27	506.60	508.32
2.	Closing Capital Cost	505.94	506.27	506.60	508.32	508.49
3.	Average Capital Cost	505.69	506.11	506.44	507.46	508.40
4.	Rate of depreciation (%)	5.77%	5.77%	5.77%	5.77%	4.87%
5.	**Depreciation**	**29.19**	**29.22**	**29.24**	**29.30**	**24.74**
	Maqsoodapur TPS					
1.	Opening Capital Cost	501.53	501.66	502.00	502.30	502.74
2.	Closing Capital Cost	501.66	502.00	502.30	502.74	502.95
3.	Average Capital Cost	501.59	501.83	502.15	502.52	502.85
4.	Rate of depreciation (%)	5.74%	5.74%	5.74%	5.74%	5.05%
5.	**Depreciation**	**28.80**	**28.81**	**28.83**	**28.85**	**25.37**
	Barkhera TPS					
1.	Opening Capital Cost	493.43	493.85	494.14	494.55	496.25
2.	Closing Capital Cost	493.85	494.14	494.55	496.25	496.53
3.	Average Capital Cost	493.64	494.00	494.35	495.40	496.39
4.	Rate of depreciation (%)	5.74%	5.74%	5.74%	5.74%	4.77%
5.	**Depreciation**	**28.33**	**28.35**	**28.37**	**28.44**	**23.67**

Petitioner's Submission

3.6.23. The Petitioner submitted that, while claiming depreciation, the rate applied to each asset aligns strictly with the depreciation schedule stipulated in the Tariff Regulations, 2019, and the salvage value has been correctly set at 10%, with depreciation capped at 90% of the allowable capital cost. The depreciation claimed in the present petition is based on actuals and is in compliance with the UPERC Generation Tariff Regulations 2019, whereas

the depreciation approved by the Commission in its MYT Order dated 12.05.2023 was based on estimated figures.

Commission's Analysis

3.6.24. The Commission observes that BEL vide instant Petition claimed Depreciation on the opening GFA and claimed additional capitalization for all five stations. The Commission has considered the rates of depreciation of various classes of assets as per Appendix III of the UPERC Tariff Regulations, 2019.

3.6.25. The depreciation allowed on the GFA including approved additional capitalization for all five Stations in accordance with the Regulation 24(iii) of the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2019 is as shown in the table below:

Table 18: Approved Depreciation by the Commission for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Khambarkhera TPS						
1.	Opening Capital Cost	507.60	508.04	508.07	508.53	508.53
2.	Closing Capital Cost	508.04	508.07	508.53	508.53	508.65
3.	Average Capital Cost	507.82	508.06	508.30	508.53	508.59
4.	Rate of depreciation (%)	5.74%	5.74%	5.74%	5.74%	5.74%
5.	**Depreciation**	**29.15**	**29.16**	**29.18**	**29.19**	**29.19**
Utraula TPS						
1.	Opening Capital Cost	528.84	528.84	529.13	529.43	529.45
2.	Closing Capital Cost	528.84	529.13	529.43	529.45	529.57
3.	Average Capital Cost	528.84	528.99	529.28	529.44	529.51
4.	Rate of depreciation (%)	5.75%	5.75%	5.75%	5.75%	5.75%
5.	**Depreciation**	**30.41**	**30.42**	**30.43**	**30.44**	**30.45**
Kundarkhi TPS						
1.	Opening Capital Cost	505.44	505.84	506.14	506.43	506.43
2.	Closing Capital Cost	505.84	506.14	506.43	506.43	506.55
3.	Average Capital Cost	505.64	505.99	506.28	506.43	506.49
4.	Rate of depreciation (%)	5.77%	5.77%	5.77%	5.77%	5.77%
5.	**Depreciation**	**29.18**	**29.20**	**29.21**	**29.22**	**29.22**
Maqsoodapur TPS						
1.	Opening Capital Cost	501.53	501.53	501.76	502.02	502.03
2.	Closing Capital Cost	501.53	501.76	502.02	502.03	502.15
3.	Average Capital Cost	501.53	501.64	501.89	502.02	502.09
4.	Rate of depreciation (%)	5.74%	5.74%	5.74%	5.74%	5.74%

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
5.	**Depreciation**	**28.79**	**28.79**	**28.81**	**28.82**	**28.82**
	Barkhera TPS					
1.	Opening Capital Cost	493.43	493.80	494.04	494.40	494.40
2.	Closing Capital Cost	493.80	494.04	494.40	494.40	494.52
3.	Average Capital Cost	493.62	493.92	494.22	494.40	494.46
4.	Rate of depreciation (%)	5.78%	5.78%	5.78%	5.78%	5.78%
5.	**Depreciation**	**28.53**	**28.55**	**28.57**	**28.58**	**28.61**

D. Operation and Maintenance (O&M) expenses

Respondent's Reply

3.6.26. The Respondent submitted that for each of the five Thermal Power Plants, the Commission had approved O&M expenses of Rs.159.11 crore (Rs.795.55 crore for all five plants) for the control period FY 2019–24 in the MYT Order issued under the UPERC Generation Tariff Regulations, 2019. It contended that the annual Plant Load Factor of BEL's generating stations has remained below 20% during the past three years due to their placement at the lower end of the merit order dispatch on account of higher variable cost. The Respondent further contended that, in view of the low PLF, the actual O&M expenditure incurred by the Petitioner is likely to be lower than the normative allowance. It was submitted that BEL has not furnished audited actual O&M expenses for the period FY 2019–24. Accordingly, the Commission was requested to direct the Petitioner to submit audited O&M expenses and audited books of accounts for FY 2019–24 and to allow O&M expenses as the lower of normative or actual expenditure.

Petitioner's Submission

3.6.27. The Petitioner vide tariff forms has submitted the following Operation and Maintenance (O&M) for all five TPS:

Table 19: O&M submitted by the Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	35.12	35.31	36.56	37.84

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**
	Utraula TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	34.12	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**
	Kundarkhi TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	34.12	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**
	Maqsoodapur TPS					
1.	O & M expenses (Rs fh/MW)	32.96	34.12	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**
	Barkhera TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	34.12	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**

3.6.28. In rejoinder, the Petitioner submitted that Operation and Maintenance expenses have been claimed strictly in accordance with Regulation 24(b)(iv)(a) of the UPERC Generation Tariff Regulations, 2019, which prescribes normative O&M expenses for generating stations having unit configurations up to 300/330/350/500 MW.

3.6.29. The Petitioner submitted that the contention of the Respondent seeking linkage of O&M expenses with Plant Load Factor is misconceived, as O&M expenses are normative in nature and are required to maintain the generating station in a state of readiness, independent of actual generation levels.

3.6.30. It was further submitted that plant availability of approximately 85–90% has been maintained by the Petitioner and PLF is dependent upon scheduling by UPPCL, which is beyond the control of the generator. Accordingly, manpower, spares and maintenance activities are required to be arranged in advance to meet availability norms, irrespective of actual dispatch.

3.6.31. The Petitioner submitted that the normative O&M levels prescribed in the Tariff Regulations, 2019 were arrived at by the Commission after due

consideration of market conditions and stakeholder submissions and cannot be retrospectively altered during the true-up exercise.

Commission's Analysis

3.6.32. The Commission has examined the submissions of the Petitioner and the objections raised by the Respondent with regard to Operation and Maintenance expenses for the control period FY 2019–24. The Commission notes that Regulation 24(b)(iv)(a) of the UPERC Generation Tariff Regulations, 2019 provides for normative O&M expenses for thermal generating stations based on unit configuration and capacity. The said Regulations do not provide for linkage of O&M expenses with Plant Load Factor.

3.6.33. The Commission further notes that O&M expenses are allowed to ensure availability and operational readiness of the generating station and are independent of actual generation or dispatch, which is contingent upon system demand and scheduling by the distribution licensee. The Commission also observes that the normative O&M expenses for FY 2019–24 were approved in the MYT Order dated 12.05.2023 after due regulatory process. In absence of any specific provision under the Tariff Regulations, 2019 for restricting O&M expenses to actual expenditure during true-up, the normative O&M expenses approved under the MYT framework continue to be applicable.

3.6.34. In view of the above, the Commission does not find merit in the Respondent's contention for linking O&M expenses to PLF or for restricting O&M expenses to actual expenditure for the control period FY 2019–24.

3.6.35. Accordingly, the Commission allows Operation and Maintenance expenses for all the five thermal power plants of the Petitioner for the control period FY 2019–24 as approved in the MYT Order and claimed in the present true-up petition as shown in the table below:

Table 20: Approved O&M by the Commission for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	34.02	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**
	Utraula TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	34.12	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**
	Kundarkhi TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	34.12	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**
	Maqsoodapur TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	34.12	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**
	Barkhera TPS					
1.	O & M expenses (Rs lakh/MW)	32.96	34.12	35.31	36.56	37.84
2.	Total Capacity (MW)	90	90	90	90	90
3.	**O & M Expenses**	**29.66**	**30.71**	**31.78**	**32.9**	**34.06**

E. Interest on Working Capital (IoWC)

Respondent's Reply

3.6.36. The Respondent, vide its reply dated 10.07.2025, submitted that for computation of Interest on Working Capital (IoWC) for all five TPS for the control period FY 2019–24, the cost of coal and secondary fuel oil ought to be considered on the basis of actual audited accounts, whereas the Petitioner had not furnished the requisite fuel cost data; further, in terms of Regulation 24(b)(v)(a)(i) of the UPERC Generation Tariff Regulations, 2019, coal stock for 20 days for a non-pit-head station is required to be determined based on the lower of target availability or maximum coal stock storage capacity, details of which had also not been furnished by the Petitioner and were therefore sought to be submitted.

3.6.37. The Respondent further submitted that reduction in additional capitalisation resulted in revision of the Annual Fixed Charges, thereby impacting receivables equivalent to 45 days of capacity and energy charges considered for computation of working capital.

Petitioner's Submission

3.6.38. The Petitioner vide tariff forms has submitted the following Interest on Working Capital (IoWC) for all five TPS:

Table 14: IoWC submitted by the Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1	Cost of Coal for 50 Days	33.62	30.26	33.22	41.71	39.19
2	Cost of Main Secondary Fuel Oil for 60 Days	0.57	0.16	0.17	0.21	0.13
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	43.96	40.22	42.42	50.05	47.22
6	Total Working Capital (Rs. Crore)	86.66	79.34	84.81	101.29	96.18
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
8	**Interest on Working Capital**	**10.47**	**8.93**	**8.91**	**10.64**	**11.57**
	Utraula TPS					
1	Cost of Coal for 50 Days	31.33	28.19	32.24	39.29	37.72
2	Cost of Main Secondary Fuel Oil for 60 Days	0.34	0.13	0.17	0.33	0.2
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	42.14	38.64	41.85	48.21	46.22
6	Total Working Capital (Rs. Crore)	82.22	75.67	83.26	97.16	93.79
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
8	**Interest on Working Capital**	**9.93**	**8.51**	**8.74**	**10.2**	**11.29**
	Kundarkhi TPS					
1	Cost of Coal for 50 Days	28.35	26.7	30.31	38.62	37.84
2	Cost of Main Secondary Fuel Oil for 60 Days	0.41	0.18	0.15	0.18	0.22
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	39.02	36.92	39.7	47.14	45.88
6	Total Working Capital (Rs. Crore)	76.19	72.5	79.15	95.26	93.59
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
8	**Interest on Working Capital**	**9.21**	**8.16**	**8.31**	**10**	**11.26**
	Maqsoodapur TPS					
1	Cost of Coal for 50 Days	35.17	28.66	33.15	38.89	37.52
2	Cost of Main Secondary Fuel Oil for 60 Days	0.42	0.17	0.18	0.18	0.1
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	45.3	38.66	42.28	47.23	45.53
6	Total Working Capital (Rs. Crore)	89.3	76.97	84.61	95.72	92.79
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
8	**Interest on Working Capital**	**10.79**	**8.57**	**8.88**	**10.05**	**11.17**
	Barkhera TPS					
1	Cost of Coal for 50 Days	34.83	30.23	34.71	39.6	40.52
2	Cost of Main Secondary Fuel Oil for 60 Days	0.38	0.14	0.19	0.17	0.08
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	44.77	39.94	43.59	47.85	48.05
6	Total Working Capital (Rs. Crore)	88.39	79.01	87.5	96.94	98.3
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
8	**Interest on Working Capital**	**10.68**	**8.89**	**9.19**	**10.18**	**11.83**

3.6.39. In rejoinder, the Petitioner submitted that Interest on Working Capital has been claimed strictly in accordance with Regulation 24(b)(v)(a) of the UPERC Generation Tariff Regulations, 2019 and is based on the approved capital cost and actual additional capitalization for the control period FY 2019–24. It was submitted that the Interest on Working Capital approved in the MYT Order dated 12.05.2023 was based on estimated parameters, whereas the present claim is based on actuals. The Petitioner submitted that while computing working capital, the same methodology as approved by the Commission in its Order dated 16.01.2023 for the 2014–19 true-up has been adopted, wherein fuel cost corresponding to normative availability was considered after considering actual fuel prices, without linkage to actual PLF.

3.6.40. With regard to the Respondent's contention on non-submission of fuel data, the Petitioner submitted that the requisite details were furnished vide affidavit dated 17.01.2025 along with an auditor-certified statement dated 15.01.2025 in response to the data gaps sought by the Commission. It was further submitted that fuel stock corresponding to 85% target availability has been considered in accordance with Regulation 26(i)(a) of

the Tariff Regulations, 2019 and that the objections raised by the Respondent are misconceived and devoid of merit.

Commission's Analysis

3.6.41. The Commission has examined the submissions of the Petitioner, the objections raised by the Respondent, and the rejoinder filed by the Petitioner with regard to Interest on Working Capital for the control period FY 2019–24.

3.6.42. The Commission notes that Regulation 24(b)(v)(a) of the UPERC Generation Tariff Regulations, 2019 provides for computation of working capital requirement based on normative parameters, including fuel stock corresponding to target availability, receivables equivalent to 45 days of capacity & energy charges, and applicable operation & maintenance expenses.

3.6.43. The Commission further notes that Interest on Working Capital approved in the MYT Order dated 12.05.2023 was based on projected values, whereas the present proceedings involve truing-up is based on actual capital cost and other approved tariff components. The Commission also notes that the Petitioner has furnished fuel cost details and auditor-certified statements in response to the data gaps issued during the proceedings.

3.6.44. With respect to the Respondent's contention regarding linkage of working capital to actual fuel consumption or PLF, the Commission observes that the Tariff Regulations, 2019 provide for computation of working capital on normative basis, linked to target availability and not actual generation.

3.6.45. The Commission further observes that receivables forming part of working capital are consequential to the approved Annual Fixed Charges and energy charges. Accordingly, Interest on Working Capital has been recomputed wherever required, based on the approved tariff components determined in this Order.

3.6.46. In view of the above, the Commission allows Interest on Working Capital for all the five thermal power plants of the Petitioner for the control period FY 2019–24 as determined in accordance with the UPERC Generation Tariff

Regulations, 2019 and as recomputed in the present true-up exercise as shown in the table below:

Table 15: Approved IoWC by the Commission for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1	Cost of Coal for 50 Days*	33.62	30.26	33.22	41.71	39.19
2	Cost of Main Secondary Fuel Oil for 60 Days	0.57	0.16	0.17	0.21	0.13
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	43.96	40.13	42.33	49.95	47.55
6	Total Working Capital (Rs. Crore)	86.55	79.24	84.72	101.20	96.51
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
8	**Interest on Working Capital**	**10.43**	**8.91**	**8.90**	**10.63**	**11.58**
	Utraula TPS					
1	Cost of Coal for 50 Days*	31.33	28.19	32.24	39.29	37.72
2	Cost of Main Secondary Fuel Oil for 60 Days	0.34	0.13	0.17	0.33	0.20
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	42.03	38.54	41.75	48.11	46.52
6	Total Working Capital (Rs. Crore)	82.11	75.57	83.16	97.06	94.09
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
8	**Interest on Working Capital**	**9.89**	**8.50**	**8.73**	**10.19**	**11.29**
	Kundarkhi TPS					
1	Cost of Coal for 50 Days*	28.35	26.70	30.31	38.62	37.84
2	Cost of Main Secondary Fuel Oil for 60 Days	0.41	0.18	0.15	0.18	0.22
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	38.92	36.83	39.60	47.05	46.35
6	Total Working Capital (Rs. Crore)	76.09	72.41	79.06	95.17	94.07
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
8	**Interest on Working Capital**	**9.17**	**8.15**	**8.30**	**9.99**	**11.29**
	Maqsoodapur TPS					
1	Cost of Coal for 50 Days*	35.17	28.66	33.15	38.89	37.52
2	Cost of Main Secondary Fuel Oil for 60 Days	0.42	0.17	0.18	0.18	0.10
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	45.20	38.57	42.19	47.23	45.87
6	Total Working Capital (Rs. Crore)	89.20	76.09	84.52	95.63	93.13
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
8	**Interest on Working Capital**	**10.75**	**8.56**	**8.87**	**10.04**	**11.18**
	Barkhera TPS					
1	Cost of Coal for 50 Days*	34.83	30.23	34.71	39.60	40.52
2	Cost of Main Secondary Fuel Oil for 60 Days	0.38	0.14	0.19	0.17	0.08
3	O & M Expenses for 1 Month	2.47	2.56	2.65	2.74	2.84
4	Maintenance Spares at 20% of O&M Expenses	5.93	6.14	6.36	6.58	6.81
5	Receivables (45 days)	44.70	39.87	43.52	47.77	48.57
6	Total Working Capital (Rs. Crore)	88.31	78.94	87.43	96.86	98.82
7	Rate of Interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
8	**Interest on Working Capital**	**10.64**	**8.88**	**9.18**	**10.17**	**11.86**

*Note: Cost of coal towards stock for 20 days for non-pit head generating stations, and advance payment for 30 days towards Cost of coal for generation.

F. Annual Fixed Charges (AFC)

3.6.47. The Respondent, vide its reply dated 10.07.2025, submitted that for the control period FY 2019–24, the Annual Fixed Cost (AFC) approved by the Commission in the MYT Order under the UPERC Tariff Regulations, 2019, as against that claimed by BEL in the true-up petition and may be considered allowable based on its submissions.

3.6.48. The Petitioner vide tariff forms has submitted the following Annual Fixed Charges (AFC) for all five TPS:

Table 16: AFC submitted by the Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1.	Depreciation	29.16	29.18	29.2	29.27	25.91
2.	Interest on Loan	15.96	12	7.1	3.7	1.16
3.	Return on Equity	23.62	23.63	23.64	23.7	23.74
4.	Interest on Working Capital	10.47	8.93	8.91	10.64	11.57
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total AFC**	**108.87**	**104.44**	**100.63**	**100.2**	**96.45**
	Utraula TPS					
1.	Depreciation	30.4	30.41	30.47	30.53	27.32
2.	Interest on Loan	16.72	12.57	7.5	3.93	1.23
3.	Return on Equity	24.59	24.6	24.65	24.7	24.71
4.	Interest on Working Capital	9.93	8.51	8.74	10.2	11.29
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total AFC**	**111.31**	**106.81**	**103.14**	**102.27**	**98.6**
	Kundarkhi TPS					
1.	Depreciation	29.19	29.22	29.24	29.3	24.74
2.	Interest on Loan	15.83	11.89	7.09	3.59	1.11

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
3.	Return on Equity	23.51	23.53	23.55	23.6	23.64
4.	Interest on Working Capital	9.21	8.16	8.31	10	11.26
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total AFC**	**107.41**	**103.5**	**99.87**	**99.39**	**94.81**
	Maqsoodapur TPS					
1.	Depreciation	28.8	28.81	28.83	28.85	25.37
2.	Interest on Loan	15.86	11.94	7.08	3.67	1.14
3.	Return on Equity	23.32	23.33	23.35	23.37	23.38
4.	Interest on Working Capital	10.79	8.57	8.88	10.05	11.17
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total AFC**	**108.44**	**103.37**	**99.93**	**98.85**	**95.11**
	Barkhera TPS					
1.	Depreciation	28.54	28.56	28.58	28.65	22.84
2.	Interest on Loan	15.3	11.43	6.69	3.38	1.02
3.	Return on Equity	22.95	22.97	22.99	23.04	23.08
4.	Interest on Working Capital	10.68	8.89	9.19	10.18	11.81
5.	O & M Expenses	29.66	30.71	31.78	32.9	34.06
6.	**Total AFC**	**107.14**	**102.57**	**99.23**	**98.15**	**92.81**

3.6.49. The Petitioner has submitted that the Annual Fixed Charges claimed by BEL are in accordance with the provisions of the Tariff Regulations, 2019, and are based on the actual additional capital expenditure incurred during the 2019-24 tariff period. Therefore, the Commission may be pleased to approve the Annual Fixed Charges as claimed in view of the detailed submissions made in the petition, read with BEL's affidavit dated 17.01.2025 and the present Rejoinder.

Commission's Analysis

3.6.50. The Commission has considered the submissions of the Petitioner and the objections raised by the Respondent with regard to Annual Fixed Charges for the control period FY 2019–24.

3.6.51. The Commission notes that Annual Fixed Charges are summation of various tariff components, namely Return on Equity, Depreciation, Interest on Loan, Operation and Maintenance Expenses, Interest on Working Capital, and other statutory charges, as determined in accordance with the UPERC Generation Tariff Regulations, 2019. The Commission further observes that each component of the Annual Fixed Charges has been examined and determined separately in the preceding sections of this

Order. Accordingly, the admissible Annual Fixed Charges are consequential to the findings recorded under the respective tariff components.

3.6.52. In view of the above, the Commission allows Annual Fixed Charges for each of the five thermal power plants of the Petitioner for the control period FY 2019–24 as recomputed and approved in this Order. The plant-wise Annual Fixed Charges approved for the control period FY 2019–24 is summarized in the tables below:

Table 17: Approved AFC by the Commission for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera TPS					
1.	Depreciation	29.15	29.16	29.18	29.19	29.19
2.	Interest on Loan	15.92	11.99	7.09	3.63	1.11
3.	Return on Equity	22.85	22.86	22.87	22.88	22.89
4.	Interest on Working Capital	10.43	8.91	8.90	10.63	11.58
5.	O & M Expenses	29.66	30.71	31.78	32.90	34.06
6.	**Total AFC**	**108.01**	**103.63**	**99.82**	**99.23**	**98.83**
	Utraula TPS					
1.	Depreciation	30.41	30.42	30.43	30.44	30.45
2.	Interest on Loan	16.67	12.57	7.45	3.83	1.17
3.	Return on Equity	23.80	23.80	23.82	23.83	23.83
4.	Interest on Working Capital	9.89	8.50	8.73	10.19	11.29
5.	O & M Expenses	29.66	30.71	31.78	32.90	34.06
6.	**Total AFC**	**110.43**	**106.00**	**102.21**	**101.19**	**100.8**
	Kundarkhi TPS					
1.	Depreciation	29.18	29.20	29.21	29.22	29.22
2.	Interest on Loan	15.79	11.87	6.99	3.53	1.06
3.	Return on Equity	22.76	22.78	22.78	22.79	22.79
4.	Interest on Working Capital	9.17	8.15	8.30	9.99	11.29
5.	O & M Expenses	29.66	30.71	31.78	32.90	34.06
6.	**Total AFC**	**106.56**	**102.71**	**99.06**	**98.43**	**98.42**
	Maqsoodapur TPS					
1.	Depreciation	28.79	28.79	28.81	28.82	28.82
2.	Interest on Loan	15.81	11.93	7.07	3.64	1.12
3.	Return on Equity	22.57	22.57	22.59	22.59	22.59
4.	Interest on Working Capital	10.75	8.56	8.87	10.04	11.18
5.	O & M Expenses	29.66	30.71	31.78	32.90	34.06
6.	**Total AFC**	**107.58**	**102.56**	**99.12**	**97.99**	**97.77**
	Barkhera TPS					
1.	Depreciation	28.53	28.55	28.57	28.58	28.61
2.	Interest on Loan	15.25	11.43	6.68	3.32	0.97
3.	Return on Equity	22.21	22.23	22.24	22.25	22.25
4.	Interest on Working Capital	10.64	8.88	9.18	10.17	11.86
5.	O & M Expenses	29.66	30.71	31.78	32.90	34.06
6.	**Total AFC**	**106.29**	**101.8**	**98.45**	**97.22**	**97.75**

3.7. Water Charges

3.7.1. The Respondent, UPPCL, has submitted that the Petitioner has claimed water charges of Rs.0.95 crore for Khambarkhera, Utraula, Maqsoodapur & Barkhera TPS and Kundarkhi TPS, based on the charges approved in the MYT Order for the Control Period 2019–24. The relevant extract from the MYT Order for all five generating stations of the Petitioner is as shown below:

> *"2.11.6 The Commission observed that BEL's claim duly substantiated with supporting documents regarding the payment of water charges made to State Ground Water Management Authority is based on water consumption quantity and was after the filing of the instant Petition and the Commission approves Rs. 476.28 lakhs paid towards water charges as reimbursement"*

3.7.2. UPPCL has further submitted that the Commission has approved the water charges in the MYT Order based on the estimated water consumption for five years, multiplied by the water charge rate of Rs. 0.90 per kL. Since the Petitioner has not submitted audited accounts for every year, the exact determination of water charges is not possible. It therefore requested that the Commission may allow the water charges only on the basis of the audited accounts and actual water consumption data.

3.7.3. BEL has submitted that the water charges were already claimed in Petition No. 1648 of 2020 & Batch which was approved by the Commission in the MYT Order. BEL prays that the water charges, as approved in the MYT Order, may be allowed. BEL submitted the following water charges:

Table 18: Water charges submitted by the Petitioner for all 5 TPPs for FY 2019-24 based on MYT Order dated 12.05.2023 (Rs. Crore)

S. No.	Name of Thermal Power Station	Amount
1.	Khambarkhera	0.95
2.	Utraula	0.95
3.	Maqsoodapur	0.95
4.	Barkhera	0.95
5.	Kundarkhi	0.95

3.7.4. The Petitioner vide its Rejoinder submitted that the water charges are claimed in accordance with Uttar Pradesh Ground Water (Management and Regulations) Act, 2019 (UP Ground Water Act') was notified 07.08.2019, which stipulates the framework for management and regulation of water through State Ground Water Management and Regulatory Authority. As per the UP-Ground Water Act, existing users shall apply for grant of registration and obtain authorization certificate

or No-Objection certificate for the use of ground water. In terms of Section 16 of UP Ground Water Act, the Water Conservation Fees will be levied on the user based on the quantum of annual water extracted. This fee shall be in addition to water cess charged under the Water (Prevention and Control of Pollution) Cess Act, 1977. In view thereof, on 03.07.2020, Uttar Pradesh State Ground Water Management and Regulation Authority has notified Water Conservation Fees in terms of the provisions of the UP Ground Water Act for the use of ground water. In view of the above said notification, BEL Station has paid the water charges based on ground water consumption.

3.7.5. On 02.06.2022, Assistant Engineer, Small Irrigation, GoUP raised demand notices for the payment of fees for BEL Power Plant. BEL subsequently paid these charges for the 2021–2026 period. The Commission approved these actual payments made to Irrigation department, GoUP towards Water charges in MYT Order dated 12.05.2023 for 2019-24 Tariff Period in Petition No. 1648 of 2020 & Batch after prudence check.

Commission's Analysis

3.7.6. The Commission has considered the submissions of the Petitioner and the objections raised by the Respondent with regard to water charges for the control period FY 2019–24. The Commission notes that water charges payable under the Uttar Pradesh Ground Water (Management and Regulation) Act, 2019 are statutory in nature and are levied based on water consumption and applicable rates notified by the competent authority.

3.7.7. The Commission further notes that the water charges payable by the Petitioner were examined in detail and allowed in the MYT Order dated 12.05.2023 after prudence check, based on supporting documents and statutory demand notices issued by the State authorities. The Commission observes that the allowance of water charges in the MYT Order was based on verified statutory payments and that no new material has been brought on record by the Respondent to warrant re-examination of the same in the present true-up proceedings.

3.7.8. Accordingly, the Commission allows water charges of Rs. 4.76 crore for the control period FY 2019–24 for all the five thermal power plants of the Petitioner, as already approved in the MYT Order dated 12.05.2023 as shown in the table below:

Table 19: Approved water charges by the Commission for all 5 BEL TPPs for FY 2019-24 based on MYT Order dated 12.05.2023 (Rs. Crore)

S. No.	Name of Thermal Power Station	Amount
1.	Khambarkhera	0.95
2.	Utraula	0.95
3.	Maqsoodapur	0.95
4.	Barkhera	0.95
5.	Kundarkhi	0.95
6.	**Total**	**4.75**

3.8. CARRYING COST

3.8.1. The Petitioner submitted that in Form-1 of Appendix-II, BEL has claimed the under-recovery amount (excluding carrying cost) on account of truing-up for the tariff period FY 2019-20 to FY 2023-24, with reference to the tariff approved by the Commission in the MYT Order.

3.8.2. The Petitioner further submitted that BEL is entitled to carrying cost on the claims of additional capitalisation made in the present Petition. It was submitted that recovery of carrying cost/interest is an established principle of regulatory jurisprudence and is in consonance with the provisions of the Electricity Act, 2003, the Tariff Policy, 2016, and the Tariff Regulations, 2019.

3.8.3. The Petitioner placed reliance on Regulation 16(5) of the Tariff Regulations, 2019, which provides as under:

> *"**16. Truing up of Capital Expenditure and tariff for the period 2019-24:***
>
> *(5) Where after the Truing up, if the tariff recovered is less than the tariff approved by the Commission under these Regulations, the generating company shall recover from the Beneficiaries, the under-recovered amount along with simple interest at the rate equal to the Bank Rate, prevailing as on 1st April of the relevant Year."*

3.8.4. In view of the above, the Petitioner prayed that the Commission may be pleased to allow the under-recovery amount as claimed in Form-1 of Appendix-II, along with carrying cost on additional capitalisation,

at the rate prescribed under Regulation 16(5) of the Tariff Regulations, 2019.

3.8.5. The Petitioner submitted the under-recovery/refund excluding carrying cost for all the five TPS below:

Table 20: Under-recovery / refund claimed by the Petitioner for all 5 BEL TPPs for FY 2019-24 (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera					
1.	Annual Fixed Charges claimed in this True-up Petition	108.87	104.44	100.63	100.2	96.45
2.	Annual Fixed Charges approved in MYT order	108.03	105.18	102.46	99.92	92.64
3.	Under-recovery / (refund) excluding carrying cost	0.84	-0.74	-1.83	0.28	3.81
	Utraula					
1.	Annual Fixed Charges claimed in this True-up Petition	111.31	106.81	103.14	102.27	98.6
2.	Annual Fixed Charges approved in MYT order	110.35	107.33	104.44	101.74	94.77
3.	Under-recovery / (refund) excluding carrying cost	0.96	-0.52	-1.3	0.53	3.83
	Kundarkhi					
1.	Annual Fixed Charges claimed in this True-up Petition	107.41	103.5	99.87	99.39	94.81
2.	Annual Fixed Charges approved in MYT order	106.9	104.05	101.33	98.78	90.44
3.	Under-recovery / (refund) excluding carrying cost	0.51	-0.55	-1.46	0.61	4.37
	Maqsoodapur					
1.	Annual Fixed Charges claimed in this True-up Petition	108.44	103.37	99.93	98.85	95.11
2.	Annual Fixed Charges approved in MYT order	107.16	104.38	101.66	99.13	92.64
3.	Under-recovery / (refund) excluding carrying cost	1.28	-1.01	-1.73	-0.28	2.47
	Barkhera					
1.	Annual Fixed Charges claimed in this True-up Petition	107.14	102.57	99.23	98.15	92.81
2.	Annual Fixed Charges approved in MYT order	105.68	102.92	100.28	97.82	88.33
3.	Under-recovery / (refund) excluding carrying cost	1.46	-0.35	-1.05	0.33	4.48

Commission's Analysis

3.8.6. Regulation 16 of the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2019 and amendment thereof provides for the treatment of amounts under-recovered or over-recovered on account of tariff determination. The relevant provisions of the said Regulation are reproduced below:

"……..

(4) Where, after truing-up, the tariff recovered exceeds the tariff approved by the Commission under these Regulations, the generating company shall refund to the Beneficiaries the excess amount so recovered, along with simple interest at the rate equal to the Bank Rate prevailing as on 1st April of the relevant year.

(5) Where, after truing-up, the tariff recovered is less than the tariff approved by the Commission under these Regulations, the generating company shall recover from the Beneficiaries the under-recovered amount, along with simple interest at the rate equal to the Bank Rate prevailing as on 1st April of the relevant year.

(6) The amount under-recovered or over-recovered, along with simple interest at the rate equal to the Bank Rate as on 1st April of the relevant year, shall be recovered or refunded by the generating company in six equal monthly instalments, starting within three months from the date of the tariff order issued by the Commission after the truing-up exercise.

……"

First Amendment of Generation Tariff Regulation 2019

"16 (2) The generating company shall make an Application in hard and soft copy in specified format as per Appendix II to these Regulations, for carrying out Truing up exercise in respect of the generating station or any of its units or block of units thereof by 30.11.2024.

Provided that in case of truing up application along with requisite documents is not submitted within timeline i.e., by 30.11.2024; no carrying cost / interest shall be allowed to the generating company for the under-recovered amount during the True-up period. However, in case of over recovered amount during the True-up period and delayed filing of True-up application along with requisite documents, the surplus amount with carrying cost / interest shall be recovered in terms of Regulation 16(4) along with surplus amount."

3.8.7. The Commission notes that the Petitioner has claimed under-recovery arising out of the truing-up exercise for the tariff period FY 2019-20 to FY 2023-24 in Form-1 of Appendix-II, in accordance with the formats prescribed under the Tariff Regulations, 2019. The Commission further computes the over/under recovery for all 5 BEL TPPs for FY 2019-24 as tabulated below:

Table 21: Over/Under recovery for all 5 BEL TPPs for FY 2019-24 approved by the Commission (Rs. Crore)

S. No.	Power Station	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Khambarkhera					

1	Annual Fixed Charges approved in True-up order	108.01	103.63	99.82	99.23	98.83
2	Annual Fixed Charges approved in MYT order	108.03	105.18	102.46	99.92	92.64
3	Over/under recovery excluding carrying cost (2)-(1)	0.02	1.55	2.64	0.69	-6.19
Utraula						
1	Annual Fixed Charges approved in True-up order	110.43	106	102.21	101.19	100.8
2	Annual Fixed Charges approved in MYT order	110.35	107.33	104.44	101.74	94.77
3	Over/under recovery excluding carrying cost (2)-(1)	-0.08	1.33	2.23	0.55	-6.03
Kundarkhi						
1	Annual Fixed Charges approved in True-up order	106.56	102.71	99.06	98.43	98.42
2	Annual Fixed Charges approved in MYT order	106.9	104.05	101.33	98.78	90.44
3	Over/under recovery excluding carrying cost (2)-(1)	0.34	1.34	2.27	0.35	-7.98
Maqsoodapur						
1	Annual Fixed Charges approved in True-up order	107.58	102.56	99.12	97.99	97.77
2	Annual Fixed Charges approved in MYT order	107.16	104.38	101.66	99.13	92.64
3	Over/under recovery excluding carrying cost (2)-(1)	-0.42	1.82	2.54	1.14	-5.13
Barkhera						
1	Annual Fixed Charges approved in True-up order	106.29	101.8	98.45	97.22	97.75
2	Annual Fixed Charges approved in MYT order	105.68	102.92	100.28	97.82	88.33
3	Over/under recovery excluding carrying cost (2)-(1)	-0.61	1.12	1.83	0.6	-9.42

3.8.8. The Commission further notes that Regulation 16(5) & 16(6) of the Tariff Regulations, 2019 provides for recovery of under-recovered amount along with simple interest at the Bank Rate prevailing as on 1st April of the relevant year, in six equal monthly installments starting within three months of the Commission's true-up order, subject to the outcome of the truing-up exercise.

3.8.9. Accordingly, for the under-recovery amount, if any, arising out of the truing-up of tariff for the control period FY 2019-20 to FY 2023-24, the Petitioner shall be eligible to claim carrying cost in accordance with Regulations 16(5) and 16(6) of the Tariff Regulations, 2019.

3.9. RECOVERY OF APPLICATION FEE AND STATUTORY CHARGES

3.9.1. The Petitioner submitted that in terms of Regulation 33 of the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2019, BEL is entitled to recover

the application fee and statutory charges imposed by the State and Central Government, subject to prudence check by the Commission.

3.9.2. The Petitioner placed reliance on Regulation 33 of the Tariff Regulations, 2019, which provides as under:

> ***"33. Recovery of Application fee and Statutory Charges:***
>
> *The generating company shall allow recovery of statutory charges imposed by the State and Central Government such as electricity duty, water cess and payment to the pollution control board in addition to Application fee, subject to prudence check by the Commission. The details regarding the same shall be furnished along with the petition."*

3.9.3. It was submitted that in the present Petition, BEL has claimed a total amount of Rs. 7,00,000 towards application fee and statutory charges. The Petitioner submitted that the details of the statutory charges and application fee claimed have been furnished. Accordingly, the Petitioner prayed that the Commission may be pleased to allow recovery of the application fee and statutory charges as claimed, in terms of Regulation 33 of the Tariff Regulations, 2019.

Commission's Analysis

3.9.4. The Commission has considered the submission of the Petitioner with regard to recovery of application fee and statutory charges. The Commission notes that Regulation 33 of the Tariff Regulations, 2019 provides for recovery of application fee and statutory charges imposed by the State and Central Government, subject to prudence check.

3.9.5. The Commission further notes that the Petitioner has claimed application fee and statutory charges and has furnished the relevant details along with the Petition as Annexure P-16. The Petitioner has, however, not shared the detailed breakup of the statutory charges and application fee in the Petition. The Commission further notes that no supporting documents have been shared with regards to Application fee in this instant petition(s).

3.9.6. The Commission has allowed statutory charges based on verification of the document submitted by the Petitioner and directs that these charges shall be recovered separately rather than included in the Annual Fixed Charges (AFC). The details of all the statutory charges as claimed by the Petitioner and Commissions decision is tabulated as below:

Table 22: Details of all the statutory charges as claimed by the Petitioner and Commissions decision

Particulars	Amount (INR)	Order Number	Date	Transaction Number	Remarks
Khambarkhera TPP (2144 of 2024)					
Air Consent	1,00,000.00	UP01519113012284807	30.11.2019	959123320	Approved
Water Consent	1,00,000.00	UP01519113012250118	30.11.2019	959120069	Approved
	1,00,004.72	SBIN221314008011	10.11.2021		Disapproved. No supporting documents like demand order/note or invoice against the transaction is shared by the Petitioner
	1,00,004.72	SBIN221314012833	10.11.2021		
	2,00,000.00	UP01523110315151258	03.11.2023	105875923	
	2,00,000.00	UP01523110315190360	03.11.2023	105876344	
Utraula TPP (2145 of 2024)					
	1,00,000.00	UP01519120711440542	07.12.2019	964927243	Disapproved. No supporting documents like demand order/note or invoice against the transaction is shared by the Petitioner
	1,00,000.00	UP01519120815194237	08.12.2019	965915129	
Air Consent	1,00,000.00	UP01521110112081326	01.11.2021	161012133	Approved
Water Consent	1,00,000.00	UP01521111213031690	01.11.2021	161012133	Approved
	2,00,000.00	UP01523110615130719	06.11.2023	106100316	Disapproved. No supporting documents like demand order/note or invoice against the transaction is shared by the Petitioner
	2,00,000.00	UP01523110615190945	06.11.2023	106101007	
Kundarkhi TPP (2146 of 2024)					
Water Consent	1,00,000.00	UP01519120510544271	05.12.2019	963104692	Approved
Air Consent	1,00,000.00	UP01519120610592006	06.12.2019	963990612	Approved
Air Consent	1,00,000.00	UP01521103122050390	31.10.2021	1609706609	Approved
Water Consent	1,00,000.00	UP01521110810312454	08.11.2021	1616358395	Approved
	2,00,000.00	UP01523110615130719	06.11.2023	106100316	Disapproved. No supporting documents like demand order/note or invoice against the transaction is shared by the Petitioner
	2,00,000.00	UP01523110615190945	06.11.2023	106101007	
Maqsoodapur TPP (2147 of 2024)					
Water Consent	1,00,000.00	UP01519120515123164	05.12.2019		Approved
Air Consent	1,00,000.00	UP01519120513415195	05.12.2019		Approved
	1,00,000.00	UP01521110212144092	02.11.2021		Disapproved. No supporting documents like demand order/note or invoice against the transaction is shared by the Petitioner
	1,00,000.00	UP01521110212130042	02.11.2021		
	2,00,000.00	UP01523111414522346	14.11.2023	106779298	
Barkhera TPP (2148 of 2024)					
	1,00,000.00	UP01519121314032957	13.12.2019	970040843	Disapproved. No supporting documents like demand order/note or invoice against the transaction is shared by the Petitioner
	1,00,000.00			Cheque	
	1,00,000.00	UP01521103120245866			
Air Consent	1,00,000.00	UP01521103120245866			Approved
Water Consent	1,00,000.00	UP01521110607225173	06.11.2021	1614509967	Approved
	2,00,000.00	UP01523110315151258	03.11.2023	105875923	Disapproved. No supporting documents like demand order/note or invoice against the transaction is shared by the Petitioner
	2,00,000.00	UP01523110315190360	03.11.2023	105876344	

Table 23:Application Fee & Statutory Charges Claimed and approved by the Commission for FY 2019-24

S. No.	Name of Thermal Power Station	Approved by the Commission (INR)
1	Khambarkhera	2,00,000
2	Utraula	2,00,000
3	Kundarkhi	4,00,000
4	Maqsoodapur	2,00,000
5	Barkhera	2,00,000

With the above directions, the Petition Nos. 2144 of 2024, 2145 of 2024, 2146 of 2024, 2147 of 2024 and 2148 of 2024 are disposed of.

(Griesh Kumar Vaish)	(Sanjay Kumar Singh)	(Arvind Kumar)
Member (Law)	**Member**	**Chairman**

Place: Lucknow

Dated: 18 .11.2026